

Department for Work and Pensions

DECISION MAKING AND APPEALS

Decision Makers Guide

Volume 14

Amendment 46 – June 2018

1. This letter provides details on Amendment 46; the changes have already been incorporated in to the Intranet and Internet versions of the DMG.
2. PDF amendment packages are also available. These can be printed with the amended pages being reproduced in full. Each page will contain the amendment number in the footer.

PDF amendment packages can be found on the **Intranet** at:

<http://intranet/1/lq/acileeds/guidance/decision%20makers%20guide/index.asp>

or on the **Internet** at the 'Amdt Packages' tab on the following link:

<http://www.dwp.gov.uk/publications/specialist-guides/decision-makers-guide/>

Note: When printing PDF packages set the print properties to Duplex/Long Edge in order to produce double sided prints.

3. Amendment 46 affects chapters 85 & 86. The changes:
 - Chapter 85 – amend references to 'the fund' at 85370 and add notes regarding Infected Blood Schemes.
 - Chapter 86 – add guidance about Scottish Tax at 86493, update rates at 86495 and update the appendices.
4. If using a PDF amendment package remove the sheets as stated in the left hand column of the Remove and Insert table below and insert the new sheets as stated in the right hand column (note the record of amendments at the back of the Volume).

Remove

Chapter 85

85370 – 85399 (1 page)

Chapter 86

86493 – 86499 (1 page)

Appendix 1 – Appendix 2 (5 pages)

Insert

Chapter 85

85370 – 85399 (1 page)

Chapter 86

86493 – 86499 (1 page)

Appendix 1 – Appendix 2 (4 pages)

4. personal possessions
5. assets of any business owned in whole or in part by the claimant for the purposes of which he is engaged as a S/E earner or, if he has ceased to be engaged, for a reasonable period to allow for disposal of those assets
6. assets of any business owned in whole or in part by the claimant if he is not engaged as a S/E earner by reason of some disease or disablement but he intends to return to work as a S/E earner as soon as he recovers
7. surrender value of any life insurance policy
8. value of any funeral plan contract
9. amount of any ex-gratia payment made in consequence of imprisonment or internment by the Japanese during the second World War
10. amount of any trust payment made to a claimant or claimant's partner due to suffering from variant Creutzfeld-Jakob disease (see DMG Chapter 84)
11. amount of any compensation payment due to being a slave labourer, suffering property loss or personal injury or the loss of a child during second World War
12. any payment made from the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Eileen Trust ("The Fund"), MFET Limited or the Independent Living Fund (2006) (- but see note below), the Skipton Fund, the London Bombings Relief Charitable Fund (see DMG Chapter 84), the Scottish Infected Blood Support Scheme (SIBSS), the London Emergencies Trust (LET), the We Love Manchester Emergency Fund (WLMEF), Infected Blood Schemes.
13. the amount of any payment made in consequence of personal injury to the claimant or partner
14. amounts paid under an insurance policy in respect of loss or damage to the property occupied as the home or personal possessions
15. amounts paid or deposited in the claimant's name for the purpose of purchasing a home or making repairs to the property occupied as the home
16. any amount paid by way of arrears of benefit, by way of compensation for late payment of benefit, in lieu of payment of benefit or by a LA out of money provided by the Supporting People scheme under certain legislation
17. any banking charge or commission payable in converting capital into sterling
18. value of the right to receive income from an occupational or personal pension scheme
19. value of the right to receive income under a retirement annuity contract.

1 SPC Regs, reg 17(8)(a), Sch V, Part I; 2 Sch V, Part 1, para 1A

Note 1: The Independent Living Fund (2006) closed on 30.6.15 with funding responsibilities transferring to Local Authorities in England, the Welsh Independent Living Grant in Wales and the Independent Living Fund Scotland for Northern Ireland and Scotland. Please contact DMA Leeds for advice if the claimant receives funding from any of these schemes.

Note 2: From 2.10.17 approved Infected Blood Schemes for England, Wales and Northern Ireland replaced the five existing UK payment schemes (The Eileen Trust ("The Fund"), The Macfarlane Trust, MFET Ltd, The Skipton Fund and The Caxton Foundation) which provided financial support to people infected with HIV and/or hepatitis C as a result of contaminated NHS blood or blood products.

Note 3: The Scottish Infected Blood Support Scheme (SIBSS) became operational from 1.4.17. It is administered by NHS National Services Scotland (NSS), legally known as the Common Services Agency. NSS is an NHS Board accountable to Scottish Ministers. SIBSS combined the five existing blood support schemes (The Eileen Trust ("The Fund"), The Macfarlane Trust, MFET Ltd, The Skipton Fund and The Caxton Foundation – see DMG 28469 - 28473) into one scheme in Scotland.

85371 - 85399

Tax rates

86493 The tax rate is the percentage of taxable income payable to HMRC. Taxable income is the amount of income remaining after deducting tax allowances. DMs should note that the Scottish Government has been able to set its own rate of income tax since 2016¹ and should ensure that the correct tax rate is used. The rate(s) are in Appendix 1 to this Chapter.

1 the Social Security (Scottish Rate of Income Tax etc.) (Amendment) Regulations 2016

86494

Calculation of deduction

86495 To determine the notional amount of income tax to be deducted from a S/E earners chargeable income the DM should¹

1. establish the chargeable income
2. establish the personal allowance appropriate to the S/E earner. If it
 - 2.1 is equal to or greater than the chargeable income there will be no notional income tax to deduct or
 - 2.2 is less than the chargeable income, go to 3.
3. deduct the personal allowance (see Appendix 1 to this Chapter)
 - 3.1 in full if the assessment period is a year or
 - 3.2 on a pro rata basis if the assessment period is less than a year
4. multiply the first £34,500 (18/19 rates) of the remainder (or, if the assessment period is less than a year, a pro rata amount) by the basic rate of tax (see Appendix 1 to this Chapter)
5. round up where necessary.

Note: Prior to 2008/2009 tax year there were 2 rates of tax, a starting rate and a basic rate. (See Example 2 below).

1 SS Ben (C of E) Regs, reg 14(1)

Example 1

Sam is a married man aged 62. He works P/T as a S/E gardener and claims SPC. The DM determines that the assessment period is for a year and calculates the chargeable income for the assessment period as £15,500.

The DM also determines that the married couple's allowance is appropriate. The DM calculates the notional income tax as follows

	£	
Chargeable income	- 15,500.00	less
Claimant's personal allowance (08/09 rates)	- 6,035.00	
	= 9,465.00	
£9,465.00 at 20%	= 1,893.00	
Total notional income tax	= 1,893.00	

Example 2

Angela is S/E. She is in receipt of SPC. The assessment period is 13 weeks.

	£	
Chargeable income	- 15,500.00	less
Claimant's personal allowance (£4,895 x 91/365) (05/06 rates)	- <u>1,220.39</u>	
	= 14,279.61	
The first £521.06 (£2,090 x 91/365) at 10%	- 52.10	
The remainder (£13,758.55) at 22%	<u>3,026.88</u>	
Total notional income tax	= 3,078.98	

86496 - 86499

Appendix 1

Notional deductions for income tax

Main income tax allowances

1. The main income tax allowances are as follows.

		11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
		£	£	£	£	£	£	£	£
Additional personal		-	-	-	-	-	-	-	-
Personal	under 65	7,475	8,105	9,440	10,000	10,600	11,000	11,500	11,850
Personal	65-74	9,940	10,500	10,500	10,500	10,600	11,000	11,500	11,850
Personal	75 & over	10,090	10,660	10,660	10,660	10,660	11,000	11,500	11,850
Married couple	under 65	-	-	-	-	-	-	-	-
Married couple	65-74	-	-	-	-	-	-	-	-
Married couple	70-74 and born before 6.4.35	-	-	-	-	-	-	-	-
Married couple	75 & over	7,295	7,705	7,915	8,165	8,355	8,355	8,445	8,695

Basic rates of tax

2. Income tax is payable on taxable income

Note: There are different rates for Scotland from 18/19 – see 3. below.

	£	
10/11	1 - £37,400	at basic rate of 20%
	over £37,400	higher rate of 40%
	over £150,000	additional rate of 50%
11/12	1 - £35,000	at basic rate of 20%
	over £35,000	higher rate of 40%
	over £150,000	additional rate of 50%
12/13	1 - £34,370	at basic rate of 20%
	over £34,370	higher rate of 40%
	over £150,000	additional rate of 50%
13/14	1 - £32,010	at basic rate of 20%
	over £32,010	higher rate of 40%
	over £150,000	additional rate of 45%
14/15	1 - £31,865	at basic rate of 20%
	over £31,865	higher rate of 40%
15/16	1 - £31,785	at basic rate of 20%
	over £31,785	higher rate of 40%
16/17	1 - £32,000	at basic rate of 20%
	over £32,000	higher rate of 40%
17/18	1 - £33,500	at basic rate of 20%
	over £33,500	higher rate of 40%
18/19	1 - £34,500	at basic rate of 20%
	over £34,500	higher rate of 40%

3. Scottish Income Tax Rates

18/19	£11,850 – £13,850	at starter tax rate of 19%
	£13,851 – £24,000	at basic rate of 20%
	£24,001 – £43,430	at intermediate rate of 21%

Appendix 2

Notional deductions for Social Security contributions

Class 1 contributions

1. The Class 1 SS contribution for any week or month is based on the percentage rate appropriate to the band in which the estimated gross earnings fall.

2. Earnings Bands 12/13		Earnings Limits 12/13
Earnings	Percentage rates	LEL
1. up to LEL	NIL	Weekly £107
2. LEL to UEL	12% of earnings that exceed LEL up to UEL	Monthly £464
		UEL
		Weekly £817
		Monthly £3,540

Primary threshold

No contributions are payable on weekly earnings of £146 or less or monthly earnings of £634 or less. Otherwise contributions are still payable at a rate of 12% for earnings between £146.01 and £817 per week and at 2% for earnings above £817 per week.

3. Earnings Bands 13/14		Earnings Limits 13/14
Earnings	Percentage rates	LEL
1. up to LEL	NIL	Weekly £109
2. LEL to UEL	12% of earnings that exceed LEL up to UEL	Monthly £472
		UEL
		Weekly £797
		Monthly £3,453

Primary threshold

No contributions are payable on weekly earnings of £149 or less or monthly earnings of £645 or less. Otherwise contributions are still payable at a rate of 12% for earnings between £149.01 and £797 per week and at 2% for earnings above £797 per week.

4. Earnings Bands 14/15		Earnings Limits 14/15
Earnings	Percentage rates	LEL
1. up to LEL	NIL	weekly £111
2. LEL to UEL	12% of earnings that exceed LEL up to UEL	monthly £481
		UEL
		weekly £805
		monthly £3,488

Primary threshold

No contributions are payable on weekly earnings of £153 or less or monthly earnings of £663 or less. Otherwise contributions are still payable at a rate of 12% for earnings between £153.01 and £805 per week and at 2% for earnings above £645 per week.

5. Earnings Bands 15/16		Earnings Limits 15/16
Earnings	Percentage rates	LEL
1. up to LEL	NIL	weekly £112
2. LEL to UEL	12% of earnings that exceed LEL up to UEL	monthly £486
		UEL
		weekly £815
		monthly £3,532

Primary threshold

No contributions are payable on weekly earnings of £155 or less or monthly earnings of £672 or less. Otherwise contributions are still payable at a rate of 12% for earnings between £155.01 and £815 per week and at 2% for earnings above £815 per week.

6. Earnings Bands 16/17		Earnings Limits 16/17
Earnings	Percentage rates	LEL
1. up to LEL	NIL	Weekly £112
2. LEL to UEL	12% of earnings that exceed LEL up to UEL	Monthly £486
		UEL
		Weekly £827
		Monthly £3,584

Primary threshold

No contributions are payable on weekly earnings of £155 or less or monthly earnings of £672 or less. Otherwise contributions are still payable at a rate of 12% for earnings between £155.01 and £827 per week and at 2% for earnings above £827 per week.

7. Earnings Bands 17/18		Earnings Limits 17/18
Earnings	Percentage rates	LEL
1. up to LEL	NIL	Weekly £113
2. LEL to UEL	12% of earnings that exceed LEL up to UEL	Monthly £490
		UEL
		Weekly £866
		Monthly £3,753

Primary threshold

No contributions are payable on weekly earnings of £157 or less or monthly earnings of £681 or less. Otherwise contributions are still payable at a rate of 12% for earnings between £157.01 and £866 per week and at 2% for earnings above £866 per week.

8. Earnings Bands 18/19		Earnings Limits 18/19
Earnings	Percentage rates	LEL
1. up to LEL	NIL	Weekly £116
2. LEL to UEL	12% of earnings that exceed LEL up to UEL	Monthly £503
		UEL
		Weekly £892
		Monthly £3,863

Primary threshold

No contributions are payable on weekly earnings of £162 or less or monthly earnings of £702 or less. Otherwise contributions are still payable at a rate of 12% for earnings between £162.01 and £892 per week and at 2% for earnings above £892 per week.

Class 2 contributions

9.

	13/14	14/15	15/16	16/17	17/18	18/19
	£	£	£	£	£	£
Ordinary Class 2 rate	2.70	2.75	2.80	2.80	2.85	2.95
Share fisherman rate	3.35	3.40	3.40	3.45	3.50	3.60

Small earnings exception/small profits threshold

10.

	13/14	14/15	15/16	16/17	17/18	18/19
	£	£	£	£	£	£
Earnings limit	5,725	5,885	5,965	5,965	6,025	6,205

Class 4 contributions

11.

	13/14	14/15	15/16	16/17	17/18	18/19
	£	£	£	£	£	£
Lower level	7,755	7,956	8,060	8,060	8,164	8,424
Higher level	41,450	41,865	42,358	43,000	45,000	46,350
Percentage rate	9% of £7,755 to £41,450 per year, 2% above £41,450	9% of £7,956 to £41,865 per year, 2% above £41,865	9% of £8,060 to £42,358 per year, 2% above £42,358	9% of £8,060 to £43,000 per year, 2% above £43,000	9% of £8,164 to £45,000 per year, 2% above £45,000	9% of £8,424 to £46,350 per year, 2% above £46,350

The content of the examples in this document (including use of imagery) is for illustrative purposes only

