



Finance Act 1981

1981 CHAPTER 35

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

27 Social security benefits

- (1) In subsection (1)(a) of section 219 of the Taxes Act (social security benefits charged to tax except for unemployment benefit and certain other benefits) for the words "unemployment benefit" there shall be substituted the words "earnings-related supplement of unemployment benefit".
- (2) In subsection (2) of that section (payments of supplementary benefit not treated as income for purposes of Income Tax Acts) after "1977" there shall be inserted the words "(other than payments of supplementary allowance which are taxable by virtue of section 27 of the Finance Act 1981)".
- (3) Subject to the following provisions of this section, payments to any person of supplementary allowance under the Supplementary Benefits Act 1976 in respect of any period shall (except so far as made by virtue of section 4 of that Act) be charged to income tax under Schedule E if during that period—
 - (a) his right to the allowance is subject to the condition mentioned in section 5 of the said Act of 1976 (registration and availability for employment); or
 - (b) he is within section 8 of the said Act of 1976 (trade disputes) and paragraph 10 of Schedule 2 to the Supplementary Benefit (Requirements) Regulations 1980 applies to him.
- (4) Where the amount of supplementary allowance paid to any person in respect of any week or part of a week exceeds the relevant amount for that period, the excess shall not be taxable.

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- (5) For the purposes of subsection (4) above the relevant amount in respect of a week shall be equal—
- (a) in a case where the supplementary allowance is paid to a person to whom subsection (3) (b) above applies, to the amount specified in the said paragraph 10;
 - (b) in a case not falling within paragraph (a) above where Regulation 6 of the said Regulations of 1980 (non-householders) has applied in the calculation of the amount of the supplementary allowance paid to the person concerned, to the amount specified in relation to a person of his description in Schedule 1 of the said Regulations of 1980;
 - (c) in a case not falling within paragraph (a) or (b) above where paragraph 3(1) of Schedule 1 to the said Act of 1976 has applied in the calculation of the amount of supplementary allowance (married and unmarried couples), to the aggregate of the weekly rate specified in paragraph 1 of Part I of Schedule 4 to the Social Security Act 1975 and the increase for an adult dependant specified in paragraph 1(a) of Part IV of that Schedule; and
 - (d) in any other case, to the said weekly rate;
- and the relevant amount in respect of part of a week shall be equal to one-sixth of the relevant amount in respect of a week multiplied by the number of days in the part.
- (6) Where payments of unemployment benefit and payments of supplementary allowance are made to any person in respect of the same week or part of a week, the amount taxable in respect of that period in respect of those payments shall not exceed the relevant amount for that period within the meaning of subsection (4) above.
- (7) If any regulations referred to in this section are revoked or amended by statutory instrument, the Board may by regulations made by statutory instrument make such amendments to this section as they think fit for the purpose of enabling it to operate as it did before the revocation or amendment; and regulations under this section shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (8) In its application in Northern Ireland this section shall have effect as if—
- (a) for the references to paragraph 1 of Part I and paragraph 1(a) of Part IV of Schedule 4 to the Social Security Act 1975 there were substituted respectively references to paragraph 1 of Part I and paragraph 1(a) of Part IV of Schedule 4 to the Social Security (Northern Ireland) Act 1975 ;
 - (b) for the reference to the Supplementary Benefits Act 1976 there were substituted a reference to the Supplementary Benefit (Northern Ireland) Order 1977 and for the references to sections 4, 5 and 8 of and paragraph 3(1) of Schedule 1 to that Act there were substituted references to Articles 6, 7 and 12 of and paragraph 3(1) of Schedule 1 to that Order respectively ; and
 - (c) for the references to regulation 6 of, Schedule 1 to and paragraph 10 of Schedule 2 to the Supplementary Benefit (Requirements) Regulations 1980 there were substituted references to regulation 6 of, Schedule 1 to and paragraph 7 of Schedule 2 to the Supplementary Benefit (Requirements) Regulations (Northern Ireland) 1980.
- (9) In section 8(2)(b) of the Taxes Act (earned income for the purpose of wife's earned income relief) the word " and " at the end of sub-paragraph (i) shall be omitted and after sub-paragraph (ii) there shall be inserted the words “and
 (iii) unemployment benefit,”.

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- (10) In section 530 of the Taxes Act (definition of " earned income ") in subsection (2)(c) after the word " Act" there shall be inserted the words " or section 27 of the Finance Act 1981 ".
- (11) This section has effect in relation to payments in respect of periods after 5th April 1982.