

Applying Minimum income floor

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Minimum Income Floor

The minimum income floor (MIF) is an assumed level of earnings a gainfully self-employed claimant is assumed to earn if they were in employment. It is based on the national minimum wage (NMW) for their age, including the national living wage (NLW) for a person aged 25 and over.

When earnings are below the assumed level, Universal Credit is calculated using the MIF. When earnings are above the assumed level, the earnings are used to calculate Universal Credit.

The MIF applies to each individual in the benefit unit who is deemed gainfully self-employed at a Gateway Interview and not in a Start-up Period.

As long as they remain gainfully self-employed and a MIF is applied, a claimant is not subject to any work search or work availability requirements.

The Minimum Income Floor level

The MIF level is the number of hours a claimant can be expected to look for and be available for work each week multiplied by the NMW for their age or NLW for those aged 25 or over.

Notional tax and National Insurance payable on actual earnings is applied to produce a net earnings figure.

The MIF level must be reviewed if:

- a claimant's expected hours of work search and/or availability changes
- there are changes to the NMW/NLW (annual uprating)
- a claimant moves into a different age band for the NMW/NLW.

If a claimant earns below their MIF level in any assessment period, voluntary support is offered from New Enterprise Allowance (NEA).

Claimants who also work PAYE

When a claimant works both self-employed and employed, their Universal Credit is calculated using their combined earnings. The PAYE earnings are added to the reported self-employed earnings and the total taken into account or any applicable MIF - whichever is higher.

The PAYE work hours are not taken into account when setting the MIF.

Couple households

In couple households where one partner is gainfully self-employed, a MIF is applied to that individual. Where both partners are gainfully self-employed a MIF is applied separately and combined for the calculation of the Universal Credit award.

Conditionality threshold for a couple

The MIF and earnings (combined earnings for a couple) must not increase the conditionality threshold for a couple.

Where their combined earnings or their partner's earnings are above the threshold, no MIF is applied as the earnings are greater than the threshold.

Where their combined earnings are below the threshold but the earnings of the adult subject to the MIF are below the MIF level, the MIF is applied. Universal Credit is calculated using the MIF and earnings (of the other adult).

When a MIF and earnings (of the other adult) are above the threshold, the MIF is reduced to a level where the MIF and earnings equal the threshold. Universal Credit is calculated using the earnings and the reduced MIF (threshold level).

For examples on the MIF, see MIF H4060-H4099

Move to Universal Credit

Between July 2019 and 2023, the final phase of Universal Credit roll out will take place. During this phase, the Department will move all remaining claimants on certain legacy benefits to Universal Credit. This is known as Move to Universal Credit.

The Move to Universal Credit process and claimant journey will be tested, initially as part of a small scale pilot. The pilot will run from July 2019 for approximately 18 months. Testing will tell us what support or information claimants need to help them move to Universal Credit successfully.

Where self-employed claimants on the pilot are moved to Universal Credit and are found to be gainfully self-employed (GSE), they will be allowed to enter the 12 month Start-Up period and will not have the minimum income floor (MIF)

applied to their Universal Credit award until this period has ended. This is regardless of how long they have been self-employed before moving to Universal Credit.

This also includes benefit claimants who were not GSE when they moved to Universal Credit but were found to be GSE at a later point. Once the Start-Up period ends, the UC claimant would be subject to the MIF and the overall Universal Credit award (which may include a TP) would be reduced accordingly.