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# *A5 Calculating benefit*

## *About this chapter*

- 5.00 This chapter gives guidance on
- the main elements of the basic Housing Benefit (HB) calculation
  - the maximum and minimum amounts of HB/Council Tax Benefit (CTB) payable
  - the assessment of financial resources
  - modifications Local Authorities (LAs) can make to the CTB Scheme
  - how
    - to convert eligible rent to weekly, and in some cases daily, amounts
    - non-dependant deductions affect the calculation
    - to apply the HB and CTB tapers, if appropriate
  - HB payable on two homes
  - the second adult rebate scheme
  - the different rules that apply to rounding HB and CTB
  - daily amounts payable following a rent change at an existing dwelling

5.01-5.09

## *Main elements of the basic HB calculation*

- 5.10 The main elements of the basic HB calculation are
- the claimant's eligible rent converted to a weekly figure, see *Converting eligible rent into a weekly eligible amount* later in this chapter
  - any non-dependant deductions which apply to the claimant, see *Non-dependant deductions* later in this chapter, and
  - if the claimant does not receive Income Support (IS), income-based Jobseeker's Allowance (JSA(IB)), income-related Employment and Support Allowance (ESA(IR)) or Pension Credit (guarantee credit), their
    - applicable amount, see *BW3* or *BP3 Assessment of needs* later in this manual
    - weekly net income, which may include income from capital, see *BW2* or *BP2 Assessment of income* and *BW1* or *BP1 Assessment of capital* later in this manual

5.11-5.19

5.20-5.159

## *Maximum HB/CTB*

5.20 Maximum HB/CTB is

- 100% of the
  - eligible rent converted to a weekly eligible amount, and/or
  - Council Tax (CT) liability, **less**
- any appropriate non-dependant deduction(s)

5.21 Any reduction to CT liability that is awarded for making a lump sum or non-cash payment, for example by direct debit, is ignored when calculating maximum HB/CTB. The claimant receives the full benefit of the reduction and entitlement to HB/CTB is not affected.

*HB Reg 70 & (SPC) 50; CTB Reg 57 & (SPC) 40*

5.22 In practice benefit sections will usually be told only the net CT liability by the billing or levying section.

5.23-5.39

## *Alternative maximum CTB*

5.40 When a dwelling is occupied by a student or students and one or more people in receipt of IS, JSA(IB), ESA(IR) or Pension Credit, the alternative maximum CTB (AMCTB) will be 100% of the actual CT liability, ie the basic liability under section 10 of the Local Government Finance Act (LGFA) 1992 less any reduction and/or discount.

5.41 The AMCTB

- is intended to reduce the CT liability to nil
- applies from April 2006

5.42-5.99

## *Minimum HB/CTB payable*

5.100 HB is not payable if entitlement is **less** than a specified minimum amount, which is 50p per benefit week. The minimum amount will be higher for a claimant who has a rent-free period. See Rent free periods earlier in this chapter.

*HB Reg 75 & (SPC) 56*

5.101 Unlike HB, there is no minimum benefit rule for CTB.

5.102-5.159

## *Assessment of financial resources*

- 5.160 When calculating the amount of HB/CTB for a couple, civil partnership couple or a couple who are living together as civil partners or members of a polygamous marriage
- consider the financial resources of both the partners or all the members of the polygamous marriage, and
  - treat, for benefit purposes, the resources as belonging to the claimant
- HB Reg 25 & (SPC) 23; CTB Reg 15 & (SPC) 13*

## *How to calculate capital resources*

- 5.161 Details of how to calculate capital resources are given in *B1 Assessment of capital* later in this manual.

## *Weekly income*

- 5.162 Details of how to calculate the net weekly income of a claimant and any partner or dependants are given in *B2 Assessment of income* later in this manual.

5.163-5.199

## *Assessment of needs*

- 5.200 Details of how to calculate a claimant's applicable amount, consisting of the appropriate personal allowances and premiums, are given in *B3 Assessment of needs* later in this manual.

5.201-5.219

## *Modifications of the CTB Scheme*

### *War Disablement Pension and War Widows' Pension*

- 5.220 The Social Security Administration Act 1992 enables LAs to modify the CTB scheme by resolution.

*s.139*

- 5.221 An LA may modify the CTB Scheme by resolution, allowing a disregard of the whole or part of any war disablement pension or war widow's pension payable. This modification may apply to both main CTB and second adult rebate.

- 5.222 A resolution modifying the HB Scheme does not apply to CTB. A resolution specific to the CTB Scheme is required. Having made such a modification, an LA may at any time revoke or vary it.

*SSA 1992 s.139*

**HB/CTB Guidance Manual**

5.250-5.302

5.223-5.249

## *Calculating CTB entitlement*

5.250 Examples of how to calculate CTB are shown at *Annex B* at the end of this chapter.

5.251-5.269

## *Definition of a benefit week*

5.270 A benefit week is defined as a period of seven consecutive days starting on a Monday and ending on a Sunday.

5.271-5.299

## *Converting eligible rent into a weekly eligible amount*

5.300 Eligible rents must be converted into a weekly eligible amount. This is because entitlement to HB

*HB Reg 2 & (SPC) 2*

- is built around the concept of a benefit week, and
- accrues in whole benefit weeks

5.301 The purpose of this concept is to provide a straightforward, consistent reference period for all HB claimants, into which the otherwise widely varying cycles related to, for example rent days and social security benefit pay days, can be slotted.

*HB Reg 80 & (SPC) 61*

5.302 The rules governing weekly eligible amounts are as follows

- **rents paid weekly, or in multiples of weeks**, use the eligible weekly rent. In these cases, if the level of eligible rent changes within a benefit week, maximum HB for that and successive benefit weeks is based on the new weekly eligible amount, regardless of which day of the week the rent changes
- **rents paid calendar monthly**, multiply the eligible calendar monthly rent by 12 to obtain the annual figure and then divide by 52 to obtain a weekly eligible amount – always divide by 52 even if there are 53 Mondays in the year. In these cases, if the level of eligible rent changes within a benefit week, maximum HB for the benefit week of the change is based on a combination of the daily rates of the old and new weekly eligible amounts
- other cases, break the eligible rent down to a daily amount and then multiply by seven to obtain a weekly eligible amount. In these cases, if the level of eligible rent changes within a benefit week, maximum HB for the benefit week of the change is based on a combination of the daily rates of the old and new weekly eligible amounts

## *Weekly rents*

*HB Reg 80 & (SPC) 61*

- 5.303 The weekly eligible amount is normally the
- eligible rent, if the rent is paid weekly, or
  - amount reached by dividing the total amount of eligible rent due by the number of weeks for which it is payable, if the rent is payable in multiples of weeks

### **Example**

Rent is £68.00, payable fortnightly

Weekly eligible rent is  $£68.00 \div 2 = £34.00$

### *Eligible rent changes during benefit week*

- 5.304 If the amount of eligible rent changes during a benefit week, the weekly eligible amount for the benefit week in question should always be the new amount, for example if the eligible rent goes up from £35 a week to £36 a week and is paid on Wednesdays in advance, the eligible weekly rent for the benefit week of the change will be £36.

### *Liability to pay rent stops during a benefit week*

- 5.305 If the claimant's liability to pay rent stops during a benefit week, eg they have ceased to occupy their home, or a rent-free period is starting, the weekly eligible rent for the benefit week in question is **nil**.
- 5.306 This is regardless of what day the liability to pay ends, **unless** the claimant has to make payments for that dwelling for the whole of that benefit week, see *Rent free periods* later in this chapter.

### *Liability to pay rent starts during a benefit week*

- 5.307 If the claimant's liability to pay rent starts during a benefit week, eg they have just moved into their home, or a rent-free period is coming to an end, the weekly eligible rent for the benefit week in question is the normal weekly eligible amount.
- 5.308 This is linked to the special rule on the start of entitlement when someone moves into a new home, see *A6 Start of entitlement* later in this part.



## *Daily or monthly rents*

HB Reg 80 & (SPC) 61

### *Daily rents*

- 5.309 When liability for rent is on a daily basis, calculate HB on a daily basis.

### *Monthly rents*

- 5.310 For eligible rents paid monthly or in multiples of months, the weekly eligible amount is calculated by dividing the monthly rent by the number of days in the period and multiplying this figure by seven.
- 5.311 In the case of monthly rents, regulations deliberately allow a degree of discretion and authorities can use one of two methods to calculate HB.

#### *Method 1*

- 5.312 Divide the eligible monthly rent by the number of days in that month, and multiply by seven. This means that weekly entitlement will vary slightly according to the number of days in the month.

**Example**

Eligible rent is £145 payable monthly, the current month is July (31 days).

Weekly eligible rent is  $£145 \div 31 \times 7 = £32.7419$

#### *Method 2*

- 5.313 Divide the eligible rent for a longer period, eg 12 months, by the number of days in that period, and multiply by seven. This produces a constant, 'averaged-out' weekly amount.

**Example**

Eligible rent is £145 per month, paid annually.

Weekly eligible rent is  $£145 \times 12 \div 365 \times 7 = £33.3698$

- 5.314 The difference between the two methods will be marginal in the majority of cases, particularly for claimants who are on benefit for a long time. But you should note that **Method 1**, although more complicated, is the only one that makes sure that maximum HB exactly matches the eligible rent paid for claimants who are on benefit for only a short time.

### *Eligible rent changes during a benefit week*

- 5.315 If the eligible rent of a non-weekly rent changes during a benefit week, the weekly eligible amount for the benefit week in question is a combination of the old and new amounts.

*HB Reg 80 & (SPC) 61*

#### **Example**

Claimant pays a rent of £75 for June and £80 for July, and 1 July is a Wednesday. The authority uses conversion **Method 1**, the weekly eligible rent is

- £17.50 ( $£75 \div 30 \times 7$ ) until the benefit week of the change
- £17.9032 ( $£75 \div 30 \times 2$ ) + ( $£80 \div 31 \times 5$ ) for the benefit week of the change
- £18.0645 ( $£80 \div 31 \times 7$ ) for subsequent weeks

Unrounded amounts are shown in this example, since rounding need not take place until the payment stage, see *Rounding* later in this chapter.

- 5.316 You should also note there is no need to tell the claimant of their entitlement for the benefit week that contains the change unless the claimant requests a detailed explanation. This is because this does not constitute their normal weekly entitlement for the purposes of the decision notice.
- 5.317 If any other change of circumstances falls to be taken into account in the same benefit week as a change in non-weekly rents as described above, it too should be taken into account on a daily basis in the same way. For example, if a change in a monthly eligible rent and a change in income occur at the same time, the new income level should be related solely to the new eligible rent level.

*HB Reg 79, 80 & (SPC) 59, 61*

5.318-5.339

5.340-5.399

### ***Special rules in monthly rent cases***

5.340 There are special rules in the case of monthly rents, etc when liability begins or ends during a benefit week.

*HB Reg 80, 81 & (SPC) 61, 62*

#### ***Liability to pay rent stops during a benefit week***

5.341 If the claimant's liability to pay rent stops during a benefit week, eg they have ceased to occupy their home, or a rent-free period is starting

- 1 calculate the weekly eligible rent, together with applicable amounts, income, minimum amount payable and any non-dependant deductions, for the benefit week in question on a daily basis, and
- 2 multiply the daily rate by the number of days in the week to which the liability relates. See *Rent free periods* later in this chapter

#### ***Liability to pay rent starts during a benefit week***

5.342 If the claimant's liability to pay rent starts during a benefit week, eg they have just moved into their home, or a rent-free period is coming to an end,

- 1 calculate the weekly eligible rent, together with applicable amounts, income, the minimum amount payable and non-dependant deductions, for the benefit week in question on a daily basis, and
- 2 multiply by the number of days in the week to which the liability relates

5.343 This is linked to the special rule on the start of entitlement when someone moves in to a new home, see *A6 Start of entitlement* later in this part.

5.344-5.399

## *Adjusting calculations on a daily basis*

5.400 The regulations refer to adjusting applicable amounts, income, the minimum amount payable and non-dependant deductions on the same daily basis. The following example shows

*HB Reg 80 & (SPC) 61*

- how this works in practice
- this calculation process is mathematically equivalent to calculating everything, including eligible rent, on a weekly basis and then converting the end result to daily figures by dividing by seven and multiplying by the appropriate number of days

### **Example**

Couple has one child aged 12. Their applicable amount is £148.13 and their income is £177.65, made up of £56.20 JSA(Cont), £17.00 Child Benefit and £104.45 net part time earnings working 15 hours per week (£114.45 less £10 disregard). There is one other adult in the household who is in full time work and earns £160 per week.

Eligible rent is £200 per month and **Method 1** is used for the calculation. Rent liability ends on 21 July.

<b>Normal weekly entitlement</b>	<b>£</b>
Weekly eligible rent	45.1613
less non-dependant deduction	23.35
<b>Maximum HB</b>	<b>21.8113</b>
<b>Income</b>	177.65
less Applicable Amount	148.13
	<b>29.52</b>
 £29.52 x 65% taper = £19.188	
<b>Maximum HB</b>	
£21.8113 less £19.188 =	2.6233
	<b>2.62</b>

continued

(5.400)-5.452

(5.400)

**Entitlement for benefit week commencing 18 July 2005**

	£
Weekly rent $\pounds 45.1613 \div 7 \times 4 =$	25.8065
less non-dependant deduction $\pounds 23.35 \div 7 \times 4$	13.3429
<b>Maximum HB</b>	<b>12.4636</b>
Income $\pounds 177.65 \div 7 \times 4 =$	101.5143
less Applicable Amount $\pounds 148.13 \div 7 \times 4$	84.6457
	<b>16.8686</b>
$\pounds 16.8686 \times 65\%$ taper =	10.9646
<b>Maximum HB</b>	
$\pounds 12.4636 - \pounds 10.9646 =$	1.499
<b>Amount of HB payable</b>	<b>1.50</b>

5.401-5.429

## *Calculation of amenity deductions*

5.430 You should note that similar rules apply to the calculation of amenity deductions when the rent is payable other than weekly or in multiples of weeks.

*HB Sch 1 Para 7 & (SPC) Sch 1 Para 7*

5.431-5.449

## *Rent free periods*

5.450 There are special rules for claimants with rent-free periods, which are designed to make sure the total amount of benefit received over the course of a year is no more than would be received by a claimant in similar circumstances, paying the same annual rent, who did not have a rent-free period for these periods.

*HB Reg 8, 81 & (SPC) 8, 62*

5.451 The rules do not apply to periods for which a landlord has waived liability in return for work done. The claimant continues to be treated as liable.

5.452 Entitlement to HB will be nil for any week which falls wholly within a rent-free period. This is because the liability is nil. If the start or end of a rent-free period falls within a benefit week, see *Benefit weeks* and *Daily or monthly rents* earlier in this chapter.

*HB Reg 80, 81 & (SPC) 61, 62; 2005/1719*

5.453 If a rent free period starts or ends other than at the start of a benefit week, calculate HB for the days on which rent must be paid on a daily basis.

5.454 Entitlement to HB for claimant's with rent-free periods is calculated differently. The claimant's applicable amount, weekly income, the minimum amount payable and any non-dependant or amenity deductions are all increased by a factor which varies slightly according to whether the rent is paid

*HB Reg 81, Sch 1 Para 7 & (SPC) 62, Sch 1 Para 7*

- weekly or in multiples of weeks, or
- monthly

5.455 It should be emphasised that this factor is not to be applied to the rent itself but only to the applicable amount, weekly income, minimum amount payable and non-dependant or amenity deductions.

*HB Reg 81, Sch 1 Para 7 & (SPC) 62, Sch 1 Para 7*

5.456-5.479

### ***Rent is paid weekly or in multiples of weeks***

5.480 When rent is paid weekly or in multiples of weeks, the factor is the number of rent-weeks in the rent-year, divided by the number of weeks in the year for which rent is actually payable. So a typical factor might be  $52 \div 48$ .

#### **Example**

A pensioner couple, both aged over 65 years, pay rent of £40 a week for 48 weeks in a 52-week rent year. Their applicable amount is £188.60 and their weekly net unearned income is £197.50. They have a non-working non-dependant aged 30.

		£
<b>Normal weekly entitlement</b>		
£40 x 100%	=	40.00
<b>Less non-dependant deduction</b>		
£7.40 x 52	=	8.0167
48		
<b>Less taper</b>		
(£197.50 - £188.60) x 52 x 65%	=	6.2671
48		
	=	25.7162
<b>Total normal weekly entitlement</b>	=	25.72

5.481-5.502

### ***Rent is paid calendar monthly***

*HB Reg 81, Sch 1 Para 7 & (SPC) 62, Sch 1, Para 7*

- 5.481 When rent is paid calendar monthly, the factor is the number of days in the rent-year divided by the number of days in the rent year for which rent is actually payable. So a typical factor might be  $365 \div 334$ .
- 5.482 It is possible in the case of a claimant paying a calendar monthly rent, and who has a rent-free period, for two factors to be applied to the applicable amount, weekly income, minimum amount payable and non-dependant or amenity deductions.
- 5.483 This could occur, for example, when the rent-free period starts in the middle of a benefit week, or the beginning or end of the claimant's occupation of a home coincides with a rent-free period. In this case, the applicable amount, weekly income, minimum amount payable and non-dependant or amenity deductions, should first be multiplied by the rent-free week factor (eg  $365 \div 334$ ) and then by the other factor (eg  $2 \div 7$ ).

5.484-5.499

### ***Non-dependant deductions***

- 5.500 A non-dependant is a person who

*HB Reg 3, 74 & (SPC) 3, 55; CTB Reg 3, 58 & (SPC) 3, 42*

- resides with the claimant, and
- is not a
  - partner, or
  - dependant child of the claimant and/or their partner

For more information about non-dependants, see *C1 Aggregation of needs and resources* later in this manual.

- 5.501 Non-dependant deductions are part of the calculation of maximum HB/CTB. This allows LAs to tell at once whether someone's maximum HB/CTB, and therefore their entitlement, is extinguished by non-dependant deductions alone.
- 5.502 A deduction is made from a claimant's HB/CTB entitlement for most non-dependants who live with them, but see *Non-dependant deduction not due* later in this chapter and Annex D at the end of this chapter.

### ***Non-dependant deduction not due***

5.503 The circumstances when no deduction is made differ between HB and CTB.

### ***Housing Benefit***

5.504 A non-dependant deduction is **not** made in the following circumstances

- claimant or their partner is
  - blind or treated as blind, and is or was registered as blind by the LA, or
  - receiving
    - ~ the care component of Disability Living Allowance (DLA) at any rate, or
    - ~ Attendance Allowance (AA)
- non-dependant is
  - living or staying with the claimant but, in the LA's opinion, the non-dependant's normal home is elsewhere, see *Deciding the non-dependant's normal home* below
  - receiving a Youth Training allowance paid in connection with a Youth Training Scheme, eg YTS or Work-based Learning for Young Adults courses
  - a full-time student. For the definition of full-time student, see *C2 Student claims* later in this manual. Normal rules apply during the summer vacation if the student is in remunerative work
  - aged 16 or 17 years
  - a hospital in-patient for more than 52 weeks
  - a prisoner
  - aged less than 25 and receives IS, JSA(IB) or the assessment phase of ESA(IR)
  - in receipt of Pension Credit



5.505-5.520

### *Council Tax Benefit*

5.505 A deduction is made from a claimant's CTB entitlement for most non-dependants who live with the claimant. The **exceptions** are if

*Reg 58 & (SPC) 42*

- the claimant or their partner is
  - registered blind or treated as blind, but **not** if registered as partially sighted
  - receiving AA or the care component of DLA
- the non dependant
  - is a person to whom Schedule 1 to LGFA 1992 applies, ie
    - ~ people in detention
    - ~ severely mentally impaired people
    - ~ people aged 18 or over in respect of whom child benefit is payable
    - ~ student nurses, apprentices or youth trainees but not full time students
    - ~ hospital in-patients
    - ~ people living in residential care and nursing homes
    - ~ care workers
    - ~ residents of hostels or night-shelters for the homeless
  - lives with the claimant but the authority considers that their normal home is elsewhere, see *Deciding the non-dependant's normal home* later in this chapter for more information
  - is receiving Youth Training Allowance (formerly YTS)
  - is a full-time student as defined in Part V of the CTB regulations. This definition is wider than in the LGFA 1992. Do not make a deduction for students even if a discount has not actually been awarded or if the student starts remunerative work in the summer vacation
  - receives IS, JSA(IB) or ESA(IR)
  - receives Pension Credit

5.506-5.519

### *Deciding the non-dependant's normal home*

5.520 No deduction should be made when the non-dependant is living or staying with the claimant but their normal home is elsewhere. There are no set rules or time limits for deciding whether the claimant's address can be registered as the non-dependant's normal home for the purpose of Regulation 74(7)(a).

- 5.521 You must make a decision on the basis of all relevant factors, including
- the relationship between the non-dependant and the claimant
  - how much time the non-dependant spends at the claimant's address
  - where the non-dependant has their post sent
  - where the non-dependant keeps their clothes/personal belongings
  - whether or not the non-dependant's stay or absence from the claimant's house is temporary
  - where the non-dependant lives when not living with the claimant - do they travel around or have another base which could be regarded as their home
  - whether the person has liabilities for rent, water charges, services, TV licence

These factors are important, for example when a full time student is living away from their parent's address while studying. See commissioner's decision CH 2337 2008.

5.522-5.539

### *Rates of non-dependant deductions*

- 5.540 There are various rates of deduction including the nil rate used in exemption cases.  
*HB Reg 74 & (SPC) 55; CTB Reg 58 & (SPC) 42*
- 5.541 The lowest rate of deduction applies to all non-dependants who are not in remunerative work, including those receiving other benefits or on training courses.
- 5.542 The rate of deduction which applies to non-dependants in remunerative work depends on the non-dependant's gross weekly income, which includes
- earnings, and
  - any other income, **but not**
    - DLA or AA
    - payments from the Macfarlane Trusts, Eileen Trust, London Bombings Relief Charitable Fund (LBRCF) or the Independent Living Funds, see *Macfarlane Trusts, Eileen Trust, London Bombings Relief Charitable Fund and Independent Living Fund* later in this chapter
- 5.543 The rates for non-dependant deductions are shown at *Annex A* at the end of this chapter.

### *Remunerative work*

*HB & CTB Reg 6 & (SPC) 6*

- 5.544 Remunerative work is defined as employment for which payment is made, or which is carried out in the expectation of payment, for not less than 16 hours a week.
- 5.545 If a non-dependant's hours of work fluctuate, take the average.

## A5 - Calculating benefit

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5.546-5.569

- 5.546 Treat a non-dependant as being in remunerative work during a period of
- holiday or leave, or
  - absence if it is without good cause. You must decide in each particular case whether or not an absence is without good cause
- 5.547 Do **not** treat a non-dependant as being in remunerative work if they are
- absent from work because of illness
  - on maternity leave
  - on IS, JSA(IB) or (ESA(IR) for more than three days in any benefit week
- 5.548 The lowest deduction should be made, even if the employer is making up the non-dependant's wages in SSP or SMP cases.

### *Verification of gross weekly income*

- 5.549 It is not intended that you find out and verify the non-dependant's earnings in all cases. LAs can either
- quote the thresholds and ask for details when the non-dependant is in remunerative work, or
  - ask a general question, such as *Tell us in each case the normal weekly income, before stoppages, if you can – you may get more benefit if this is very low*
- 5.550 The claimant is responsible for providing the relevant information. If no, or inadequate, information about the non-dependant's gross income is provided, the highest deduction should only be made after considering all the available relevant facts and evidence.
- Commissioner's decision CH48/2006*
- 5.551 The gross income for self employed non-dependants is their total income with no deductions for
- business expenses, or
  - tax and national insurance contributions

5.552-5.569

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## ***Other income***

### ***Income received from savings***

- 5.570 If the non-dependant declares they receive an income from their savings
- average the amount of interest received over the relevant period, and
  - add the amount to their earnings

*HB Reg 74 & (SPC) 55; CTB Reg 58 & (SPC) 42*

### ***Disability Living Allowance or Attendance Allowance***

- 5.571 Disregard any DLA or AA from the gross weekly income of a non-dependant in remunerative work.

### ***Macfarlane Trusts, Eileen Trust, Independent Living Funds and London Bombings Relief Charitable Fund payments***

- 5.572 Disregard from the gross weekly income of a non-dependant in remunerative work all payments from

*HB Reg 74, 86 & (SPC) 55, 67; CTB Reg 58, 72 & (SPC) 42,57*

- any of the Macfarlane Trusts
  - Eileen Trust
  - any of the Independent Living Funds
  - LBRCF
- 5.573 Because of the special nature of these Trusts and the Fund, there is no requirement for claimants, or anyone else, to disclose details of any payments made to a non-dependant.

5.574-5.581

## *Non-dependant couples*

### *When a non-dependant deduction for a couple is not appropriate*

- 5.574 Do **not** make a non-dependant deduction if  
*Reg 3, HB Reg 74 & HB(SPC) Reg 55; CTB Reg 58 & CTB(SPC) Reg 42*
- both members of a non-dependant couple, or from 5 December 2005, a civil partnership couple or a couple who are living together as civil partners or all members of a polygamous marriage, are aged under 18
  - a non-dependant couple, or from 5 December 2005, a civil partnership couple or a couple who are living together as civil partners or members of a polygamous marriage, are receiving IS or JSA(IB) **and** both members of the couple, or all members of the polygamous marriage, are aged under 25

5.575-5.579

### *If a non-dependant deduction for a couple is appropriate*

- 5.580 If a non-dependant deduction is appropriate, make only one deduction against HB and one against CTB for
- a married or unmarried couple
  - a civil partnership couple or a couple who are living together as civil partners. **Note:** Applies from 5 December 2005
  - members of a polygamous marriage living in their household. If a different deduction applies to each person in the polygamous marriage or couple, make only the highest deduction rate
- 5.581 If one or both members of a couple, or from 5 December 2005, a civil partnership couple or a couple who are living together as civil partners or one or more members of a polygamous marriage are
- over 18 with nobody in remunerative work
    - the single deduction taken should be the highest that would apply if all members of the couple, or polygamous marriage, were considered as single people

continued

- (5.581) • over 18 and in remunerative work
- the income threshold for the single deduction that applies is calculated by adding together the gross income of both members of the couple, or all members of the polygamous marriage
- Remember**, some incomes, eg AA are ignored when calculating non-dependant's income.

**Example**

If one member of the couple receives Incapacity Benefit and the partner is in remunerative work then a single deduction is made for the person in remunerative work,

When deciding to which income threshold the single deduction applies, take the combined gross income of both members of the couple into account.

5.582-5.599

***Claimant and non-dependant suspected of collusion******Treating the claimant as having the income and capital of the non-dependant***

- 5.600 If a claimant and a non-dependant are living in the same household, and you have good reason to suppose that they are colluding to get HB/CTB or an increase in HB/CTB, treat the claimant as having the income and capital of the non-dependant.
- 5.601 If the income and capital of the non-dependant is **greater** than the income and capital of the claimant, calculate any entitlement to benefit by
- treating the claimant as possessing the income and capital of the non-dependant, and
  - ignoring any income and capital of the claimant
- 5.602 Do **not** do this if the claimant is receiving IS, JSA(IB) or ESA(IR).
- HB Reg 26 & (SPC) 24; CTB Reg 16 & (SPC) 14*

5.603-5.619

5.620-5.639

### *Non-dependants of joint occupiers*

*HB Reg 74 & (SPC) 55; CTB 58 &(SPC) 42*

- 5.620 If a person is a non-dependant of more than one joint occupier, and the joint occupiers are **not** a married couple, apportion the non-dependant deduction between the joint occupiers.
- 5.621 The apportionment must be on whatever basis appears appropriate in the circumstances, taking into account the number of joint occupiers and the proportion of rent paid by each joint occupier.
- 5.622 If a person is a non-dependant of only one of the joint occupiers, take the whole of the deduction from that joint occupier's entitlement.

### *Non-dependants on the Employment Training Scheme*

- 5.623 A non-dependant aged 25 or over who is taking part in the Employment Training Scheme (ETS) will attract the lowest deduction as they are not considered to be in remunerative work.
- 5.624 A non-dependant aged 18 to 24 who, before taking up a place on the ETS received IS or JSA(IB) and continues to receive IS or JSA(IB) in the training allowance, will attract no deduction.
- 5.625 A non-dependant aged under 25 years who was getting contribution-based Jobseeker's Allowance (JSA(Cont)) before taking up a place on ETS and who receives the basic ETS allowance will attract the lowest deduction. The ETS allowance will be paid at the same rate as the previous JSA(Cont) entitlement rate, plus a training premium.
- 5.626 This will also apply to any non-dependant who loses entitlement to IS when taking up ETS, but these are likely to be in a minority.
- 5.627 A list of the most common schemes and their status is shown in *B2 Assessment of Income* later in this manual. This may be useful when deciding if a scheme should be regarded as training or employment.

5.628-5.639

### ***Non-dependant on Youth Training Scheme***

- 5.640 No deduction is made from HB if the non-dependant receives a training allowance paid in connection with a Youth Training Scheme established under
- Section 2 of the Employment and Training Act 1973, or
  - Section 2 of the Enterprise and New Towns (Scotland) Act 1990

5.641-5.649

### ***Non-dependant receives IS or JSA(IB)***

#### ***Non-dependant aged at least 25***

- 5.650 If the non-dependant is aged at least 25 and receiving IS or JSA the lower standard deduction applies.

#### ***Non-dependant aged less than 25***

- 5.651 No deduction is made from HB if the non-dependant is aged under 25 and receiving IS or JSA(IB).

### ***Non-dependant receives ESA - HB claimants***

#### ***Non-dependant aged at least 25***

- 5.652 If the non-dependant is receiving ESA credits only, they must have too much income or capital to be entitled to ESA(IR) and the deduction is based on that other income.
- 5.653 If the non-dependant is receiving ESA(C) the lower rate standard deduction applies.
- 5.654 If the non-dependant is receiving ESA(IR) the lower standard deduction applies.

*HB Reg 74 & HB(SPC) Reg 55*

#### ***Non-dependant aged less than 25***

- 5.655 If the non-dependant is receiving ESA credits only, they must have too much income/capital to be entitled to ESA(IR). Therefore, the deduction will be based on that other income.
- 5.656 If the non-dependant is receiving ESA(C) they will attract the lower rate standard deduction.
- 5.657 If the non-dependant is receiving ESA(IR) assessment phase no non-dependant deduction applies. This is because during the assessment phase ESA recipients aged less than 25 receive a lower personal allowance than those aged at least 25.



5.658-5.662

- 5.658 When the non-dependant reaches main phase ESA(IR) the lower standard deduction applies. This is because they will be receiving the same weekly personal allowance as a non-dependant aged at least 25.

*HB Reg 74 and HB(SPC) Reg 55*

### *Non-dependants aged less than 25 who are lone parents*

- 5.659 If the non-dependant is a lone parent the deduction is the same as for non-dependants aged less than 25, see *Non-dependant aged less than 25* earlier in this chapter. A lone parent aged less than 25 receiving main phase ESA(IR) will attract a deduction but their counterparts getting IS would not.

### *Effective date of change when non-dependant is aged less than 25*

- 5.660 If main phase ESA is awarded to a non-dependant aged less than 25 before the end of the assessment phase, the effective date is determined using the normal rules and will be the start of the benefit week following the date the non-dependant receives the main phase rate.
- 5.661 However, the award of the main phase component and the increased personal allowance to a non-dependant aged less than 25 may be delayed and then backdated to week 14 of the ESA(IR) claim. For example, the claimant wins an appeal against a decision that they have not satisfied the Work Capability Assessment (WCA).
- 5.662 During the period before the appeal is heard assessment phase rate of ESA may continue in payment. Therefore, the nil rate deduction should continue. However, if the appeal decision is to award main phase ESA(IR), the date of change will be the date the decision to award main phase ESA is made. You should not apply the deduction for the non-dependant retrospectively as this would cause an overpayment through no fault of the claimant.

*HB Reg 79 and HB(SPC) Reg 59*

#### **Example**

The ESA claimant is aged 23 and is a non-dependant of an HB/CTB claimant. The claimant is receiving the assessment phase rate of ESA(IR) which is due to end on 12 February 2009.

The decision to award main phase ESA(IR) is delayed until 11 March 2009.

The increased personal allowance and component are awarded from 13 February 2009.

The effective date for the HB/CTB claimant is the date the decision is made, ie 11 March 2009.

The non-dependant deduction will be made from the start of the following benefit week.

### ***Non-dependant receives ESA - CTB claimants***

- 5.663 If the non-dependant is receiving ESA credits only, they must have too much income or capital to be entitled to ESA(IR). Therefore, the deduction will be based on that other income.
- 5.664 If the non-dependant is receiving ESA(C) the lower standard rate deduction applies.
- 5.665 If the non-dependant is receiving ESA(IR), irrespective of their age, a non-dependant deduction will not be appropriate. This is in line with the provisions for when a non-dependant is receiving IS or JSA(IB).

*ESA(CP) Regulation 55 for CTB and 73 for CTB(SPC).*

### ***Non-dependant receives Pension Credit***

- 5.666 No deduction is taken if the non-dependant receives Pension Credit.
- 5.667-5.669

### ***Changes of circumstance relating to non-dependants***

- P5.670 There is a concession related to changes of circumstances affecting non-dependant deductions. The concession applies to existing claims when the claimant or partner is aged 65 or over, and
- a non-dependant moves into the household, and a non-dependant deduction is appropriate, or
  - an existing non-dependant's remunerative work income increases and would cause an increased non-dependant deduction, applicable up to 3 April 2005
  - from 4 April 2005 an existing non-dependant has a change of circumstances that would cause an increased non-dependant deduction
- P5.671 If the concession applies, the non-dependant deduction, or increased deduction, must be deferred for 26 weeks after the change occurred. This applies irrespective of whether Pension Credit is in payment to the claimant.

### ***Effective date***

- P5.672 If the 26 week date is

*HB Reg 79 & (SPC) 59; CTB Reg 67 & (SPC) 50*

- the first day of a benefit week, the deduction/increased deduction should be made on that day
- **not** the first day of a benefit week, the deduction/increased deduction should be made from the start of the following benefit week

P5.673-P5.678

### *Rate of deduction*

- P5.673 When the 26 week point is reached, the circumstances of the non-dependant at that time determine the amount of the deduction. Any increases in the non-dependant's income during the 26 week period will not cause another, overlapping 26 week period.
- P5.674 If the non-dependant leaves the household before a deduction is made, no deduction will be appropriate. If they subsequently return to the household, a new 26 week deferral period is appropriate. There is no limit to the number of times a concession can apply nor is there anything in the provisions to prevent the non-dependant leaving before the end of the period only to return, a short while later, with the intention of getting a further 26 week break.
- P5.675 The Decision Maker can consider whether the non-dependant's absence was temporary and that they were normally resident with the claimant. See *Reg 3(1) of the HB (General) and CTB (General) Regs.*
- P5.676 The 'normally resides' issue always depends on the evidence before the Decision Maker, or an Appeal Tribunal as to the particular circumstances of the departure and arrival of the non-dependant. There will be cases when those circumstances, taken with the length of the period of absence, might indicate the non-dependant had ceased to be normally resident between their departure and return. When only a short period of absence is involved, the Decision Maker may ask to see some clear evidence of the non-dependant's intention, at the time of departure, not to return within a period which could reasonably be regarded as continuing 'normal residence'.
- P5.677 The length of absence may not always be an indicator of intent, eg the non-dependant may have left the household to start work in another area but the job did not last, so they returned. Decision Makers should make a decision based on the facts of each individual case.

### *Claimant moves to a new LA area*

- P5.678 If the claimant moves to a new LA area during a 26 week deferral period and the non-dependant moves with them, the non-dependant deduction should be made immediately at the new address. This is because the deferral applies only on existing HB/CTB claims. Moving to a new LA area requires a new HB/CTB claim.

#### **Example 1**

Non-dependant moves into the household on Wednesday 10 May 2006. 26 weeks from that date is Wednesday 8 November 2006. Deduction applied from Monday 13 November 2006.

continued

(P5.678)

**Example 2**

An existing non-dependant has a wage increase on Monday 5 December 2005 which would take them into a higher deduction band. 26 weeks from that date is Monday 5 June 2006. Increased deduction is applied from Monday 5 June 2006.

**Example 3**

A new non-dependant moves into the household on Friday 6 January 2005. 26 weeks from that date is Friday 7 July 2006. The deduction applied from Monday 10 July 2006.

On Friday 10 March 2006 they have a wage increase that takes them into a higher deduction band. No new 26 week period is set for the wage increase. The deduction made on 10 July 2006 is based on the income on that date.

**Example 4**

A new non-dependant moves into the household on Friday 13 January 2006. 26 week date is Friday 14 July 2006. Deduction to be made on Monday 17 July 2006. On Sunday 21 May 2006, the same non-dependant moves out. No deduction will be made.

**Example 5**

A new non-dependant moves into the household on Saturday 14 January 2006. 26 week date is Saturday 15 July 2006. Deduction to be made on Monday 17 July 2006. On 31 March 2006, the non-dependant has a wage increase that would move them into a higher deduction band. On 30 June 2006 they have a wage decrease that would move them back into the lower deduction band. The deduction made on 17 July 2006 would be based on the income on that date

**Example 6**

A new non-dependant moves into the household on Saturday 25 November 2006. 26 week date is Saturday 26 May 2007. Deduction to be made on Monday 28 May 2007. On Monday 12 February 2007 the claimant and the non-dependant move to a new LA. Deduction made from the start of the claim at the new LA.

**Example 7**

Existing non-dependant is aged 17, no deduction due. An 18 year old partner moves in to live with the 17 year old. The 18 year old would give rise to a non-dependant deduction because of the provisions of *HB reg 74 & CTB Reg 58*, ie in the case of a couple a higher deduction is made. As a deduction would normally be taken and as the person has moved in, the 26 week deferral applies.

**Example 8**

Claim made on 17 January 2007 which is treated as made on 2 October 2006. A non-dependant moves in on 17 December 2006. Under the provisions of *HB reg 76 & CTB Reg 64* entitlement would begin on 9 October 2006. As the non-dependant moved in after that date, the deferral would apply and the deduction would be made 18 June 2007.

***Non-dependant has a change of circumstance that reduces the deduction***

P5.679 If a non-dependant has a change of circumstance that would mean a lower deduction, for example a decrease in wages or moving from work to receipt of Pension Credit, the decreased deduction is made immediately, in line with the normal change of circumstances rules.

***Separate deferral periods for HB and CTB***

P5.680 Because HB and CTB have different deduction bands it is possible to have two separate 26 week deferral periods. For example, if a non-dependant is already in the household and a deduction is being made and they have an increase in income affecting only HB, a 26 week deferral would apply to the HB. If, before that period had expired, there was a further increase in their income that affects the CTB deduction, a separate 26 week period must be set for the CTB.

***Deferral applies only to the non-dependant deduction***

P5.681 The 26 week deferral applies only to the non-dependant deduction. The deferral provisions do not affect

- the provisions for second adult rebate
- the removal of the Severe Disability Premium
- rent officer referrals

**Example 1**

If a non-dependant moves into the household and the HB is restricted because of the size criteria, the rent should be re-referred immediately and, if necessary, HB increased. However, the non-dependant deduction should be deferred for 26 weeks.

**Example 2**

A non-dependant moves into the household of a person who has AA and a severe disability premium. The severe disability premium should be removed immediately. But, no deferral would be appropriate because the claimant is in receipt of AA. The deferral only applies when the arrival of the non-dependant would mean that a non-dependant deduction would otherwise be made. As the claimant gets AA, no non-dependant deduction would be appropriate.

P5.682 Up to 3 April 2005, if existing non-dependants have an increase in income, the deferral only applies when the non-dependant is in remunerative work. This is because of the way HB Reg 74 and CTB Reg 58 are constructed. Thus for cases where the increased deduction would only be caused by a change in status, the deferral cannot apply and the deduction should be made immediately. From 4 April 2005 the provisions were amended so they were applicable to any change of circumstances happening to an existing non-dependant that increases the deduction. The following examples show the treatment of the change up to 3 April 2005 and from 4 April 2005.

**Example 1****Up to 3 April 2005**

A deduction is not made for an existing working non-dependant because they are under 18. On their 18th birthday the deduction is applied immediately because the change is to the non-dependant's status, not to their income.

**Up to 4 April 2005**

Defer the deduction for 26 weeks. This is because the non-dependant has had a change of circumstances that would mean an increased deduction. In this case the deduction would increase from nil to a level based on the wages.

**Example 2****Up to 3 April 2005**

An existing non-dependant is a student and during the study period no deduction is made. At the end of the study period the student starts work and a deduction should be made immediately because the change is to the non-dependant's status not to their income.

**From 4 April 2005**

Defer the deduction for 26 weeks. This is because the non-dependant has had a change of circumstances that would increase from nil to a level based on the wages.

**Example 3****Up to 3 April 2005**

A non-dependant aged 30 and receiving IS starts work, the increased deduction should be made immediately because the change is to the non-dependant's status not to their income.

**From 4 April 2005**

Defer the deduction for 26 weeks. This is because the non-dependant has had a change of circumstances that would mean an increased deduction. In this case the deduction would increase from the appropriate amount for someone receiving IS to a level based on the wages.

continued

(P5.682)-5.730

(P5.682)

**Example 4**

**Up to 3 April 2005**

An 18 year old dependant becomes a non-dependant.

**From 4 April 2005**

Make the deduction immediately as the change is neither the arrival of a new non-dependant (they were already in the household) and they are not an existing non-dependant who had a change of circumstances that would increase the deduction.

***Changes related to the claimant***

P5.683 The 26 week deferral provisions do not apply if the claimant has a change of circumstances that would mean a higher non-dependant deduction.

**Example**

A non-dependant lives with elderly parents, one of whom was entitled to AA.

AA entitlement has now ended. Make a non-dependant deduction **immediately** – this is because the change of circumstances is related to the claimant, not the non-dependant.

P5.684-P5.699

***Is claimant entitled to maximum HB/CTB?***

5.700 To see if the claimant is entitled to maximum HB/CTB entitlement, first check to see if the claimant receives IS, JSA(IB), ESA(IR), ESA(credits only) or Pension Credit (guarantee credit or guarantee credit and savings credit).

5.701-5.729

***Claimant receives IS, JSA(IB), ESA(IR), or Pension Credit (guarantee credit or guarantee credit and savings credit)***

5.730 For HB/CTB purposes, all the income and capital of anyone receiving IS, JSA(IB), ESA(IR) or Pension Credit (guarantee credit or guarantee credit and savings credit) is disregarded, ie they are treated as having no income and no capital. Section 130(3)(a) of the Social Security Contributions and Benefits Act 1992 provides that anyone with no income is entitled to the appropriate maximum HB/CTB, less any appropriate non-dependant deduction(s).

*HB Sch 4 Para 12, Sch 5 Para 4, Sch 6 Para 5 & (SPC) 25;  
CTB Sch 3 Para 12, Sch 4 Para 4, Sch 5 Para 5 (SPC) 15; 2006 No 216*

- 5.731 This means that if a claimant receives IS, JSA(IB), ESA(IR) or Pension Credit (guarantee credit or guarantee credit and savings credit), and is entitled to HB, they are entitled to maximum HB.
- 5.732 If you do calculate an applicable amount or weekly income, **remember** the notional HB applicable amount is not necessarily the same as the IS, JSA(IB), ESA(IR) or Pension Credit (guarantee credit or guarantee credit and savings credit) applicable amount, for example if the IS/JSA(IB)/ESA(IR)/Pension Credit assessment includes an amount to cover mortgage interest.

### ***Claimant receives Pension Credit (savings credit)***

- P5.733 If the claimant receives Pension Credit (savings credit) only, they can only claim standard HB/CTB, see *BW2* or *BP2 Assessed Income Figure in Pension Credit cases* later in this manual.

P5.734-P5.749

### ***Claimant does not receive IS, JSA(IB), ESA(IR) or Pension Credit (guarantee credit)***

- W5.750 If the claimant does not receive IS or JSA(IB), ESA(IR) or Pension Credit (guarantee credit), you must calculate their
- applicable amount, see *BW3* or *BP3 Assessment of needs* later in this manual
  - weekly net income, see *BW2* or *BP2 Assessment of income* and *BW1* or *BP1 Assessment of capital* later in this manual
- W5.751 If the claimant's net income is
- **equal to or less than** their applicable amount, they are entitled to maximum HB/CTB under section 130(3)(a) of the Social Security Contributions and Benefits Act 1992  
*LGFA 1992 & SSCBA s.131*
  - **greater than** their applicable amount you must apply the
    - HB taper, see *HB taper* later in this chapter, and/or
    - CTB taper, see *CTB taper* later in this chapter

5.752-5.759

### ***HB taper***

- 5.760 When the claimant's net income is **greater** than the applicable amount, maximum HB is reduced by a percentage of the difference. This percentage is called the taper and is currently set at 65%.



## A5 - Calculating benefit

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5.761-5.799

- 5.761 Deduct the taper from maximum HB, ie from a claimant's weekly eligible rent less any non-dependant deductions.

### Example

Claimant is a lone parent aged 24 with one child aged 3 years. Claimant has earnings of £167.50 (after disregards), receives the middle rate care component of DLA (which is disregarded) and Child Benefit. Claimant has eligible rent of £40.00 a week, and no non-dependants.

	£
Total net income per week	<b>184.50</b>
<b>Maximum HB</b>	
£40 x 100% =	40.00
<b>Applicable amount</b>	
Personal allowance	56.20
Child allowance	43.88
Family Premium	16.10
Disability Premium	23.95
<b>Total</b>	<b>140.13</b>
Income exceeds applicable amount by	<b>£44.37</b>
<b>Therefore, amount of HB payable is</b>	
HB - [Excess income x HB taper]	= £40 - [£44.37 x 65%]
	= £40 - £28.84
	= <b>£11.16</b>

### *CTB taper*

- 5.762 When the claimant's net income is **greater** than the applicable amount, maximum CTB is reduced by a percentage of the difference. This percentage is called the taper and is currently set at 20%. This amount is deducted from maximum CTB.

5.763-5.799

## *HB payable on two homes*

- 5.800 If you decide that HB is payable on two homes, then
- add the eligible rent for **both** homes together, and
  - use the total for the benefit assessment

For more information about when HB is payable on two homes, see *A3 Overlapping benefit on two homes* earlier in this part.

- 5.801 This means that the claimant's income, and any disregards or any taper or non-dependant deductions, are only taken into account once in the calculation of their HB.
- 5.802 From 3 April 2006, when a maximum period a person can be treated as occupying two homes under regulation 7(6) expires, the change takes effect the day after expiry of the period. Changes of this kind should take effect at the time they occur.

*Reg 2*

5.803-5.839

## *Second adult rebate*

*CTB Reg 62 & (SPC) 46*

- 5.840 Second adult rebate, referred to in the Regulations as alternative maximum CTB, may be awarded to a person who is jointly liable for CT in respect of a dwelling which they occupy with others. It is calculated on the income of the second adult, and no account should be taken of the liable person's income or capital.
- 5.841 Second adult rebate can be awarded even if there is no entitlement to CTB.
- 5.842 To qualify for a second adult rebate, the second adult(s) must be
- aged 18 or over, and
  - not liable to pay rent to the liable person for living in the same accommodation

### *Calculating second adult rebate*

- 5.843 Second adult rebate is applied to the 100% CT liability after any reductions for disabled people.

**Example**

A disabled liable person may apply for a reduction in their CT bill under the Disabilities Regulations if their home contains an additional room or extra space

- without which they could not continue to live in the home, or
- lack of which would cause their health to suffer

The reduction is equivalent to rebanding the property into the band immediately below that shown in the valuation list, except for Band A properties when no reduction is made.

### *Circumstances when liability is discounted*

- 5.844 Sections 11 and 79 of the LGFA 1992 set out the circumstances when liability for CT is discounted when someone
- lives alone, or
  - is treated for CT purposes as living alone
- 5.845 Schedule 1 of the LGFA 1992 lists those who are disregarded for the purpose of discount under sections 11 and 79. These include
- persons in detention
  - severely mentally impaired people
  - people for whom child benefit is payable
  - students , see *Alternative maximum CTB* earlier in the chapter
  - hospital in-patients
  - care workers and
  - residents of hostels, etc

### *Apportionment of second adult rebate*

- 5.846 Do not take any reduction arising from the award of a discount under Sections 11 and 79 of LGFA 1992 into account when assessing how much CT a person is liable to pay when calculating a second adult rebate.

#### **Example**

A person lives alone, and falls to be disregarded, for discount purposes, under Schedule 1 of the LGFA 1992. They are liable to pay only 50% of CT. In effect the property is treated as empty.

If another adult starts to live in the property, CT liability would rise to 75%. If the second adult was on a low income or receiving IS JSA(IB), ESA(IR) or Pension Credit (guarantee credit or guarantee credit and savings credit), the liable householder would be able to claim a second adult rebate with the possibility of reducing the liability down to 50% again.

The second adult rebate percentage would be applied to the 100% CT bill and not to the discounted 75% CT bill.

This approach makes sure that when entitlement to a maximum second adult rebate arises, a rebate equivalent to 25% of the bill before discounts is awarded.

5.847-5.859

### *Second adult rebate rates*

- 5.860 For the rates of second adult rebate, see *Annex D* at the end of this chapter.

### *Gross income*

- 5.861 Gross income includes earnings, income other than earnings and gross actual income derived from savings. The tariff income rule does **not** apply when assessing the gross income of a second adult.

### *Joint and several liability for the CT*

- 5.862 When a claimant is jointly and severally liable for the CT with one or more people, but not their partner if they are only jointly liable with that partner, the amount of second adult rebate that can be awarded is divided by the number of people who are jointly and severally liable for the tax.

5.863-5.899

*Circumstances when second adult rebate will not arise*

5.863 Entitlement to the second adult rebate will not arise

*CTB Reg 63 & (SPC) 47*

- for a
  - partner who is jointly and severally liable under Sections 9 or 77 of the LGFA 1992
  - person who jointly with the claimant falls within the same paragraph of Section 6(2)(a - e) or 75(2)(a) to (e) of LGFA 1992
  - person who resides with a couple or with two or more persons who are jointly and severally liable to pay the tax **unless** one of the couple or all, or all but one of the jointly and severally liable people fall to be disregarded to the purposes of a discount under Schedule 1 of the 1992 Act
  - person to whom Schedule 1 to LGFA applies
- when any resident, including a boarder, of the dwelling is liable to pay rent to the person liable for CT

5.864-5.879

*Claimant entitled to maximum CTB and second adult rebate*

*Better buy comparison*

5.880 If a claimant is entitled to both maximum CTB **and** the second adult rebate, a better buy comparison is necessary to determine which of the two is higher.

5.881 Examples of how to calculate a better buy are shown at *Annex E* at the end of this chapter.

5.882 When you have calculated both figures, award the higher of the two.

*s. 131 The 1992 Act*

5.883-5.899

## *Rounding*

### *Housing Benefit*

- 5.900 Any amount calculated under the regulations may, if the LA considers it appropriate, be rounded to the nearest penny. This means that weekly entitlement does not necessarily have to be a rounded amount. It is suggested that authorities should round at the last possible stage of the process, which will normally be the payment stage.

*HB Reg 80 & SPC 61*

- 5.901 This is important if maximum HB is to match exactly the amount of eligible rent payable.

### *Council Tax Benefit*

- 5.902 There is no rounding rule in the CTB Regulations. To produce the most accurate result of annual benefit entitlement, you should

- work out daily CTB to at least **six** decimal places, and
- convert this figure to an annual amount

- 5.903 A rounded amount may be

- used when a cash payment is sent out
- put on the decision notice, as long as the claimant is informed that it has been rounded

5.904-5.929

## *Change to rent for an existing dwelling*

- 5.930 If there is a change to the rent of an existing dwelling, the effective date is the date the change to the rent occurs. This applies to changes to the amount or to the frequency of the liability, eg weekly to calendar monthly.

- 5.931 From 3 April 2006, daily amounts of rent are paid if the change is effective other than on the first day of a benefit week. Composite payments may be made for the first week in which the change occurs.

#### **Example**

A claimant normally pays their weekly rent on Friday. On 1 August 2006 the rent is changed to calendar monthly. The effective date of the change will be the date it happened, ie 1 August 2006, and the amount of HB payable for that benefit week will be based on the number of day's liability at the weekly rate and the number of days at the monthly rate. So, for week commencing 31 July 2006, the HB calculation will be one day at the weekly rate and six days at the calendar monthly rate.

5.932-5.999

## *Non-dependant deductions*

### *Housing Benefit – April 2010*

Type of income	Age 18 or over
<b>IS/JSA(IB)</b>	
18-24	NIL
25 and over	£7.40
<b>ESA(IR)</b>	
aged under 25 - award includes a component	£7.40
aged under 25 - award does not include a component	NIL
aged 25 and over - with or without a component	£7.40
<b>Pension Credit</b>	
Not in remunerative work	£7.40
Any income plus earnings from work of less than 16 hours per week	£7.40
In remunerative work all income, including gross earnings from remunerative work, totalling <b>less than £120</b>	£7.40
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£120 or more but less than £178.00</b>	£17.00
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£178 or more but less than £231</b>	£23.35
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£231 or more but less than £306</b>	£38.20
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£306 or more but less than £382</b>	£43.50
In remunerative work all income, including gross income from remunerative work, totalling <b>£382 or more</b>	£47.75

**Note:** When a claimant is in receipt of Pension Credit (guarantee credit, savings credit only or both), no non dependant deduction is taken. However, when a pensioner is **not** in receipt of Pension Credit (guarantee credit, savings credit only or both), take a non dependant deduction.

## *Housing Benefit – April 2009*

Type of income	Age 18 or over
IS/JSA(IB)	
18-24	NIL
25 and over	£7.40
ESA(IR)	
aged under 25 - award includes a component	£7.40
aged under 25 - award does not include a component	NIL
aged 25 and over - with or without a component	£7.40
Pension Credit	NIL
Not in remunerative work	£7.40
Any income plus earnings from work of less than 16 hours per week	£7.40
In remunerative work all income, including gross earnings from remunerative work, totalling <b>less than £120</b>	£7.40
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£120 or more but less than £177.99</b>	£17.00
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£178 or more but less than £230.99</b>	£23.35
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£231 or more but less than £305.99</b>	£38.20
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£306 or more but less than £381.99</b>	£43.50
In remunerative work all income, including gross income from remunerative work, totalling <b>£382 or more</b>	£47.75

**Note:** When a claimant is in receipt of Pension Credit (guarantee credit, savings credit only or both), no non dependant deduction is taken. However, when a pensioner is **not** in receipt of Pension Credit (guarantee credit, savings credit only or both), take a non dependant deduction.



***Council Tax Benefit – April 2010***

Type of income	Age 18 or over
IS/JSA(IB)/ESA(IR)	NIL
Pension Credit (guarantee credit, savings credit only or both) regardless of whether in remunerative work	NIL
Not in remunerative work	£2.30
Any income plus earnings from work of less than 16 hours per week	£2.30
In remunerative work all income, including gross earnings from remunerative work, totalling <b>less than £178</b>	£2.30
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£178 or more but less than £306</b>	£4.60
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£306 or more but less than £382</b>	£5.80
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£382</b>	£6.95

***Council Tax Benefit – April 2009***

Type of income	Age 18 or over
IS/JSA(IB)/ESA(IR)	NIL
Pension Credit (guarantee credit, savings credit only or both) regardless of whether in remunerative work	NIL
Not in remunerative work	£2.30
Any income plus earnings from work of less than 16 hours per week	£2.30
In remunerative work all income, including gross earnings from remunerative work, totalling <b>less than £178</b>	£2.30
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£178 or more but less than £305.99</b>	£4.60
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£306 or more but less than £381.99</b>	£5.80
In remunerative work all income, including gross earnings from remunerative work, totalling <b>£382</b>	£6.95

## *Calculating CTB*

**Note:** In these examples the 2003-2004 benefit rates are used throughout, therefore, a 366 day year has been assumed.

### **Example 1 Annual gross council tax liability is £500**

Single householder aged 30 living alone, in full time work and claiming main CTB.

<b>A</b>	Annual gross council tax liability	£500.00
<b>B</b>	Single householder receives 25% discount on council tax bill [25% of <b>A</b> ]	£125.00
<b>C</b>	Annual council tax liability net of discounts [ <b>A</b> – <b>B</b> ]	£375.00
<b>D</b>	Weekly council tax liability (maximum CTB) (Divide by 366, multiply by 7)	£7.172130
<b>E</b>	Applicable amount (personal allowance)	£54.65
<b>F</b>	Income:	
	Earnings	£80.65
	Less disregard	£ 5.00
	<b>Total</b>	<b>£75.65</b>
<b>G</b>	Excess income ( <b>F</b> – <b>E</b> )	£21.00
<b>H</b>	Tapered excess income (20% of <b>G</b> )	£4.20
<b>I</b>	Weekly Council Tax Benefit entitlement ( <b>D</b> – <b>H</b> )	£2.972130
<b>J</b>	Daily CTB entitlement ( <b>I</b> ÷ 7)	£0.424590
<b>K</b>	The daily unrounded benefit figure is annualised and deducted from the annual council tax liability.	

**Note:** Annual benefit in this case is £155.40.

### Annex B

#### Example 2 Annual gross council tax liability £600

Pensioner couple aged under 75 claiming CTB. They have a working son living with them as a non-dependant. He earns £240 gross per week.

<b>A</b>	Gross annual council tax liability		£600.00
<b>B</b>	Weekly council tax liability		£11.475409
<b>C</b>	Less non dependent deduction of £5.80		
<b>(B - C)</b>			£5.675409
<b>D</b>	Applicable amount		
	(personal allowance)	£85.75	
	(pensioner premium)	£70.05	
	<b>Total</b>		<b>£155.80</b>
<b>E</b>	Income		
	Retirement Pension (RP)	£77.45	
	Spouse's RP	£46.35	
	Spouse's occupational pension	£10.76	
	Occupational pension	£26.12	
	Income from capital	£4.00	
	<b>Total</b>		<b>£164.68</b>
<b>F</b>	Excess Income (E – D)		£8.88
<b>G</b>	Tapered excess income (20% of F)		£1.77
<b>H</b>	Weekly CTB entitlement (C – G)		£3.905409
<b>I</b>	Daily CTB entitlement (H ÷ 7)		£0.557915
<b>J</b>	The unrounded daily benefit figure is annualised and deducted from the annual council tax liability.		

**Note:** Annual benefit in this case is £204.20

**Example 3 Annual gross council tax liability £500**

Two people share a house and are jointly and severally liable for the council tax. Person A is aged 30 and in full time work earning £154.30 a week. Person B is aged 35 receives contribution-based Jobseeker's Allowance (JSA(Cont)) and has £4,000 in savings. Non-dependant deductions are not relevant in this case, because persons who are jointly and severally liable to pay council tax cannot be the non-dependants of each other.

**Claim by Person A**

<b>A</b>	Gross council tax liability		£500.00
<b>B</b>	Apportioned council tax liability (A ÷ 2)	£250.00	
<b>C</b>	Weekly apportioned council tax liability	£4.781420	
	(maximum CTB)		
<b>D</b>	Applicable amount		
	(personal allowance)	£54.65	
	<b>Total</b>		<b>£54.65</b>
<b>E</b>	Income		
	Earnings	£154.30	
	Less disregard	£5.00	
	<b>Total</b>		<b>£149.30</b>
<b>F</b>	Excess Income (E – D)		£94.65
<b>G</b>	Tapered excess income (20% of F)		£18.93

**Note:** No CTB is payable because tapered excess income is greater than weekly council tax liability (maximum CTB).

continued

## A5 - Calculating benefit

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### Annex B

#### Claim by Person B

<b>A</b>	Gross council tax liability		£500.00
<b>B</b>	Apportioned council tax liability ( <b>A</b> ÷ 2)		£250.00
<b>C</b>	Apportioned weekly council tax liability		£4.781420
<b>D</b>	Applicable amount (personal allowance)	£54.65	
	<b>Total</b>		<b>£54.65</b>
<b>E</b>	Income		
	JSA (Cont)	£54.65	
	Income from capital	£4.00	
	<b>Total</b>		<b>£58.65</b>
<b>F</b>	Excess Income ( <b>E</b> – <b>D</b> )		£4.00
<b>G</b>	Tapered excess income (20% of <b>F</b> )		£0.80
<b>H</b>	Weekly Council Tax Benefit entitlement ( <b>C</b> – <b>G</b> )		£3.981420
<b>I</b>	Daily Council Tax Benefit entitlement ( <b>H</b> ÷ 7)		£0.568774
<b>J</b>	The unrounded daily benefit figure is annualised and deducted from the annual council tax liability, or paid in cash if the authority considers that such a reduction would be inappropriate.		

**Note:** Person B's annual benefit in this case is £208.17

## *Second adult rebates – standard cases*

**Note:** In these examples the 2003 - 04 benefit rates are used throughout. Therefore, a 366 day year has been assumed.

### **Example 1 Annual gross council tax liability is £500**

Single liable householder with elderly mother on Income Support (IS), liable person not entitled to main council tax benefit, and claims second adult rebate in respect of her mother. No relief for disabled people or transitional relief has been awarded.

<b>A</b>	Annual council tax liability	£500.00
<b>B</b>	Daily council tax liability	£1.366120
<b>C</b>	Daily second adult rebate when second adult on IS (25% of <b>B</b> )	£0.341530
<b>D</b>	The unrounded daily benefit figure arrived in C is annualised and deducted from the annual council tax liability.	

**Note:** Annual benefit in this case is £125

### **Example 2 Annual council tax liability is £500**

Single liable householder with elderly parents living in her home. Her father is severely mentally impaired. The elderly couple have an occupational pension and are not entitled to Income Support. The liable householder is not entitled to main CTB and claims a second adult rebate in respect of her parents.

<b>A</b>	Annual council tax liability	£500.00
<b>B</b>	Daily council tax liability	£1.366120
<b>C</b>	Gross weekly income of second adults Couple	
	Retirement Pension	£123.80
	Occupational pension	£16.50
	Income from investments	£12.45
	Attendance Allowance	£57.20
	<b>Total</b>	<b>£209.95</b>
<b>D</b>	Gross weekly income disregarded Attendance Allowance	£57.20

## A5 - Calculating benefit

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### Annex C

**Note:** In this case, although the husband is severely mentally impaired and would otherwise fall to be disregarded for purposes of discount, his income, with the exception of the AA, is taken into account because he is the partner of a person who does **not** fall to be disregarded for purposes of discount.

<b>E</b>	Total gross weekly income from second adult rebate purposes ( <b>C – D</b> )	£152.75
<b>F</b>	Second adult rebate when second adult's or adults' aggregate gross weekly income falls between £137 and £176.99 (7½% of <b>B</b> )	£0.102459
<b>G</b>	The unrounded daily benefit figure arrived at in <b>F</b> is annualised and deducted from the annual council tax liability.	

**Note:** Annual benefit in this case is £37.50



**Example 3 Better buy: Annual council tax liability is £500**

Single liable householder aged 30, who is on a low income, and who has her brother living with her. The liable householder makes a claim for CTB and also completes the section relating to second adult rebates. The authority will first need to determine her entitlement to CTB.

<b>A</b>	Annual council tax liability	£500.00
<b>B</b>	Daily council tax liability (which is equivalent to maximum main CTB)	£1.366120
<b>C</b>	Weekly maximum CTB	£9.562841
<b>D</b>	Less non-dependent deduction of £2.30	£7.262841
<b>E</b>	Applicable amount per week	£54.65
<b>F</b>	Gross weekly Income	
	Earnings	£91.50
	Less disregard	£ 5.00
	<b>Total</b>	<b>£86.50</b>
<b>G</b>	Weekly excess income (F – E)	£31.85
<b>H</b>	Apply taper (20% of G):	£6.37
<b>I</b>	Weekly main CTB entitlement (D – H):	£0.892841
<b>J</b>	Daily main CTB entitlement (£0.892841 ÷ 7)	£0.127548
<b>K</b>	The daily CTB figure is less than 25% of the daily council tax liability shown in B. The authority should consider a better buy comparison, and determine the claimant's entitlement to a second adult rebate.	
<b>L</b>	Annual council tax liability	£500.00
<b>M</b>	Daily council tax liability	£1.366120
<b>N</b>	Second adult's weekly gross income	
	Earnings	£90.00
<b>O</b>	Daily alternative maximum CTB when second adult's weekly gross income is below £137 (15% of M)	£0.204918

Annex C

**Better buy comparison**

Daily entitlement to CTB is £0.127548

Daily entitlement to second adult rebate is £0.204918

Entitlement to second adult rebate is higher. The authority must award the second adult rebate.

**P** The higher unrounded daily benefit figure arrived at in **O** is annualised and deducted from the annual council tax liability.

**Note:** Annual benefit in this case is £75.00

## *Second adult rebate rates*

### *April 2010*

The second adult rebate rates are

Second adult on IS, JSA(IB), ESA(IR) or Pension Credit living with full-time student	100%
Second adult on IS, JSA(IB), ESA(IR) or Pension Credit (% of CT)	25%
Second adult gross income	
• under £175.00 a week	15%
• £175.00 - £228 a week	7.5%
• over £228.00 a week	Nil

### *April 2009*

The second adult rebate rates are

Second adult on IS, JSA(IB), ESA(IR) or Pension Credit living with full-time student	100%
Second adult on IS, JSA(IB), ESA(IR) or Pension Credit (% of CT)	25%
Second adult gross income	
• under £175.00 a week	15%
• £175.00 - £227.99 a week	7.5%
• over £228.00 a week	Nil

## *Second adult rebate - unusual cases - examples involving better buy comparisons*

**Note:** You will not come across claims of this type very often. However, the following examples serve to illustrate how such claims should be assessed if they are encountered. In these examples the 2003 - 04 benefit rates are used throughout. Therefore, a 366 day year has been assumed.

### **Example 1 Annual council tax liability is £300**

Single liable householder who is a full time student and shares his home with his brother, who receives IS. The liable householder has claimed CTB to assist with his 75% liability, but has been refused benefit, since he is a full-time student and is not in a vulnerable group. The authority will need to consider whether entitlement to a second adult rebate arises in respect of his brother.

<b>A</b>	Annual council tax liability	£300.00
<b>B</b>	25% discount awarded by billing section, since only one non-discounted person resides in the dwelling	£75.00
<b>C</b>	Annual council tax liability after the award of a discount	£225.00
<b>D</b>	Daily council tax for second adult rebate purposes	£0.819672

**Note:** The daily council tax liability for the purposes of calculating second adult rebate is derived from the **gross** annual liability (£300), **before** the award of the discount.

<b>E</b>	Daily alternative maximum CTB when the second adult gets Income Support (IS), ie 25% of <b>D</b>	£0.204918
<b>F</b>	The unrounded daily benefit figure arrived in <b>E</b> is annualised and deducted from annual liability.	

**Note:** The annualised second adult rebate figure is £75. This reduces the council tax bill to £150 (50% of the gross bill). If the liable householder in this example had been severely mentally impaired instead of a student, and lived alone, two 25% discounts would have reduced the council tax bill to £150.00. If a second adult on IS began residing in his home the award of second adult rebate would be calculated using the **gross** council tax liability, which would reduce the annual liability once again to £150.

A dwelling occupied exclusively by students will, of course, be an **exempt property**.

### Annex E

#### **Example 2    Annual council tax liability is £500**

An unmarried couple who are jointly and severally liable for the council tax have a grown up son living with them, who works full-time.

One of the jointly and severally liable partners is a student.

The couple have a high income and do not wish to claim Council Tax Benefit. They claim a second adult rebate in respect of their son.

<b>A</b>	Annual council tax liability:	£500.00
<b>B</b>	Daily council tax liability	£1.366120
<b>C</b>	Second adult's gross income earnings	£102.00
<b>D</b>	Alternative maximum Council Tax Benefit when second adult's gross income is up to £137 a week, ie 15% of <b>B</b>	£0.204918
<b>E</b>	The unrounded daily benefit figure arrived at in <b>D</b> is annualised and deducted from the annual council tax liability.	

**Note:** Annual benefit in this case is £75.00

**Example 3 Annual council tax liability for the dwelling is £500**

Two joint owners are jointly and severally liable for the council tax. They have a friend living in their home who is aged 20 and is on a low income. One of the joint owners falls to be disregarded for discount purposes because he is a full-time student. He is also a disabled person. The other joint owner works part-time. The joint owners are not married or living together as husband and wife. Both of the joint owners make a claim for Council Tax Benefit including second adult rebate. A better buy calculation may be necessary in one, or both cases, on the basis of apportioned liability.

Authorities will need to consider each claim separately.

**Claim I: Disabled student joint owner aged over 25 years**

The authority first determines the entitlement to CTB.

<b>A</b>	Annual council tax liability is equally apportioned between the two joint owners		£275.00
<b>B</b>	Daily apportioned council tax liability		£0.7513661
	Weekly apportioned council tax liability		£5.2595627
<b>C</b>	Applicable amount		
	Personal allowance	£54.65	
	Disability premium	£23.30	
	<b>Total</b>		<b>£77.95</b>
<b>D</b>	Gross weekly income		
	Incapacity Benefit (IB)	£72.15	
	Invalidity Allowance (Transitional)	£15.15	
	Income from capital	£12.00	
	DLA middle care rate component	£38.30	
	<b>Total</b>		<b>£137.60</b>
<b>E</b>	Gross weekly income disregarded DLA		£38.30
	<b>Net weekly income</b>		<b>£99.30</b>
<b>F</b>	Weekly excess income (E – C)		£21.35
<b>G</b>	Apply taper (20% of F)		£4.27
<b>H</b>	Weekly apportioned CTB entitlement, before deduction for non-dependants (B – G)		£0.9895627

continued

### Annex E

**Note:** In this case the local authority has decided that the non-dependent friend is the non-dependant of the working claimant only. Therefore, only the working claimant's maximum CTB will be subject to a non-dependant deduction of £2.30 a week since the non-dependant is not in remunerative work, see *Claim II*.

The LA could have decided the friend was a non-dependant of **both** claimants, in which case the non-dependant deduction would have been apportioned equally between them.

<b>I</b>	The appropriate weekly non-dependant deduction is:	£0.00
<b>J</b>	Weekly apportioned CTB entitlement (H – I)	£0.9895627
<b>K</b>	Daily apportioned Council Tax Benefit entitlement (J ÷ 7)	£0.1413661
<b>L</b>	The daily apportioned Council Tax Benefit figure, is less than 25% of the daily apportioned council tax liability shown in <b>B</b> . Therefore a better buy comparison is needed.	

**The local authority will now need to determine the first joint owner's apportioned entitlement to second adult rebate.**

<b>M</b>	Annual council tax liability	£550.00
<b>N</b>	Daily council tax liability	£1.5027322
<b>O</b>	Second adult's gross weekly income Earnings	£90.00
<b>P</b>	Daily alternative maximum CTB when second adult's gross weekly income falls below £137 (15% of <b>N</b> )	£0.2254098
<b>Q</b>	Apportioned daily second adult rebate (P ÷ 2)	£0.1127049

#### **Better buy comparison**

Daily apportioned entitlement to CTB	£0.1413661
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Daily apportioned entitlement to second adult rebate is	£0.1127049
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Entitlement to CTB is higher than the entitlement to second adult rebate and must be awarded.

**R** The unrounded higher daily benefit figure arrived at in **Q** is annualised and deducted from the annual council tax liability.

**Note:** Annual benefit for this claim will be £41.25