

Summary of changes in UKMOD: A2.50+ compared to A2.0+

Note: For further details see also the log file (EM_LOG in folder Log of UKMOD_A2.50+)

Date: 09 Apr 2021

Policy systems:

- **UK_2020-24** include changes announced in the main texts of the Scottish budget (Jan-20) and UK budget (Mar-20) as well as updated Covid-19 benefit measures.
- In **UK_2021-22**, COVID-19-related policies that introduce monthly variation are now aligned with April-to-March fiscal year (e.g. somebody interviewed in March, in the system 2020 is treated as in March 2021).
- **UK_2021contcovid** was removed because the policies 2021 were already announced.

Coronavirus Job Retention Scheme (CJRS, policy ConstDef_uk and cjrs_uk)

- **Extended until Sep-21.** The monthly target of recipients is now broken down by industry group. Industries are grouped by the extent of the scheme. HRMC reciprocity data is used until Jan-21 and it is linearly interpolated down to zero until Oct-21. HRMC (average) monthly data on the proportion of partial furlough is used now as well (arbitrarily, partial furlough is assumed as a 50% reduction in hours worked).

Self-employment Income Support Scheme (SEISS, policies ConstDef_uk and seiss_uk)

- Extended in a similar way as the CJRS (HRMC data is not broken down by industry).
- The 5th grant from May-21 to Sep-21 is spread over 5 months (while calculated from 3 months' profits) and the rate is differentiated according to the drop in earnings.

Self-employment earnings shocks (policy covshocks_uk)

- Based on information from the Understanding Societies COVID-19 survey, for the duration of the SEISS, 2/3 of the self-employed are randomly selected for a reduction in 50% of their hours worked.

Universal Credit (policies ConstDef_uk and bsauc_uk):

- In 2021 system, continuation of the **20£ weekly uplift** until September and of the Minimum Income Floor removal until July¹ and for people affected by the earnings shock thereafter.

Tax-benefit parameters (policy ConstDef_uk):

- In 2021 system, **Working Tax Credit 500£** lump sum (as per EUROMOD/UKMOD convention, implemented as a yearly increase, regardless month of interview)
- In 2021-24 systems, **freeze** of the Personal Tax Allowance, Higher Rate Income Tax Threshold (which for NSND income is applicable to England, Wales, and Northern Ireland) and Upper Earnings/Profits Limit.
- In 2021 system, Local Housing Allowances remain fixed.
- In 2021 system, updated Scottish bands for non-savings non-dividends taxable income.

Uprating factors (policy Uprate_uk):

- Council Tax frozen in 2021 at 2020 levels.

¹ These continuations can only be properly simulated with datasets from 2016 that contain the month of interview variable ddt01. If used with previous datasets, the extensions are also assigned to people interviewed after September. Running datasets without ddt01 also had an effect in 2.0+ (and still in 2.50+): even if the COVID-19 extension is on, the COVID-19 policies and their related shocks are not simulated because they require monthly variation (in that case only the unemployment shock is simulated because we use yearly parameters for that).