
SCOTTISH STATUTORY INSTRUMENTS

2012 No. 303

The Council Tax Reduction (Scotland) Regulations 2012

PART 6

Income and capital

CHAPTER 5

Self-employed earners

Deduction of tax and contributions of self-employed earners

38.—(1) The amount to be deducted in respect of income tax under regulation 37(1)(b)(i), (3)(b)(i) or (9)(a)(i) (calculation of net profit of self-employed earners) is to be calculated on the basis of the amount of chargeable income and as if that income was assessable to income tax at the basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under section 35(1) of the Income Tax Act 2007 (personal allowance for those aged under 65) as is appropriate to the applicant's circumstances, but, if the assessment period is less than one year the earnings to which the basic rate of tax is to be applied and the amount of the personal reliefs deductible under this paragraph are to be calculated on a pro rata basis.

(2) The amount to be deducted in respect of social security contributions under regulation 37(1)(b)(i), (3)(b)(ii) or (9)(a)(ii) is the total of—

- (a) the amount of Class 2 contributions payable under section 11(1) or, as the case may be, 11(3) of the 1992 Act⁽¹⁾ at the rate applicable to the assessment period except where the applicant's chargeable income is less than the amount specified in section 11(4) of that Act⁽²⁾ (small earnings exception) for the tax year applicable to the assessment period, but if the assessment period is less than one year, the amount specified for that tax year is to be reduced pro rata; and
- (b) the amount of Class 4 contributions (if any) which would be payable under section 15 of the 1992 Act⁽³⁾ (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable to the assessment period on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year applicable to the assessment period, but if the assessment period is less than one year those limits are to be reduced pro rata.

(3) In this regulation “chargeable income” means—

- (a) except where sub-paragraph (b) applies, the earnings derived from the employment less any expenses deducted under regulation 37(3)(a) or, as the case may be, (4); and

(1) Section 11(1) was amended by [S.I. 2012/807](#). Section 11(3) was amended by paragraph 12 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c.2).

(2) Section 11(4) was amended by paragraph 12 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c.2) and [S.I. 2012/807](#).

(3) Section 15 was amended by section 13 of the Limited Liability Partnerships Act 2000 (c.12), section 3(1) of the National Insurance Contributions Act 2002 (c.19), paragraph 420 of Schedule 1 and Schedule 3 to the Income Tax (Trading and Other Income) Act 2005 (c.5), section 2(1) of the National Insurance Contributions Act 2011 (c.3), and [S.I. 2011/938](#) and [2012/807](#).

(b) in the case of employment as a child minder, one-third of the earnings of that employment.