

# Withdrawn

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# Department for Work and Pensions

## Work Programme Live Running Memo

**To:** Work Programme Providers

**Cc:** Account Managers  
Account Executives  
Senior Performance Managers  
Performance Managers

**From:** Work Programmes Division

**Memo Serial Number:** 173

**Date:** 28 November 2014

**Subject:** Working Tax Credits and Self-employment

**Action:** For information and action

**Timing:** Immediate

### Background

1. Working Tax Credits (WTC) may be payable to Work Programme participants who take up self-employment and the current provider guidance does not include information for providers who may wish to advise them.
2. The purpose of this memo is to clarify the eligibility criteria and timescales for claiming WTC.

### Summary and Action

3. It is important that if a participant decides to take up self-employment, that you are able to accurately advise them as to what they should expect with regard to WTC in order to manage their expectations.

### Claiming WTC

4. In summary, to claim WTC a participant must satisfy four conditions:
  - They must be working at the date of claim (or be starting work in the next seven days)
  - They must be working the requisite number of hours each week.

- The work must be expected to last at least 4 weeks after making the claim to WTC (or after the job starts).
- The work must be done for payment or with a **genuine expectation** of payment.

## **Activities That May Qualify for WTC**

5. In order to claim WTC there must be a genuine expectation of payment for this time. Hours spent that are necessary for the self-employment that may qualify for WTC include:

- trips to wholesalers and retailers,
- visits to potential clients
- cleaning the business premises (NB this list is not exhaustive)

*Please Note: These activities would only qualify for WTC where they are necessary for the self-employed work or business.*

## **Activities that would not Qualify for WTC**

6. Work being carried out to set up a business would not qualify for Working Tax Credit. Typical work that may be required to set up a business may include:

- Drawing up business plans
- Seeking funding (NB this list is not exhaustive)
- Acquiring and converting business premises (NB this list is not exhaustive)

**Please ensure that participants are aware of these restrictions/considerations when they are considering taking up self-employment.**

7. The above information is a summary of the WTC rules.

8. For full details on WTC please refer to: <http://www.revenuebenefits.org.uk/tax-credits/guidance/how-do-tax-credits-work/self-employed/>

## **Further information and contact details**

All enquiries on the subject of this Memo should be raised with your Performance Manager in the first instance; they will endeavour to provide you with an answer as soon as possible.

Regards

**Work Programmes Division Enquiries Team**