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STATUTORY INSTRUMENTS

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**1987 No. 1973**

**The Family Credit (General) Regulations 1987**

**PART IV**

**INCOME AND CAPITAL**

*CHAPTER IV*

*SELF-EMPLOYED EARNERS*

**Deduction of tax and contributions for self-employed earners**

**23.**—(1) The amount to be deducted in respect of income tax under regulation 22(1)(b)(i), (3)(b)(i) [<sup>F1</sup>, (3A)(b)(i)] or (9)(a)(i) (calculation of net profit of self-employed earners) shall be calculated on the basis of the amount of chargeable income, and as if that income were assessable to income tax at [<sup>F2</sup>the lower rate or, as the case may be, the lower rate and the basic rate of tax] in the year of assessment in which the claim was made, less only the personal relief to which the claimant is entitled under sections 8(1) and (2) and 14(1)(a) and (2) of the Income and Corporation Taxes Act 1970 (personal relief) as is appropriate to his circumstances; but, if the assessment period is less than a year [<sup>F3</sup>the earnings to which the lower rate <sup>F4</sup>... of tax is to be applied and] the amount of the personal relief deductible under this paragraph shall be calculated on a pro rata basis.

(2) The amount to be deducted in respect of social security contributions under regulation 22(1)(b)(i), (3)(b)(ii) [<sup>F5</sup>, (3A)(b)(ii)] or (9)(a)(ii) shall be <sup>F6</sup>...—

[<sup>F7</sup>(a) [<sup>F8</sup>an amount in respect of Class 2 contributions calculated by multiplying the weekly rate of such contributions applicable at the date of claim by virtue of section 11(1) or, as the case may be, (3) of the Contributions and Benefits Act by the number of days in the assessment period and dividing the product by 7,] except where a claimant's chargeable income is less than the amount specified in [<sup>F9</sup>section 11(4)] of that Act <sup>M1</sup> (small earnings exception) for the tax year in which the date of claim falls; but if the assessment period is less than a year, the amount specified for that tax year shall be calculated on a pro rata basis; and

(b) the amount of Class 4 contributions (if any) which would be payable under [<sup>F10</sup>section 15(3)] of that Act <sup>M2</sup> (Class 4 contributions) at the percentage rate applicable at the date of claim on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year in which the date of claim falls; but, if the assessment period is less than a year, those limits shall be calculated on a pro rata basis. ]

[<sup>F11</sup>(3) In this regulation “chargeable income” means—

(a) except where sub-paragraph (b) or (c) applies, the earnings derived from the employment, less any expenses deducted under paragraph (3)(a), (3A)(a), (4) or (4A), as the case may be, of regulation 22;

(b) except where sub-paragraph (c)(iii) applies, in the case of employment as a child minder one-third of the earnings of that employment; or

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- (c) where regulation 15(2) applies (normal weekly earnings of self-employed earners)—
- (i) in the case of a self-employed earner who is engaged in employment on his own account, the claimant's estimated and, where appropriate, actual earnings from the employment less the amount of the deductions likely to be made and, where appropriate, made under sub-paragraph (a) of paragraph (3) of regulation 22;
  - (ii) in the case of a self-employed earner whose employment is carried on in partnership or is that of a share fisherman within the meaning of the Social Security (Mariners' Benefits) Regulations 1975, the claimant's estimated and, where appropriate, his share of the actual earnings from the employment less the amount of his share of the expenses likely to be deducted and, where appropriate, deducted under paragraph (4) of regulation 22;
  - (iii) in the case of employment as a child minder, one-third of the claimant's estimated and, where appropriate, actual earnings from that employment.]

#### Textual Amendments

- F1** Words in reg. 23(1) inserted (5.12.1988) by Family Credit (General) Amendment No. 4 Regulations 1988 (S.I. 1988/1970), reg. 1(1), 7(a)
- F2** Words in reg. 23(1) substituted (5.10.1992) by The Income-related [Benefits Schemes \(Miscellaneous Amendments\) \(No. 3\) Regulations 1992](#) (S.I. 1992/2155), **regs. 1(1)**, 8(a)
- F3** Words in reg. 23(1) inserted (5.10.1992) by The Income-related [Benefits Schemes \(Miscellaneous Amendments\) \(No. 3\) Regulations 1992](#) (S.I. 1992/2155), regs. 1(1), 8(b)
- F4** Words in reg. 23(1) omitted (4.10.1994) by The Income-related [Benefits Schemes \(Miscellaneous Amendments\) \(No.5\) Regulations 1994](#) (S.I. 1994/2139), **regs. 1(1)(b)**, 14
- F5** Words in reg. 23(2) inserted (5.12.1988) by Family Credit (General) Amendment No. 4 Regulations 1988 (S.I. 1988/1970), reg. 1(1), 7(b)
- F6** Words in reg. 23(2) omitted (7.1.1997) by [The Disability Working Allowance and Family Credit \(General\) Amendment Regulations 1996](#) (S.I. 1996/3137), **regs. 1**, 3(7)(a)
- F7** Reg. 23(2)(a)(b) substituted (11.4.1988) by [Family Credit \(General\) Amendment Regulations 1988](#) (S.I. 1988/660), reg. 1, 7
- F8** Words in reg. 23(2)(a) substituted (7.1.1997) by [The Disability Working Allowance and Family Credit \(General\) Amendment Regulations 1996](#) (S.I. 1996/3137), **regs. 1**, 3(7)(b)(i)
- F9** Words in reg. 23(2)(a) substituted (7.1.1997) by [The Disability Working Allowance and Family Credit \(General\) Amendment Regulations 1996](#) (S.I. 1996/3137), **regs. 1**, 3(7)(b)(ii)
- F10** Words in reg. 23(2)(b) substituted (7.1.1997) by [The Disability Working Allowance and Family Credit \(General\) Amendment Regulations 1996](#) (S.I. 1996/3137), **regs. 1**, 3(7)(c)
- F11** Reg. 23(3) substituted (5.12.1988) by Family Credit (General) Amendment No. 4 Regulations 1988 (S.I. 1988/1970), reg. 1(1), 7(c)

#### Marginal Citations

- M1** Section 7(5) was amended by article 3 of [S.I. 1986/25](#) and [S.I. 1987/46](#).
- M2** Section 9 was amended by sections 4 and 65 of, and Schedule 5 to, the [Social Security Pensions Act 1975](#) (c. 60), by the [Social Security Contributions Act 1982](#) (c. 2) section 1 and [S.I. 1986/25](#).

**Changes to legislation:**

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**Changes and effects yet to be applied to :**

- reg.23(2) rev.in pt. by [S.I. 1996/3137 reg.3\(7\)\(a\)](#)
- reg.23(2)(a)(b) amended by [S.I. 1996/3137 reg.3\(7\)\(b\)\(c\)](#)

**Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:**

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- Regs S.49A added by [S.I. 1996/1418 reg.2](#)
- regs.13A(2)21A(2) amended by [S.I. 1997/2793 reg.2\(5\)\(c\)](#)