



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 10

SOCIAL SECURITY INCOME

CHAPTER 4

TAXABLE UK SOCIAL SECURITY BENEFITS: EXEMPTIONS

Incapacity benefit

663 Long-term incapacity benefit: previous entitlement to invalidity benefit

- (1) No liability to income tax arises on long-term incapacity benefit if—
- (a) a person is entitled to the benefit for a day of incapacity for work which falls in a period of incapacity for work which is treated for the purposes of that benefit as having begun before 13th April 1995, and
 - (b) the part of that period which is treated as having fallen before that date includes a day for which that person was entitled to invalidity benefit.
- (2) In this section—
- “invalidity benefit” means invalidity benefit under—
 - (a) Part 2 of SSCBA 1992, or
 - (b) Part 2 of SSCB(NI)A 1992;
 - “long-term incapacity benefit” means incapacity benefit payable under—
 - (a) section 30A(5), 40 or 41 of SSCBA 1992, or
 - (b) section 30A(5), 40 or 41 of SSCB(NI)A 1992.

Status: This is the original version (as it was originally enacted).

664 Short-term incapacity benefit not payable at the higher rate

- (1) No liability to income tax arises on short-term incapacity benefit unless it is payable at the higher rate.
- (2) In this section—
 - (a) “short-term incapacity benefit” means incapacity benefit payable under—
 - (i) section 30A(1) of SSCBA 1992, or
 - (ii) section 30A(1) of SSCB(NI)A 1992;
 - (b) the reference to short-term incapacity benefit payable at the higher rate is to be construed in accordance with—
 - (i) section 30B of SSCBA 1992, or
 - (ii) section 30B of SSCB(NI)A 1992.

Income support

665 Exempt unless payable to member of couple involved in trade dispute

- (1) No liability to income tax arises on income support unless—
 - (a) the income support is payable to one member of a married or unmarried couple (“the claimant”), and
 - (b) section 126 of SSCBA 1992 or section 125 of SSCB(NI)A 1992 (trade disputes) applies to the claimant but not to the other member of the couple.
- (2) In this section “married couple” and “unmarried couple” have the same meaning as in section 137(1) of SSCBA 1992 or section 133(1) of SSCB(NI)A 1992.

666 Child maintenance bonus

No liability to income tax arises on a part of income support which is attributable to a child maintenance bonus (within the meaning of section 10 of CSA 1995 or Article 4 of CS(NI)O 1995).

667 Amounts in excess of taxable maximum

- (1) If the amount of income support paid to a person (“the claimant”) for a week or a part of a week exceeds the claimant’s taxable maximum for that period, no liability to income tax arises on the excess.
- (2) The claimant’s taxable maximum for a period is determined under section 668.

668 Taxable maximum

- (1) A claimant’s taxable maximum for a week is determined under this subsection if the applicable amount for the purpose of calculating the income support consists only of an amount in respect of the relevant couple.

The taxable maximum is equal to one half of the applicable amount.

- (2) A claimant’s taxable maximum for a week is determined under this subsection if the applicable amount includes amounts that are not in respect of the relevant couple.

Status: This is the original version (as it was originally enacted).

The taxable maximum is equal to one half of the amount which is included in the applicable amount in respect of the relevant couple.

- (3) A claimant's taxable maximum for a part of a week is determined as follows—

Step 1

Assume that the income support is paid to the claimant for the whole of, rather than part of, the week.

Step 2

Determine under subsection (1) or (2) what the claimant's taxable maximum for that week would be on that assumption.

Step 3

Determine the claimant's taxable maximum for the part of the week using this formula—

$$\frac{N}{7} \times TMW$$

where—

N is the number of days in the part of the week for which the claimant is actually paid the income support, and

TMW is the taxable maximum for the whole week determined under step 2.

669 Interpretation

- (1) In section 668, except in relation to Northern Ireland—

“applicable amount” means the amount prescribed in relation to income support in regulations made under section 135 of SSCBA 1992;

“married couple” and “unmarried couple” have the same meaning as in section 137(1) of SSCBA 1992.

- (2) In section 668, in relation to Northern Ireland—

“applicable amount” means the amount prescribed in relation to income support in regulations made under section 131 of SSCB(NI)A 1992;

“married couple” and “unmarried couple” have the same meaning as in section 133(1) of SSCB(NI)A 1992.

- (3) In section 668 “relevant couple”, in relation to a claimant, means the married or unmarried couple of which the claimant is a member.

Jobseeker's allowance

670 Child maintenance bonus

No liability to income tax arises on a part of a jobseeker's allowance which is attributable to a child maintenance bonus (within the meaning of section 10 of CSA 1995 or Article 4 of CS(NI)O 1995).

Status: This is the original version (as it was originally enacted).

671 Amounts in excess of taxable maximum

- (1) If the amount of jobseeker’s allowance paid to a person (“the claimant”) for a week or a part of a week exceeds the claimant’s taxable maximum for that period, no liability to income tax arises on the excess.
- (2) The claimant’s taxable maximum for a period is determined under sections 672 to 674.

672 Taxable maximum: general

- (1) A claimant’s taxable maximum for a week is determined—
 - (a) under section 673, if the claimant is paid an income-based jobseeker’s allowance for that week, or
 - (b) under section 674, if the claimant is paid a contribution-based jobseeker’s allowance for that week.

- (2) A claimant’s taxable maximum for a part of a week is determined as follows—

Step 1

Assume that the jobseeker’s allowance is paid to the claimant for the whole of, rather than part of, the week.

Step 2

Determine under section 673 or 674 what the claimant’s taxable maximum for that week would be on that assumption.

Step 3

Determine the claimant’s taxable maximum for the part of the week using this formula—

$$\frac{N}{7} \times \text{TMW}$$

where—

N is the number of days in the part of the week for which the claimant is actually paid the jobseeker’s allowance, and

TMW is the taxable maximum for the whole week determined under step 2.

673 Taxable maximum: income-based jobseeker’s allowance

- (1) A claimant’s taxable maximum for a week is determined under this section if—
 - (a) the claimant is paid an income-based jobseeker’s allowance for that week, or
 - (b) the claimant is assumed under section 672(2) to be paid an income-based jobseeker’s allowance for that week.
- (2) If the claimant is not a member of a married or unmarried couple, the claimant’s taxable maximum for the week is equal to the age-related amount which would be applicable to the claimant if a contribution-based jobseeker’s allowance were payable to the claimant for that week.
- (3) If the claimant is a member of a married or unmarried couple, the claimant’s taxable maximum for the week is equal to the portion of the applicable amount which is included in the jobseeker’s allowance in respect of the couple for that week.
- (4) But if—

Status: This is the original version (as it was originally enacted).

- (a) the claimant is a member of a married or unmarried couple, and
- (b) the other member of that couple is prevented by section 14 of JSA 1995 or Article 16 of JS(NI)O 1995 (trade disputes) from being entitled to a jobseeker's allowance,

the claimant's taxable maximum for that week is equal to half the portion of the applicable amount which is included in the jobseeker's allowance in respect of the couple for that week.

674 Taxable maximum: contribution-based jobseeker's allowance

- (1) A claimant's taxable maximum for a week is determined under this section if—
 - (a) the claimant is paid a contribution-based jobseeker's allowance for that week, or
 - (b) the claimant is assumed under section 672(2) to be paid a contribution-based jobseeker's allowance for that week.
- (2) If the claimant is not a member of a married or unmarried couple, the claimant's taxable maximum for the week is equal to the age-related amount which is applicable to the claimant for that week.
- (3) If the claimant is a member of a married or unmarried couple, the claimant's taxable maximum for the week is equal to the portion of the applicable amount which would be included in the jobseeker's allowance in respect of the couple if an income-based jobseeker's allowance were payable to the claimant for that week.

675 Interpretation

- (1) In sections 671 to 674, except in relation to Northern Ireland—
 - “age-related amount” and “applicable amount” mean the amounts determined as such in accordance with regulations made under section 4 of JSA 1995;
 - “contribution-based jobseeker's allowance” and “income-based jobseeker's allowance” have the same meaning as in section 1(4) of JSA 1995;
 - “married couple” and “unmarried couple” have the same meaning as in section 35(1) of JSA 1995.
- (2) In sections 671 to 674, in relation to Northern Ireland—
 - “age-related amount” and “applicable amount” mean the amounts determined as such in accordance with regulations made under Article 6 of JS(NI)O 1995;
 - “contribution-based jobseeker's allowance” and “income-based jobseeker's allowance” have the same meaning as in Article 3(4) of JS(NI)O 1995;
 - “married couple” and “unmarried couple” have the same meaning as in Article 2(2) of JS(NI)O 1995.

Status: *This is the original version (as it was originally enacted).*

Increases in respect of children

676 Increases in respect of children

No liability to income tax arises on a part of a taxable benefit listed in Table A which is attributable to an increase in respect of a child.