
STATUTORY INSTRUMENTS

2015 No. 345

The Universal Credit (Surpluses and Self-employed Losses) (Digital Service) Amendment Regulations 2015

Self-employed earnings – treatment of losses

3.—(1) The Universal Credit Regulations 2013 are amended as follows.

(2) In regulation 57 (self-employed earnings) for paragraphs (2) and (3) substitute—

“(2) A person’s self-employed earnings in respect of an assessment period are to be calculated as follows.

Step 1

Calculate the amount of the person’s profit or loss in respect of each trade, profession or vocation carried on by the person by—

- (a) taking the actual receipts in that assessment period; and
- (b) deducting any amounts allowed as expenses under regulation 58 or 59.

Where a trade, profession or vocation is carried on in a partnership, take the amount of the profit or loss attributable to the person’s share in the partnership.

Step 2

If the person has carried on more than one trade, profession or vocation in the assessment period, add together the amounts resulting from step 1 in respect of each trade, profession or vocation.

Step 3

Deduct from the amount resulting from step 1 or (if applicable) step 2 any payment made by the person to HMRC in the assessment period [^{F1}by way of national insurance contributions or income tax in respect of any trade, profession or vocation carried on by the person].

If the amount resulting from steps 1 to 3 is nil or a negative amount, the amount of the person’s self-employed earnings in respect of the assessment period is nil (and ignore the following steps).

Step 4

If the amount resulting from step 3 is greater than nil, deduct from that amount any relievable pension contributions made by the person in the assessment period (unless a deduction has been made in respect of those contributions in calculating the person’s employed earnings).

If the amount resulting from this step is nil or a negative amount, the person’s self-employed earnings in respect of the assessment period are nil (and ignore the following step).

Step 5

If the amount resulting from step 4 is greater than nil, deduct from that amount any unused losses (see regulation 57A), taking the oldest first.

If the amount resulting from this step is greater than nil, that is the amount of the person’s self-employed earnings for the assessment period.

If the amount resulting from this step is nil or a negative amount, the amount of the person’s self-employed earnings in respect of the assessment period is nil.”

- (3) In regulation 57(4) for “paragraph (3)” substitute “paragraph (2)”.
- (4) After regulation 57 insert—

“Unused losses

57A.—(1) For the purposes of regulation 57(2), a person has an unused loss if—

- (a) in calculating the person’s self-employed earnings for any of the previous ^{F2}... assessment periods, the amount resulting from steps 1 to 3 in regulation 57(2) was a negative amount (a “loss”); and
- (b) the loss has not been extinguished in a subsequent assessment period.

(2) For the purposes of paragraph (1)(b) a loss is extinguished if no amount of that loss remains after it has been deducted at step 5 in regulation 57(2).

(3) Where a person was entitled to a previous award of universal credit and the last day of entitlement in respect of that award fell within the 6 months preceding the first day of entitlement in respect of the new award, the Secretary of State may, for the purposes of this regulation (provided the person provides such information as the Secretary of State requires), [^{F3}treat—

- (a) the assessment periods under the previous award; and
- (b) any months between that award and the current award in respect of which a claim has been made,

as assessment periods under the current award.”].

- (5) In regulation 58 (permitted expenses) in paragraph (3) omit sub-paragraph (b).

Textual Amendments

- F1** Words in reg. 3(2) substituted (14.2.2018) by [The Universal Credit \(Miscellaneous Amendments, Saving and Transitional Provision\) Regulations 2018 \(S.I. 2018/65\)](#), regs. 1(2), **7(4)(a)**
- F2** Word in reg. 3(4) omitted (14.2.2018) by virtue of [The Universal Credit \(Miscellaneous Amendments, Saving and Transitional Provision\) Regulations 2018 \(S.I. 2018/65\)](#), regs. 1(2), **7(4)(b)(i)**
- F3** Words in reg. 3(4) substituted (14.2.2018) by [The Universal Credit \(Miscellaneous Amendments, Saving and Transitional Provision\) Regulations 2018 \(S.I. 2018/65\)](#), regs. 1(2), **7(4)(b)(ii)**

Commencement Information

- I1** [Reg. 3](#) in force at 11.4.2018, see [reg. 1](#)

Changes to legislation:

There are currently no known outstanding effects for the The Universal Credit (Surpluses and Self-employed Losses) (Digital Service) Amendment Regulations 2015, Section 3.