

SCHEDULE 3

Regulations 35(2) and 37(2)

Sums to be disregarded in the calculation of earnings

1. In the case of an applicant who has been engaged in remunerative work as an employed earner or, where the employment has been outside Great Britain, would have been so engaged had the employment been in Great Britain—

(a) where—

(i) the employment has been terminated because of retirement; and

(ii) on retirement the applicant is entitled to a retirement pension under the 1992 Act, or is not entitled solely because of the applicant's failure to satisfy the contribution conditions, any earnings paid or due to be paid in respect of that employment, but only for a period commencing on the day immediately after the date on which the employment was terminated;

(b) where before the first day of entitlement to council tax reduction the employment has been terminated otherwise than because of retirement, any earnings paid or due to be paid in respect of that employment except—

(i) any payment of the nature described in—

(aa) regulation 34(1)(e) (earnings of employed earners); or

(bb) section 28, 64 or 68 of the Employment Rights Act 1996⁽¹⁾ (guarantee payments, suspension from work on medical or maternity grounds); and

(ii) any award, sum or payment of the nature described in—

(aa) regulation 34(1)(g) or (i), or

(bb) section 34 or 70 of the Employment Rights Act 1996⁽²⁾ (guarantee payments and suspension from work: complaints to employment tribunals), including any payment made following the settlement of a complaint to an employment tribunal or court proceedings;

(c) where before the first day of entitlement to council tax reduction—

(i) the employment has not been terminated; but

(ii) the applicant is not engaged in remunerative work,

any earnings paid or due to be paid in respect of that employment except any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii)(bb) or regulation 34(1)(i) or (j) any earnings in respect of that employment except earnings to which regulation 34(1)(d), (e), (i) and (j) applies.

2. In the case of an applicant who, before the first day of entitlement to council tax reduction—

(a) has been engaged in part-time employment as an employed earner or, where the employment has been outside Great Britain, would have been so engaged had the employment been in Great Britain; and

(b) has ceased to be engaged in that employment, whether or not that employment has been terminated,

any earnings paid or due to be paid in respect of that employment except—

(i) where that employment has been terminated, any payment of the nature described in paragraph 1(b)(i) or (ii)(bb); or

⁽¹⁾ 1996 c.18. Section 64 was amended by S.I. 1999/3232.

⁽²⁾ Sections 34 and 70 were amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c.8) and S.I. 2011/1133.

- (ii) where that employment has not been terminated, any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii)(bb) or regulation 34(1)(j) or (k) (earnings of employed earners).

3. In the case of an applicant who has been engaged in remunerative work or part-time employment as a self-employed earner or, where the employment has been outside Great Britain, would have been so engaged had the employment been in Great Britain and who has ceased to be so employed, from the date of the cessation of the applicant's employment, any earnings derived from that employment except earnings to which regulation 36(3) and (4) (earnings of self-employed earners) apply.

4.—(1) In a case to which this paragraph applies and paragraph 5 does not apply, £20, but notwithstanding regulation 24 (calculation of income and capital of members of an applicant's family and of a polygamous marriage) if this paragraph applies to an applicant it does not apply to the applicant's partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £20.

(2) This paragraph applies where the applicant's applicable amount includes an amount by way of disability premium, severe disability premium, work-related activity component or support component under Schedule 1 (applicable amounts).

(3) This paragraph applies where—

- (a) the applicant is a member of a couple and the applicant's applicable amount includes an amount by way of the disability premium under Schedule 1; and
- (b) the applicant or the applicant's partner has not attained the qualifying age for state pension credit and at least one of them is engaged in employment.

5. In a case where the applicant is a lone parent, £25.

6.—(1) In a case to which neither paragraph 4 nor paragraph 5 applies to the applicant and, subject to sub-paragraph (2), where the applicant's applicable amount includes an amount by way of the carer premium under Schedule 1 (applicable amounts), £20 of the earnings of the person who is, or at any time in the preceding 8 weeks was, in receipt of carer's allowance or treated in accordance with paragraph 14(2) of that Schedule as being in receipt of carer's allowance.

(2) Where the carer premium is awarded in respect of the applicant and the applicant's partner, their earnings are for the purposes of this paragraph to be aggregated, but the amount to be disregarded in accordance with sub-paragraph (1) must not exceed £20 of the aggregated amount.

7. Where the carer premium is awarded in respect of an applicant who is a member of a couple and whose earnings are less than £20, but is not awarded in respect of the other member of the couple, and that other member is engaged in an employment—

- (a) specified in paragraph 9(1), so much of the other member's earnings as would not when aggregated with the amount disregarded under paragraph 6 exceed £20;
- (b) other than one specified in paragraph 9(1), so much of the other member's earnings from such other employment up to £10 as would not when aggregated with the amount disregarded under paragraph 6 exceed £20.

8. In a case where paragraphs 4, 6, 7 and 9 do not apply to the applicant and the applicant is one of a couple and a member of that couple is in employment, £10; but, notwithstanding regulation 24 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it does not apply to the applicant's partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £10.

9.—(1) In a case where paragraphs 4, 5, 6 and 7 do not apply to the applicant, £20 of earnings derived from one or more employments as—

- (a) a part-time fire-fighter employed by a fire and rescue authority (as defined in section 1 of the Fire (Scotland) Act 2005⁽³⁾ or a joint fire and rescue board constituted by an amalgamation scheme made under section 2(1) of that Act;
- (b) a part-time fire-fighter employed by a fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004⁽⁴⁾ or a scheme to which section 4 of that Act⁽⁵⁾ applies;
- (c) an auxiliary coastguard in respect of coast rescue activities;
- (d) a person engaged part-time in the manning or launching of a life boat;
- (e) a member of any territorial or reserve force prescribed in Part I of Schedule 6 to the Social Security (Contributions) Regulations 2001⁽⁶⁾,

but, notwithstanding regulation 24 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it does not apply to the applicant's partner except to the extent specified in sub-paragraph (2).

(2) If the applicant's partner is engaged in employment—

- (a) specified in sub-paragraph (1), so much of the partner's earnings as would not in aggregate with the amount of the applicant's earnings disregarded under this paragraph exceed £20;
- (b) other than an employment specified in sub-paragraph (1), so much of the partner's earnings from that employment up to £10 as would not in aggregate with the applicant's earnings disregarded under this paragraph exceed £20.

10. Where the applicant is engaged in one or more employments specified in paragraph 9(1), but the applicant's earnings derived from such employments are less than £20 in any week and the applicant is also engaged in any other employment so much of the applicant's earnings from that other employment, up to £5 if the applicant is a single applicant, or up to £10 if the applicant has a partner, as would not in aggregate with the amount of the applicant's earnings disregarded under paragraph 9 exceed £20.

11. In a case to which none of paragraphs 4 to 10 applies, £5.

12.—(1) Where—

- (a) the applicant (or if the applicant is a member of a couple, at least one member of that couple) is a person to whom sub-paragraph (5) applies;
- (b) the relevant authority is satisfied that that person is undertaking exempt work; and
- (c) paragraph 14 does not apply,

the amount specified in sub-paragraph (7) ("the specified amount").

(2) Where this paragraph applies, paragraphs 4 to 11 do not apply, but in any case where the applicant is a lone parent and the specified amount would be less than the amount specified in paragraph 5, paragraph 5 applies instead of this paragraph.

(3) Notwithstanding regulation 24 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if sub-paragraph (1) applies to one member of a couple ("A")

(3) 2005 asp 5.

(4) 2004 c.21. Section 2 was amended by paragraph 22 of Schedule 1 to the Local Government and Public Involvement in Health Act 2007 (c.28) and Part 4 of Schedule 7 to the Local Democracy, Economic Development and Construction Act 2009 (c.20).

(5) Section 4 was amended by paragraph 22 of Schedule 1 to the Local Government and Public Involvement in Health Act 2007 (c.28) and Schedule 7 to the Local Democracy, Economic Development and Construction Act 2009 (c. 20).

(6) S.I. 2001/1004.

it does not apply to the other member of that couple (“B”) except to the extent provided for in sub-paragraph (4).

(4) Where A’s earnings are less than the specified amount, there must also be disregarded so much of B’s earnings as would not when aggregated with A’s earnings exceed the specified amount, but the amount of B’s earnings which may be disregarded under this sub-paragraph is limited to a maximum of £20 unless the relevant authority is satisfied that B is also undertaking exempt work.

(5) This sub-paragraph applies to a person who is—

- (a) in receipt of a contributory employment and support allowance;
- (b) in receipt of incapacity benefit under Section 30A, 40 or 41 of the 1992 Act;
- (c) in receipt of severe disablement allowance; or
- (d) being credited with earnings on the grounds of incapacity for work or limited capability for work under regulation 8B of the Social Security (Credits) Regulations 1975(7).

(6) In this paragraph “exempt work” means work of the kind described in—

- (a) regulation 45(2), (3) or (4) of the Employment and Support Allowance Regulations(8); or (as the case may be);
- (b) regulation 17(2), (3) or (4) of the Social Security (Incapacity for Work) (General) Regulations 1995(9),

and, in determining for the purposes of this paragraph whether an applicant or a member of a couple is undertaking any type of exempt work, it is immaterial whether that person or their partner is also undertaking other work.

(7) The specified amount is the amount of money from time to time mentioned in any provision referred to in sub-paragraph (6) by virtue of which the work referred to in sub-paragraph (1) is exempt (or, where more than one of those provisions is relevant and those provisions mention different amounts of money, the highest of those amounts).

13. Any amount or the balance of any amount which would fall to be disregarded under paragraph 22 or 23 (students: parental contributions) of Schedule 4 had the applicant’s income which does not consist of earnings been sufficient to entitle the applicant to the full disregard under those paragraphs.

14. Where an applicant is on income support, an income-based jobseeker’s allowance or an income-related employment and support allowance, the applicant’s earnings.

15. Any earnings derived from employment which are payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of those earnings.

16. Where a payment of earnings is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.

17. Any earnings of a child or young person.

18.—(1) In a case where the applicant is a person who satisfies at least one of the conditions set out in sub-paragraph (2), and the applicant’s net earnings equal or exceed the total of the amounts set out in sub-paragraph (3), the amount of the applicant’s earnings to be disregarded under paragraphs 4 to 12 is to be increased by £17.10.

(7) [S.I. 1975/556](#). Regulation 8B was added by [S.I. 1996/2367](#) and amended by [S.I. 2000/3120](#), [2003/521](#), [2008/1554](#), [2010/385](#) and [2012/913](#).

(8) Regulation 45(3) and (4) was amended by [S.I. 2010/840](#) and [2011/674](#).

(9) [S.I. 1995/311](#). Regulation 17 was substituted by [S.I. 2006/757](#). Regulation 17(3) was amended by [S.I. 2010/840](#) and [2011/674](#). Regulation 17(4) was amended by [S.I. 2010/840](#) and [2011/674](#).

(2) The conditions are that—

- (a) the applicant, or if the applicant is a member of a couple, either the applicant or the other member of that couple, is a person to whom regulation 20(1)(c) of the Working Tax Credit Regulations applies; or
- (b) the applicant—
 - (i) is, or if the applicant is a member of a couple, at least one member of that couple is, aged at least 25 and is engaged in remunerative work for on average not less than 30 hours per week;
 - (ii) is a member of a couple and—
 - (aa) at least one member of that couple, is engaged in remunerative work for on average not less than 16 hours per week; and
 - (bb) the applicant's applicable amount includes a family premium under paragraph 4 of Schedule 1;
 - (iii) is a lone parent who is engaged in remunerative work for on average not less than 16 hours per week; or
 - (iv) is, or if the applicant is a member of a couple, at least one member of that couple is, engaged in remunerative work for on average not less than 16 hours per week and—
 - (aa) the applicant's applicable amount includes a disability premium under paragraph 9 of Schedule 1 the work-related activity component under paragraph 21 of that Schedule or the support component under paragraph 22 of that Schedule; and
 - (bb) where the applicant is a member of a couple, at least one member of that couple satisfies the qualifying conditions for the disability premium or either of the components referred to in sub-head (aa) and is engaged in remunerative work for on average not less than 16 hours per week.

(3) The following are the amounts referred to in sub-paragraph (1)—

- (a) the amount calculated as disregardable from the applicant's earnings under paragraphs 4 to 12;
- (b) the amount of child care charges calculated as deductible under regulation 27(1)(c) (calculation of income on a weekly basis); and
- (c) £17.10.

(4) The provisions of regulation 6 (remunerative work) apply in determining whether or not a person works for on average not less than 30 hours per week, but as if the reference to 16 hours in paragraph (1) of that regulation was a reference to 30 hours.

19. In this Schedule “part-time employment” means employment in which the person is engaged on average for less than 16 hours a week.