**EXPLANATORY MEMORANDUM TO**

**THE HELP-TO-SAVE ACCOUNTS REGULATIONS 2025**

**2025 No. 327**

## 1. Introduction

1.1 This explanatory memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) on behalf of His Majesty's Treasury and is laid before the House of Commons by Command of His Majesty.

## 2. Declaration

2.1 Emma Reynolds MP, Economic Secretary to the Treasury confirms that this Explanatory Memorandum meets the required standard.

2.2 Helen Page, Deputy Director for Pensions, Savings and Charities, at HMRC confirms that this Explanatory Memorandum meets the required standard.

## 3. Contact

3.1 Jordan Bell at HMRC, Telephone: 03000 200 300 or email: enquiries.savings@hmrc.gov.uk can be contacted with any queries regarding the instrument.

## Part One: Explanation, and context, of the Instrument

## 4. Overview of the Instrument

***What does the legislation do?***

4.1 This instrument amends the Help-to-Save Accounts Regulations 2018 to bring into effect an Autumn Budget 2024 announcement to expand the Help-to-Save scheme's eligibility criteria to all working individuals in receipt of Universal Credit.

***Where does the legislation extend to, and apply?***

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

## 5. Policy Context

***What is being done and why?***

5.1 The Help-to-Save scheme was introduced to support working individuals on low incomes to create a regular savings habit by offering a 50% bonus on up to £50 of monthly savings. The Help-to-Save Accounts Regulations 2018 sets out the eligibility criteria individuals must meet to open an account.

5.2 This instrument amends the Help-to-Save Accounts Regulations 2018 to provide that individuals who receive universal credit and have minimum household or individual earnings of £1 or more in their most recent assessment period will be eligible to open a Help-to-Save account.

5.3 Expanding the scheme's eligibility to all working individuals in receipt of Universal Credit will ensure that Help-to-Save is accessible to many more households that require financial support. This change will enable more people to benefit from the scheme, helping them to build a savings buffer and improve their financial resilience. By including a broader range of eligible participants, the scheme can provide crucial assistance to those who may be struggling to save, thereby promoting greater financial stability and security across a wider segment of the population.

***What was the previous policy, how is this different?***

5.4 The previous Help-to-Save Accounts Regulations 2018 did not allow individuals receiving Universal Credit to open an account if their weekly household or individual earnings were less than the equivalent to 16 hours a week at national living wage rate.

5.5 At Autumn Budget 2024, the Government announced that working individuals in receipt of Universal Credit would be eligible to open a Help-to-Save account from 6 April 2025.

5.6 This instrument will provide that all working individuals in receipt of Universal Credit will be eligible to open a Help-to-Save account, regardless of their earnings. This change broadens the scheme's accessibility compared to the previous regulations.

## 6. Legislative and Legal Context

***How has the law changed?***

6.1 Regulation 3 of the Help-to-Save Accounts Regulations 2018 sets out the second benefit entitlement condition relating to Universal Credit.

6.2 This instrument will amend paragraphs (3)(b) and (6)(d) of regulation 3 to provide that Universal Credit claimants must have earned income of at least £1 in the assessment period immediately before the date on which their eligibility is first determined. Paragraph (6)(d) of regulation 3 will also be amended to remove the reference to the national living wage rate.

***Why was this approach taken to change the law?***

6.3 This is the only possible approach to make the necessary changes.

## 7. Consultation

***Summary of consultation outcome and methodology***

7.1 A consultation on the future of the Help-to-Save scheme was published in April 2023[1], seeking views from any individuals or organisations with an interest in Help-to-Save, including, but not limited to, potential account holders, potential delivery partners, financial institutions, and civil society organisations. As part of this consultation, recommendations were sought on proposed changes to the eligibility criteria, with a particular focus on working individuals with low incomes. Comments received in relation to changes to the eligibility criteria were supportive of lowering or removing the earnings thresholds, which this change addresses.

[1] Help-to-Save Reform Consultation: https://www.gov.uk/government/consultations/help-to-save-reform

## 8. Applicable Guidance

8.1 HMRC's Technical Manual[2] and Guidance[3] for Help-to-Save, available on the gov.uk website, will be amended to reflect the changes to the Help-to-Save account rules.

## Part Two: Impact and the Better Regulation Framework

## 9. Impact Assessment

9.1 A Tax Information and Impact Note covering this instrument will be published on the GOV.UK website[4].

***Impact on businesses, charities and voluntary bodies***

9.2 Expanding the eligibility to the Help-to-Save scheme may have a negligible impact on National Savings and Investments, which administers Help-to-Save accounts for the government. There is no, or no significant, impact on other businesses, charities, or voluntary bodies.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector as the change does not affect how National Savings and Investments interacts with HMRC.

9.5 The Exchequer impacts of the eligibility change to the scheme were published at Autumn Budget 2024[5].

## 10. Monitoring and review

***What is the approach to monitoring and reviewing this legislation?***

10.1 HMRC will monitor the impact of this change on an ongoing basis using the information provided by National Savings & Investments, as the account provider.

10.2 The instrument does not include a statutory review clause, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, because it amends a provision to vary eligibility to a government savings scheme.

## Part Three: Statements and Matters of Particular Interest to Parliament

## 11. Matters of special interest to Parliament

11.1 None.

## 12. European Convention on Human Rights

12.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

[2] Help-to-Save Technical Manual: https://www.gov.uk/hmrc-internal-manuals/help-save-technical
[3] Guidance Notes for Help-to-Save: https://www.gov.uk/get-help-savings-low-income
[4] Tax Information and Impact Notes: https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins
[5] Autumn Budget 2024: https://www.gov.uk/government/publications/autumn-budget-2024/autumn-budget-2024-html

## 13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 (“relevant European Union Acts.