



Universal Credit

Claiming Universal Credit if you're self-employed.

If you are self-employed you may be able to claim Universal Credit

Contents

Foster carers	4
Self-employed interview	4
What being 'gainfully self-employed' means	4
What does 'minimum income floor' mean if you're self-employed	5
Reporting business income and expenses	6
How your Universal Credit payments are calculated	6
Profits and losses	6
Business expenses you can report if you're self-employed	7
Cars and taxis and other vehicles like vans and motorcycles	7
Other business travel	8
Place of business	8
Tax, National Insurance and pension	8
Legal and financial costs	8
Office and equipment costs	9
Staff expenses	9
Business expenses when you use your home for business	10
When to report your expenses to Universal Credit	11
Report business income and expenses if you're self-employed	11
Showing evidence of business income and expenses	11
When to report your income and expenses to Universal Credit	11
Reporting your business income	12
Reporting income if you're in a business partnership	12
Reporting your business expenses	12
Reporting expenses if you're in a business partnership	12
Reporting VAT if you're in a business partnership	12
How to work out your self-employment business expenses	13
Tell Universal Credit if something changes	13
Help and Support	14

If you have received a Migration Notice and are gainfully self-employed, you will be eligible for a 12-month start-up period before the Minimum Income Floor applies.

Who should register as self-employed

You will need to register as self-employed in your Universal Credit account if you are:

- a company director
- a sub-contractor or contractor
- working for yourself
- in the 'gig' economy, such as short-term and temporary contracts.

You need to report your work status so that you get the correct amount of Universal Credit.

Foster carers

If you have received a Migration Notice and are gainfully self-employed, you will be eligible for a 12-month start-up period before the Minimum Income Floor applies.

Self-employed interview

When you tell Universal Credit you're self-employed, you may be asked to go to a self-employed interview with a work coach. This is known as the gainful self-employment test. You will only be asked to go to a self-employed interview if your circumstances mean you would normally be expected to look for or be available for work.

At this interview Universal Credit will decide if:

- you're gainfully self-employed for Universal Credit purposes
- you qualify for a start up period

- your business could have a similar set up to a sole-trader, if you trade through a limited company
- your business could have a similar set up to a sole-trader, if you are a company director

If you do not come to this interview, you may not be able to get Universal Credit.

What being 'gainfully self-employed' means

At your self-employed interview, Universal Credit will decide if you're 'gainfully self-employed'.

You're 'gainfully self-employed' if your self-employed work is:

- your main job or main source of income
- organised, for example you keep records of your business activities
- developed, for example you have a business plan or are advertising the work you do
- regular, for example you have steady work now and in future
- expected to make a profit

If you can prove all these things, you'll be considered 'gainfully self-employed'. This means you do not have to look for other work.

If you cannot prove all these things, you may have to look for other work if you want to claim Universal Credit.

WHAT YOU NEED TO BRING

Bring as much evidence as you can to your appointment. These can be paper or digital copies.

BUSINESS DETAILS

You'll need to show evidence of your business details. This can include:

- business name
- business address
- the date you first started doing business
- your Unique Taxpayer Reference (UTR) from HMRC, if you have one
- VAT registration number, if you're registered for VAT

BUSINESS RECORDS

You'll need to bring your business records with you. This can include:

- invoices
- receipts
- bank statements
- tax returns
- records of customers, suppliers or contracts

BUSINESS ACTIVITIES

You'll need to show evidence of your business activities, for example:

- your business website
- business social media accounts
- any marketing activities or materials
- a business plan or portfolio

OTHER EVIDENCE TO SUPPORT YOUR CLAIM

You can also bring other evidence to your appointment that can support your self-employed work.

This can include:

- letters from HMRC and other official sources
- payslips, if you work for someone else as well as being self-employed
- business certificates, such as for insurance or professional accreditation

What does 'minimum income floor' mean if you're self-employed

The minimum income floor is the amount of money an employed person in a similar situation to you would earn on the National Living Wage or National Minimum Wage, after taking off tax and National Insurance.

You'll find out what your minimum income floor is at your self-employed interview.

If you earn more than the minimum income floor, your Universal Credit payment will be calculated using your actual income.

If you earn less than the minimum income floor, your payment will be calculated using the minimum income floor. This will only be done if:

- your self-employed work is your main job or main source of income, and
- you are not in a start-up period

If the minimum income floor applies to you, and your income is below that floor, then your Universal Credit payment will be lower than if it had been based on the payment on your actual income.

If this happens this might mean you need to look for additional work. Your work coach can support you with this.

IF YOU'RE ELIGIBLE FOR A 'START-UP PERIOD'

At your self-employed interview, Universal Credit will decide if you're eligible for a start-up period.

A start-up period is up to 12 months, when you can focus on growing your business.

You will qualify for a start-up period if:

- you have not previously been gainfully self-employed while claiming Universal Credit, and
- you are taking active steps to increase your self-employed earnings

During your start-up period:

- you will not have to look for, or be available for, other work
- your Universal Credit payment will be calculated using your actual monthly earnings
- you will get support from a work coach who's trained to work with self-employed people

You must:

- come to meetings with your work coach every few months
- show evidence that you still qualify for a start-up period

If you cannot show that you still qualify, or if you do not come to these meetings, your start-up period could be ended. If you fail to go to a meeting, your Universal Credit may be affected.

If your self-employed work changes, you are entitled to another start-up period if:

- it's more than 5 years since your last start-up period and
- your new self-employed business is for a different trade, profession or vocation.

Reporting business income and expenses

You must report your business income and expenses to Universal Credit each month.

You must do this even if:

- self-employment is not your main work or main source of income
- Universal Credit does not class you as 'gainfully self-employed'
- you did not have any income or expenses

KEEPING BUSINESS RECORDS

You'll need to keep an accurate record of:

- income, or any payments into your business
- expenses, or any payments you made out of your business

How your Universal Credit payments are calculated

Whichever amount is higher will be used to calculate your Universal Credit payment:

- your minimum income floor, or
- your total income for the monthly reporting period

Your total income for a monthly reporting period is all the money you received during that period, including any:

- employed earnings
- self-employed earnings
- additional earned income
- passive income, such as a pension

Your self-employed earnings are calculated by:

- adding up the total income you report from your business, and
- taking off any allowed expenses.

You must report your income and expenses accurately and tell Universal Credit about any changes to your situation. If you do not do this you may be sanctioned.

Profits and losses

Your self-employed earnings may vary each monthly reporting period. Universal Credit will look at your earnings over many reporting periods to help keep your payments consistent.

If you're self-employed and make a loss, the loss will be carried over until you make a profit. This means you may get more Universal Credit until the loss has been accounted for.

Each month you report a profit, this will be used to balance out any previous losses. This will be done until:

- your profits have made up for all your losses, or
- your self-employed business ends

There's also a limit to the total amount you can earn before you receive no Universal Credit for that month. If you earn £2,500 or more over this limit, you have 'surplus earnings'.

IF YOU EARN £2,500 OR MORE OVER YOUR LIMIT

If you earn £2,500 or more over your limit then:

- you will get no Universal Credit
- the amount over £2,500 will be counted as earnings in the next assessment period

This could happen if you're self-employed or get a bonus for example.

You will continue to get no Universal Credit until your earnings (including the amount that's carried over) go under the limit and you become entitled to Universal Credit again.

IF YOU ARE CLAIMING WITH A PARTNER

If you live with a partner, you both need to claim Universal Credit. Find out more at: <https://www.nidirect.gov.uk/articles/universal-credit-couple>

IF YOUR PARTNER IS IN WORK

Your partner's earnings may affect the level of minimum income floor applied to your claim in certain circumstances.

IF YOUR PARTNER IS ALSO SELF-EMPLOYED

You would each have your own minimum income floor calculated depending on your circumstances. Together these are used to calculate your joint Universal Credit payment.

Business expenses you can report if you're self-employed

You may be able to claim some business expenses for your self-employed business when you get Universal Credit

Cars and Taxis

You can claim expenses for:

- using a car or taxi for business travel if the vehicle is not specially adapted for business use but you must use simplified expenses (a flat rate).
- costs that are not a direct result of the purchase or use of the vehicle, for example taxi radio hire charges if they're separate from vehicle hire costs or fees for business-specific licences such as the licence to drive a taxi

You can claim these actual costs in addition to any simplified expenses.

You can't claim expenses for the purchase, lease or acquisition of a car or taxi if the vehicle is not specially adapted for business use.

OTHER VEHICLES LIKE VANS, MOTORCYCLES AND BLACK CABS

You can claim expenses for:

- other vehicles like a motorbike, a scooter or a vehicle that is specially adapted for business use (such as a van, black cab or driving instructor dual car)

To claim expenses, you can choose to use simplified expenses or actual costs.

USING SIMPLIFIED EXPENSES (A FLAT RATE) FOR CAR, VEHICLE AND TRAVEL EXPENSES

Simplified expenses are a way of calculating some of your business expenses using flat rates instead of working out your actual business costs.

Use your online account to report how many miles you travelled for business that month.

A flat rate will then be used to calculate your costs: For a car, van or other motor vehicle the flat rate is:

- 45 pence per mile for the first 833 miles
- 25 pence per mile for every mile over 833 miles

For motorbikes or scooters the flat rate is 24 pence per mile.

If you use the flat rate to record your car, vehicle or travel expenses, this includes all costs relating to your car, vehicle or travel for the month. You can't claim expenses for any actual costs, for example fuel, servicing, repairs, vehicle insurance, road tax and MOT. These costs are included in the flat rate.

Other business travel

You can claim costs for business travel, including:

- public transport, for example train, bus and taxi fares
- air travel, hotel rooms and meals during overnight stays
- parking, tolls and congestion fees and travel between home and the site, if you're a sub-contractor who works at 2 or more sites during a year

You can't claim costs for:

- commuting (travel between your home and your normal place of business)
- personal or non-business travel costs or penalties, such as parking fines

Place of business

Your 'places of business' are where you do your work.

You can claim running costs for these, including:

- rent
- utility bills, for example water and electricity
- business rates or council tax
- property insurance
- security and cleaning
- repairs and maintenance
- purchase, repair and maintenance of business equipment, for example computers or printers

You cannot claim business expenses for:

- lunch
- buying places of business
- any non-business use of business equipment

Tax, National Insurance and pension

You can claim business expense costs of any:

- income tax paid to HMRC on your self-employed earnings
- VAT paid to HMRC, if you report VAT-inclusive earnings
- Class 2 or Class 4 National Insurance contributions
- contributions paid into a registered pension scheme

These must be payments you actually made during the monthly reporting period, not estimates.

Legal and financial costs

You can claim business expenses for legal and financial work done for your business.

This includes:

- business loan interest (up to a maximum of £41 each month)
- accounting fees
- legal fees
- insurance
- bank charges
- your share of the expenses, if you're in a business partnership
- expenses from a company that you own or have control over, for example where you are a director

You cannot claim the costs for repaying business loan capital.

Office and equipment costs

You can claim business expenses for office and equipment costs such as:

- phone, mobile and internet bills
- stationery and postage
- printing, including printer ink and cartridges
- computer software
- equipment or tools, including purchase, hire or repair
- any other office or equipment costs that are necessary and appropriate to your business

Staff expenses

You can claim business expenses for:

- staff and employee wages, including your salary if you pay yourself using PAYE
- subcontractor costs
- employer's pension scheme contributions
- employer's National Insurance contributions
- bonuses and benefits
- agency fees
- training courses related to your business

You can't claim the costs of:

- carers or domestic help, for example nannies or gardeners
- wages paid to a business partner

GOODS AND MATERIALS AND CLOTHING FOR WORK

You can claim business expenses for goods and materials. This includes:

- stock and goods for resale
- raw materials
- direct costs from producing goods
- any other goods and materials costs that are necessary and appropriate to your business

You can claim business expenses for work clothing such as:

- uniforms and protective clothing needed for your work
- costumes, for example for actors or entertainers

You can't claim the costs of normal clothing, even if you wear it for work.

PAYMENT IN KIND

You can claim business expenses for the monetary value of any work your business did as 'payment in kind' for goods or services. Payment in kind is when you pay using goods or services instead of cash.

MARKETING AND ADVERTISING

You can claim expenses for growing your business. This includes advertising and marketing, free samples and website costs.

PROFESSIONAL SUBSCRIPTIONS AND TRAINING COURSES.

You can claim business expenses for professional subscriptions if they are related to your business.

This includes:

- subscriptions to trade or professional journals
- trade body or professional organisation membership

You can claim expenses for training that helps you improve the skills and knowledge you use in your business (for example, refresher courses). The training courses must be related to your business.

You can't claim for training courses that help you start a new business or expand into new areas of business, including anything related to your current business.

ENTERTAINMENT OR RESELLING GOODS

You can't claim business expenses for event hospitality or entertaining clients, suppliers or customers.

You can claim business expenses for goods for resale (stock), raw materials and direct costs from producing goods.

You can't claim for any goods or materials bought for private use or depreciation of equipment.

Business expenses when you use your home for business

You can claim business expenses for using part of your home for your self-employed work.

For example:

- providing services to a customer, for example as a hairdresser or an artist
- essential business administration, for
- example filing invoices, recording payments or stock taking
- other business activities, for example sales and marketing activities

You cannot claim business expenses for using your home for:

- storage
- completing tax returns for HMRC
- self-reporting your earnings for Universal Credit
- being on call
- being available to carry out work

To claim business expenses for using part of your home for your self-employed work, you can either:

- calculate your actual business costs, or
- use simplified expenses (a flat rate) if you've worked more than 25 hours a month from home

HOW TO CALCULATE YOUR ACTUAL BUSINESS COSTS IF YOU WORK FROM HOME

You need to find a reasonable way to divide your costs, for example by the number of rooms you use for business or the amount of time you spend working from home.

You may be able to claim some of your costs as business expenses for things like heating, electricity, internet and telephone use.

EXAMPLE

If you have 4 rooms in your home, and you use one room as an office.

Your electricity bill for the month is £100. Assuming all the rooms in your home use equal amounts of electricity, £25 of this would be for the office (£100 divided by 4).

For each day you work from home in the month, you could claim £0.83 as an allowable expense (£25 divided by 30).

HOW TO REPORT SIMPLIFIED EXPENSES IF YOU USE YOUR HOME FOR SELF-EMPLOYED WORK

To use simplified expenses, tell us how many hours you used your home for business purposes. We will use a flat rate to calculate your expenses.

This means that you do not have to work out the amount of personal and business use for your home, for example, how much of your utility bills are for your self-employed work.

If you use simplified expenses, you cannot also claim for actual costs.

You can only use simplified expenses if you work for 25 hours or more a month from home. If you work less than 25 hours you must work out actual costs.

If you worked from home	What you should report
25 to 50 hours a month	£10
51 to 100 hours a month	£18
101 hours or more a month	£26

EXAMPLE

If you work 40 hours from home in a month, you should report £10.

LIVING AT YOUR PLACE OF BUSINESS

If you live in a building primarily used for your business, such as a pub or B&B, you can claim expenses for some of the running costs.

You can either:

- use simplified expenses, or
- calculate your actual business costs

To use simplified expenses, calculate your total running costs and subtract:

How many people live there	Total running costs and minus
one person	£350
two people	£500
Three people or more	£650

When to report your expenses to Universal Credit

You must report your self-employed expenses to Universal Credit once a month. You normally do this in your online account. You will be sent a text message or email when you need to report this.

If you have no self-employed income or expenses for that month, you must report this to Universal Credit.

You will not get your Universal Credit payment until you have reported your business expenses. If you report late, your payment may be delayed.

If you are not able to report online, you'll need to contact Universal Credit on **0800 012 1331**.

IF YOU CANNOT SPEAK OR HEAR ON THE PHONE

You can use the Relay UK service <https://www.relayuk.bt.com> (external link opens in a new window / tab) to make a text supported call.

To access relay from your laptop, desktop or mobile phone download the Relay UK app - Relay UK Services <https://www.relayuk.bt.com> (external link opens in a new window / tab).

Once you have set up the app, dial **18001** followed by **0800 012 1331**. If you are redirected to your device's default calls app, return to the Relay UK app to join the call.

Report business income and expenses if you're self-employed

You must report your business income and expenses to Universal Credit each month if you're self-employed. You must do this even if Universal Credit does not class you as gainfully self-employed

If you did not have any income or expenses that month you must still report this to Universal Credit.

You can keep records for Universal Credit and HMRC in a similar way.

You'll need to keep an accurate record of:

- income, or any payments into your business
- expenses, or any payments you made out of your business.

Showing evidence of business income and expenses

You may need to show evidence for any business income and expenses you report, for example:

- receipts
- invoices
- bank accounts

This is to make sure you keep getting the right amount of Universal Credit each month.

If you do not show evidence, then this cannot be taken into account when calculating your payment. This means you might get too much Universal Credit and will have to make a repayment.

When to report your income and expenses to Universal Credit

You must report your self-employed income and expenses to Universal Credit once a month. You normally do this in your online account. You will be sent a text message or email when you need to report this.

If you have no self-employed income or expenses for that month, you must report this to Universal Credit.

You will not get your Universal Credit payment until you have reported your business income and expenses. If you report late, your payment may be delayed.

If you are not able to report online, you'll need to contact Universal Credit on **0800 012 1331**.

IF YOU CANNOT SPEAK OR HEAR ON THE PHONE

You can use the Relay UK service <https://www.relayuk.bt.com> (external link opens in a new window / tab) to make a text supported call.

To access relay from your laptop, desktop or mobile phone download the Relay UK app - Relay UK Services <https://www.relayuk.bt.com> (external link opens in a new window / tab).

Once you have set up the app, dial **18001** followed by **0800 012 1331**. If you are redirected to your device's default calls app, return to the Relay UK app to join the call.

Reporting your business income

You must report all self-employment business income for the dates you are asked about. Report everything you were paid in that time, no matter when you did the work to earn it.

This includes:

- any payments for goods or services made by credit or debit card, cash, cheque or bank transfer

- any goods or services as payment (report what you would have charged the customer if they had paid money for your work)
- any tips or gratuities
- any income tax or National Insurance refunds related to your self-employed business any grants or subsidies, if they are treated as taxable income by HMRC
- the sale or transfer of business assets which have previously been declared as an expense

Only report income that is directly related to your business.

Reporting income if you're in a business partnership

If you're in a business partnership, only report your share of the business income.

Work out the business's actual income, then divide it to reflect your share.

For example, if the income for the business is £500, and you own 50 per cent of the business, then the income you need to report is 50 per cent of £500 which is £250.

Reporting your business expenses

You must report all self-employment business expenses for the dates you are asked about. You can claim for business expenses that are:

- necessary and appropriate to your business
- not extreme or excessive

These are called 'allowable expenses'. You must report any allowable expenses your business paid out each month.

You cannot claim business expenses for:

- assets that do not lose their value over time, such as property or shares
- event hospitality or entertaining clients, suppliers or customers
- donations to charity

- membership fees not related to your business

Only report expenses that are directly related to your business.

Reporting expenses if you're in a business partnership

If you're in a business partnership, only report your share of the business expenses.

Work out the business's actual expenses, then divide it to reflect your share.

Reporting VAT if you're in a business partnership

If you're VAT registered, you can choose whether to include VAT when reporting your income and expenses.

You must be consistent. If you choose to include VAT, you should always report any VAT that you've:

- charged your clients
- paid to HMRC
- had refunded to your business

If you do not choose to include VAT, you should never report it.

How to work out your self-employment business expenses

SIMPLIFIED EXPENSES OR ACTUAL COSTS

You can avoid using complex calculations to work out some of your business expenses by using simplified expenses.

Simplified expenses use standard 'flat rates' (flat rates are a set amount used to calculate the expense), so you do not have to work out your actual costs.

You can use simplified expenses for:

- costs for some vehicles (reporting how many

miles you travelled for business)

- using your home for business (reporting how many hours you worked from home)
- living at your place of business (reporting how many people lived there)

If you choose to calculate your actual costs rather than flat rates, you will need to add up your total allowed costs for the period, then work out what part of your total costs were used only for your business.

BOTH BUSINESS AND PERSONAL COSTS

If an expense is for both business and personal use, you can only claim the part of the costs spent on business use.

For example, your mobile phone bill is £100. Of this, £70 is personal use and £30 for your business. You can only claim the £30 as a business expense.

Tell Universal Credit if something changes

You'll need to report any changes to your situation that affect your self-employment business. For example, tell Universal Credit as soon as possible if you:

- close your business
- significantly reduce the amount of self-employed work you do
- are no longer able to work
- start a different business
- take a permanent job

You can find more information on the changes you need to report at www.nidirect.gov.uk/campaigns/universal-credit and search for 'Changes you need to tell Universal Credit about'.

Depending on the change, Universal Credit will need to check that:

- your self-employed work is still your main job or main source of income
- you are being paid the right amount of Universal Credit

If you close your business or significantly reduce the amount of self-employed work you do, you may need to show evidence of this in a meeting with your work coach.

You can report changes:

- using your Universal Credit online account at www.nidirect.gov.uk/universalcredit. Messages to your online account will be answered as soon as possible during business hours.
- by speaking to your Work Coach at your local Jobs and Benefits office by calling **0800 001 5782**.
- by phoning the Universal Credit Service Centre on **0800 012 1331**

IF YOU CANNOT SPEAK OR HEAR ON THE PHONE

You can use the Relay UK service <https://www.relayuk.bt.com> (external link opens in a new window / tab) to make a text supported call.

To access relay from your laptop, desktop or mobile phone download the Relay UK app - Relay UK Services <https://www.relayuk.bt.com> (external link opens in a new window / tab).

Once you have set up the app, dial **18001** followed by **0800 012 1331**. If you are redirected to your device's default calls app, return to the Relay UK app to join the call..

Help and Support

If you would like independent help and advice on Universal Credit, you can visit any independent advice office or contact:

ADVICE NI

Freephone: **0800 915 4604**
Email: advice@adviceni.net
Website: www.adviceni.net

HOUSING RIGHTS

Tel: **028 9024 5640**
Website: www.housingrights.org.uk

MONEY HELPER

Tel: **0800 138 7777**
Email: enquiries@moneyadviceservice.org.uk
Website: www.moneyhelper.org.uk

Further Information

More information about Universal Credit is available at:
www.nidirect.gov.uk/campaigns/universal-credit



Department for
Communities
www.communities-ni.gov.uk

Available in alternative formats

© Crown Copyright 2026 05/2026