

# FACTSHEET

## Zero Hour Contracts

### WHAT IS A ZERO HOUR CONTRACT?

**Zero-hours contracts, allow employers to hire staff with no guarantee of work.**

This means employees work only when they are needed by employers, often at short notice. Their pay depends on how many hours they work and some weeks this may be nothing at all.

As hours of work vary this can cause difficulties with claiming benefits and Tax Credits.

### CAN I CLAIM TAX CREDITS ON A ZERO HOUR CONTRACT?

Tax credits understand that the hours you work may vary to those on your contract of employment, so being on a zero hour contract does not mean you can't claim Working Tax Credit if you work the required minimum amount of hours.

To qualify for Tax Credits you need to work;

- 16 hours – if you are disabled, a lone parent, in a couple with a child and your partner is unable to work because they are a carer, in hospital or in prison
- 24 hours- If you are part of a couple with a child (one of you must do 16 hours)
- 30 Hours – If you are over 25 and none of the above categories apply

If your hours of work change weekly then an average will be taken of the 5 weeks prior to you making a claim. If you have just started work then they will use the average hours of work you are expected to do until accurate figures can be provided and then your award will then be amended if it needs to be.

If you are claiming working tax credit and your average hours of work drop below the minimum required for your circumstances you must contact the Tax Credit office, they will then end your claim but you will be entitled to a 4 week run on. If you do not inform the Tax Credit Office you risk getting overpaid.

You do not need to be working to claim Child Tax Credit

### WHAT IF I DO NOT WORK ENOUGH HOURS TO QUALIFY FOR TAX CREDITS?

If you average less than 16 hours per week, you could qualify for an out-of-work benefit such as income-based Jobseeker's Allowance which will top up your earnings.

You will be asked to supply copies of your wage slips to Jobcentre Plus.

### WHAT IF I QUIT MY JOB BECAUSE I AM NOT GETTING ENOUGH HOURS OF WORK?

If you voluntarily leave your employment and claim out of work benefits like Jobseekers Allowance you risk getting sanctioned by the Jobcentre for a period of time, but you can appeal.

### ARE THERE ANY OTHER BENEFITS THAT I WOULD BE ENTITLED TO?

If your hours of work fluctuate each week it may become difficult to budget and pay your bills, so it is worth checking if you are entitled to Housing Benefit and Council Tax Support.

### UNIVERSAL CREDIT AND ZERO-HOUR CONTRACTS

Tax Credits will eventually be phased out and replaced by Universal Credit.

Universal Credit is a single benefit paid to working age claimants who are in and out of work. It will replace:

- Jobseekers Allowance
- Housing Benefit
- Working Tax Credit
- Child Tax Credit
- Employment & Support Allowance
- Income Support





There is no minimum numbers of hours a claimant has to work to claim Universal Credit and help towards housing costs (previously housing benefit) is included in your Universal Credit payment if you are entitled.

If you are working, your employer will be required to report your income details to HMRC on a monthly basis. If your employer does not do this, you will be required to do so.

Universal Credit is designed to be responsive to changes in earnings so if your wages go up or down your Universal Credit Payment should automatically change on the next payment date to reflect the change in your earnings.

**PLEASE NOTE:** YOU CANNOT RECEIVE BOTH UNIVERSAL CREDIT AND TAX CREDITS.

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worries?**  
**Don't know  
where to turn  
for help?**

We have a team of money advisors who offer free, confidential money advice that is designed to find a solution that works for you. We can help you plan a budget, ensure you are getting all the benefits you qualify for and offer ongoing support so you don't struggle again.

**ALL THIS IS FREE**, so if you would like to discuss how we might be able to help you call **0345 60 20 540** (included in free minutes on most mobiles and landlines) and ask to speak to a money advisor.

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**ADVICE**