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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make provision for a reduction in liability to council tax (“council tax reduction”) from 1 April 2022 for a person who has not reached pensionable age, or who has reached that age where they or their partner are in receipt of specified social security benefits (see regulation 3). Provision relating to council tax reduction for other persons who have reached pensionable age was made by the Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012.

Part 1 of the Regulations makes general provision, in particular in relation to the interpretation of the Regulations. Regulation 2 provides that the Regulations come into effect from the start of the 2022/23 financial year.

Part 2 deals with families and households. Regulation 11 provides that only one member of a family can be entitled to a council tax reduction at the same point in time. Regulation 12 ensures that membership of a household is unaffected by temporary absences from it.

Part 3 sets conditions for when a person is entitled to a council tax reduction. These include financial criteria relating to income and capital. Persons who are absent from a dwelling are not entitled in respect of it, unless their absence is temporary (regulation 15). Regulations 16 to 18 describe when a person is to be treated as not being in Great Britain, and is therefore not entitled. Persons subject to immigration control are also not entitled (regulation 19), nor generally are students (regulation 20, though many students have no council tax liability).

Regulation 21 provides that if a person is awarded more council tax reduction than they are entitled to receive, as a result of official error, the resulting arrears of council tax are not to be recovered.

Procedural matters are prescribed by Part 4 of the Regulations. Chapter 1 sets out how applications are to be made, with regulation 24 permitting an application to be treated as made where a person has claimed universal credit and the Secretary of State has provided the administering local authority with information about that claim. Regulation 26 provides for dates on which applications are made and treated as made, with provision for backdating of application dates in some circumstances. Regulation 30 allows electronic submission of documents and, where documents are submitted that way, electronic responses. Chapter 2 of Part 4 describes when an applicant must notify a change of circumstances, with Chapter 3 describing the date on which entitlement begins and the date on which any change in circumstances is to take effect.

Part 5 (regulation 35) sets out the amounts that are to be included in an applicant’s “applicable amount”, which is a sum calculated to represent the needs of the applicant and their family and which is used to work out whether they need a council tax reduction. Schedule 1 makes further provision for these amounts.

Part 6 has provision for the assessment of household income and capital. Chapter 1 provides for the income and capital of persons other than the applicant for a council tax reduction to be treated as the applicant’s. Chapter 2 provides for income to be calculated on a weekly basis, according to whether the applicant or the applicant’s partner have an award of universal credit or not.

Chapter 3 of Part 6 sets out how earned income is calculated, including what is to be treated as employed earnings, with schedule 3 providing for sums that are to be disregarded. Again, different provision is made for where there is a universal credit award, compared with where there is not. Provision is made for cases where earnings are derived from self-employment (see regulations 51 to 54). Chapter 4 sets out how unearned income is to be calculated. Here different provision is made for persons who are students (see regulations 59 to 62). This Chapter also includes assumptions to

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be made as to income that the applicant's capital is yielding (regulation 63) and unearned income that the applicant is to be treated as receiving in cases where the applicant has not taken steps to receive it (regulation 65).

Chapter 5 of Part 6, and schedule 4, sets out how capital is to be calculated and valued, with regulation 66 setting out that a person has no entitlement to a council tax reduction if their capital is calculated as exceeding £16,000. Provision is included to deem a person to possess capital where they have deprived themselves of it to become entitled to a council tax reduction, or a greater amount of such a reduction. In these cases regulations 72 and 73 provide for that notional capital to be diminished over time. Chapter 6 provides for some particular cases, while Chapter 7 provides for treatment of childcare charges, the latter varying according to whether or not there is a universal credit award involved.

Part 7 sets out the formula for calculating the maximum amount of council tax reduction to which a person is entitled (see regulation 79(2)). It also provides for extended periods of entitlement in specified circumstances. Part 8 comprises particular rules for specified circumstances, including along with schedule 2 describing entitlement where there is a second adult residing with an applicant for a council tax reduction.

Provision for review of decisions, and further reviews, is made by Part 9. These are undertaken by a panel of persons appointed by the Scottish Ministers.

Part 10 makes consequential, transitional and savings provision, in particular to ensure that persons with existing awards of council tax reduction are deemed to have made applications for a council tax reduction under these Regulations. Schedule 5 makes consequential amendments to other Regulations, with schedule 6 revoking provisions in other Regulations.

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

- Sch. 1 para. 6(4) words inserted by [S.S.I. 2024/141 reg. 11\(5\)\(a\)](#)
- Sch. 1 para. 12(1)(a)(i) words inserted by [S.S.I. 2024/141 reg. 11\(5\)\(b\)\(i\)](#)
- Sch. 1 para. 13(2)(a)(i) words inserted by [S.S.I. 2024/141 reg. 11\(5\)\(c\)](#)
- Sch. 1 para. 13(2)(b)(i) words inserted by [S.S.I. 2024/141 reg. 11\(5\)\(c\)](#)
- Sch. 1 para. 13(2)(b)(ii) words inserted by [S.S.I. 2024/141 reg. 11\(5\)\(c\)](#)
- Sch. 1 para. 13(4)(a) words inserted by [S.S.I. 2024/141 reg. 11\(5\)\(c\)](#)
- Sch. 1 para. 13(5)(a) words inserted by [S.S.I. 2024/141 reg. 11\(5\)\(c\)](#)
- Sch. 1 para. 14(1)(g) words inserted by [S.S.I. 2024/141 reg. 11\(5\)\(d\)](#)
- Sch. 2 para. 2(a) words inserted by [S.S.I. 2024/141 reg. 11\(6\)](#)
- reg. 4 words inserted by [S.S.I. 2024/141 reg. 11\(2\)](#)
- reg. 77(12)(f)(x) word omitted by [S.S.I. 2024/141 reg. 11\(3\)\(a\)](#)
- reg. 90(6)(b)(v) word omitted by [S.S.I. 2024/141 reg. 11\(4\)\(a\)\(i\)](#)
- reg. 90(9)(a) words inserted by [S.S.I. 2024/141 reg. 11\(4\)\(b\)](#)

**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):

- Sch. 1 para. 12(1)(a)(iiib) inserted by [S.S.I. 2024/141 reg. 11\(5\)\(b\)\(ii\)](#)
- reg. 77(12)(f)(xii) and word inserted by [S.S.I. 2024/141 reg. 11\(3\)\(b\)](#)
- reg. 90(6)(b)(vii) and word inserted by [S.S.I. 2024/141 reg. 11\(4\)\(a\)\(ii\)](#)