

SCHEDULE 3

Regulations 49(6)(d) and 50(3)(i)

Sums to be disregarded in the calculation of earnings

1. In the case of an applicant who has been engaged in remunerative work as an employed earner and whose earnings are calculated under regulation 50 (applicants with no award of universal credit)

(a) where—

- (i) the employment has been terminated because of retirement, and
- (ii) on retirement the applicant is entitled to a retirement pension under the 1992 Act, or is not entitled solely because of the applicant's failure to satisfy the contribution conditions,

any earnings paid or due to be paid in respect of that employment, but only for a period commencing on the day immediately after the date on which the employment was terminated,

(b) where—

- (i) the employment has been terminated because of retirement, and
- (ii) on retirement the applicant is entitled to a state pension under Part 1 of the Pensions Act 2014, or is not so entitled solely because the applicant does not have the minimum number of qualifying years,

any earnings paid or due to be paid in respect of that employment, but only for a period commencing on the day immediately after the date on which the employment was terminated,

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

- (i) any payment by way of retainer,
- (ii) any payment of the nature described in section 28, 64 or 68 of the Employment Rights Act 1996 (guarantee payments, suspension from work on medical or maternity grounds)(1), and
- (iii) any—

(aa) award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal)(2),

(bb) award, sum or payment referred to in section 112 of the 1992 Act (certain sums to be earning for social security purposes)(3), or

(cc) section 34 or 70 of the Employment Rights Act 1996 (guarantee payments and suspension from work: complaints to employment tribunals)(4), including any payment made following the settlement of a complaint to an employment tribunal or court proceedings,

(1) 1996 c.18. Section 64 was amended by S.I. 2017/1075.

(2) Section 112(4) was amended by paragraph 1 of schedule 9 of the Employment Relations Act 1999 (c.26) and paragraph 36 of schedule 7 of the Employment Act 2002 (c.22). Section 117(3)(a) was amended by paragraph 37 of schedule 7 of the Employment Act 2002.

(3) Section 112 was amended by paragraph 21 of schedule 3 of the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c.2) and paragraph 51 of schedule 1 of the Employment Rights Act 1996.

(4) Sections 34 and 70 were amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c.8), paragraph 18 and 29 of schedule 2 of the Enterprise and Regulatory Reform Act 2013 (c.24), S.I. 2011/1133 and S.I. 2019/469.

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(d) where before the first day of entitlement to council tax reduction the employment has not been terminated but the applicant is not engaged in remunerative work, any earnings paid or due to be paid in respect of that employment except any payment or remuneration of the nature described in paragraph 1(c)(i), (ii), (iii)(bb) or (iii)(cc) of this schedule or regulation 50(2)(j) (disregard of specified statutory payments).

2. In the case of an applicant who, before the first day of entitlement to council tax reduction—
- (a) has been engaged in employment in which the person is engaged on average for less than 16 hours a week as an employed earner,
 - (b) has ceased to be engaged in that employment, whether or not that employment has been terminated, and
 - (c) whose earnings are calculated under regulation 50 (applicants with no award of universal credit),

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

- (i) where that employment has been terminated, any payment of the nature described in paragraph 1(b)(i), (ii) or (iii)(cc), or
- (ii) where that employment has not been terminated, any payment or remuneration of the nature described in paragraph 1(c)(i), (ii) or (iii)(cc), regulation 50(2)(j), or any remuneration paid by or on behalf of an employer to an applicant who for the time being is on maternity leave, paternity leave, shared parental leave, parental bereavement leave or adoption leave or is absent from work because the applicant is ill.

3. In the case of an applicant who has been engaged as a self-employed earner in either part-time employment in which the person is engaged on average for less than 16 hours a week or in remunerative work, any earnings derived from that work from the date it ceases, except earnings to which regulation 51(7) or (8) (self-employed earnings) applies.

4.—(1) In a case to which this paragraph applies and paragraph 5 does not apply, £20, but notwithstanding regulation 36 (calculation of income and capital of members of an applicant's family) if this paragraph applies to an applicant it does not apply to the applicant's partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £20.

- (2) This paragraph applies where—
- (a) the applicant's applicable amount includes an amount by way of disability premium, severe disability premium, work-related activity component or support component under schedule 1 (applicable amounts), and
 - (b) either the applicant or the applicant's partner has not attained pensionable age and at least one of them is engaged in employment.

- (3) This paragraph also applies where—
- (a) the applicant has an award of universal credit which includes the LCWRA element, and
 - (b) neither the applicant nor the applicant's partner has attained pensionable age and at least one of them is engaged in employment.

(4) In this paragraph, "LCWRA element" has the meaning given to it in regulation 27 of the 2013 Regulations⁽⁵⁾.

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

(5) Regulation 27 was amended by [S.I. 2017/204](#).

6.—(1) In a case to which neither paragraph 4 nor paragraph 5 applies to the applicant and, subject to sub-paragraph (2), where the applicant's applicable amount includes an amount by way of the carer premium under schedule 1 (applicable amounts)—

- (a) £20 of the earnings of the person who does not have an award of universal credit and is, or at any time in the preceding 8 weeks was, in receipt of carer's allowance or treated in accordance with paragraph 5(5) or (6) of that schedule as being in receipt of carer's allowance, or
- (b) £20 of the earnings of the person who has an award of universal credit and that award includes the carer element described in regulation 29 of the 2013 Regulations.

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

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

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

8. In a case where paragraphs 4, 6, 7 and 9 do not apply to the applicant and the applicant is one of a couple and a member of that couple is in employment, £10, but, notwithstanding regulation 36 (calculation of income and capital of members of applicant's family), if this paragraph applies to an applicant it does not apply to the applicant's partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £10.

9.—(1) In a case where paragraphs 4, 5, 6 and 7 do not apply to the applicant, and the applicant is a person whose earnings are calculated under regulation 50 (applicants with no award of universal credit), £20 of earnings derived from one or more employments as—

- (a) a part-time fire-fighter employed by the Scottish Fire and Rescue Service established under section 1A of the Fire (Scotland) Act 2005(6),
- (b) a part-time fire-fighter employed by a fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004(7) or a scheme to which section 4 of that Act(8) applies,
- (c) an auxiliary coastguard in respect of coast rescue activities,
- (d) a person engaged part-time in the manning or launching of a life boat,
- (e) a member of any territorial or reserve force prescribed in Part I of schedule 6 of the Social Security (Contributions) Regulations 2001(9),

but, notwithstanding regulation 36 (calculation of income and capital of members of applicant's family), if this paragraph applies to an applicant it does not apply to the applicant's partner except to the extent specified in sub-paragraph (2).

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

(6) 2005 asp 5. Section 1A was added by the Police and Fire Reform (Scotland) Act 2012 (asp 8), section 101.
(7) 2004 c.21. Section 2 was amended by paragraph 22 of schedule 1 of the Local Government and Public Involvement in Health Act 2007 (c.28) and Part 4 of schedule 7 of the Local Democracy, Economic Development and Construction Act 2009 (c.20).
(8) Section 4 was amended by paragraph 22 of schedule 1 of the Local Government and Public Involvement in Health Act 2007 and Part 4 of schedule 7 of the Local Democracy, Economic Development and Construction Act 2009.
(9) S.I. 2001/1004.

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

10. Where the applicant is a person whose earnings are calculated under regulation 50 (applicants with no award of universal credit), and the applicant is engaged in one or more employments specified in paragraph 9(1), but the applicant's earnings derived from such employments are less than £20 in any week and the applicant is also engaged in any other employment so much of the applicant's earnings from that other employment, up to £5 if the applicant is a single applicant, or up to £10 if the applicant has a partner, as would not in aggregate with the amount of the applicant's earnings disregarded under paragraph 9 exceed £20.

11. In a case to which none of paragraphs 4 to 10 applies, and the applicant is a single applicant, £5.

12.—(1) Where—

- (a) the applicant (or if the applicant is a member of a couple, at least one member of that couple) is a person to whom sub-paragraph (5) applies, and
- (b) the relevant authority is satisfied that that person is undertaking exempt work,

the amount specified in sub-paragraph (7) (“the specified amount”).

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

(3) Notwithstanding regulation 36 (calculation of income and capital of members of applicant's family), if sub-paragraph (1) applies to one member of a couple (“A”) it does not apply to the other member of that couple (“B”) except to the extent provided for in sub-paragraph (4).

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

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

- (a) in receipt of a contributory employment and support allowance,
- (b) in receipt of incapacity benefit under sections 30A, 40 or 41 of the 1992 Act⁽¹⁰⁾,
- (c) in receipt of severe disablement allowance, or
- (d) being credited with earnings on the grounds of incapacity for work or limited capability for work under regulation 8B of the Social Security (Credits) Regulations 1975⁽¹¹⁾.

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

- (a) regulation 45(2), (3) or (4) of the Employment and Support Allowance Regulations⁽¹²⁾, or (as the case may be),

⁽¹⁰⁾ Section 30A was inserted by section 1 of the Social Security (Incapacity for Work) Act 1994 (c.18) (“the 1994 Act”) and amended by section 64 of the Welfare Reform and Pensions Act 1999 (c.30) and paragraph 14 of schedule 24 of the Civil Partnership Act 2004 (c.33). Section 40 was substituted by paragraph 8 of schedule 1 of the 1994 Act. Section 41 was substituted by paragraph 9 of schedule 1 of the 1994 Act and amended by paragraph 21 of schedule 4 of the Pensions Act 1995 (c.26).

⁽¹¹⁾ S.I. 1975/556. Regulation 8B was added by S.I. 1996/2367 and amended by S.I. 2000/3120, S.I. 2003/521, S.I. 2008/1554, S.I. 2010/385, S.I. 2012/913 and S.I. 2013/630.

⁽¹²⁾ Regulation 45(3) and (4) was amended by S.I. 2010/840, S.I. 2011/674 and S.I. 2017/205.

(b) regulation 17(2), (3) or (4) of the Social Security (Incapacity for Work) (General) Regulations 1995(13),

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

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

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

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

15.—(1) In a case where the applicant's earnings are calculated under regulation 50 (employed earnings (applicants with no award of universal credit)) and the applicant is a person who satisfies at least one of the conditions set out in sub-paragraph (2), and the employed earnings prior to any disregards being applied under this schedule equal or exceed the total of the amounts set out in sub-paragraph (3), the amount of the applicant's earnings to be disregarded under paragraphs 4 to 12 is to be increased by £17.10.

(2) The conditions are that—

(a) the applicant, or if the applicant is a member of a couple, either the applicant or the other member of that couple, is a person to whom regulation 20(1)(c) of the Working Tax Credit Regulations applies, or

(b) the applicant—

(i) is, or if the applicant is a member of a couple, at least one member of that couple is, aged at least 25 and is engaged in remunerative work, but in this case only where that work is engaged in for on average not less than 30 hours per week,

(ii) is a member of a couple and—

(aa) at least one member of that couple, is engaged in remunerative work, and

(bb) the applicant's applicable amount includes a child premium under paragraph 2 of schedule 1,

(iii) is a lone parent who is engaged in remunerative work, or

(iv) is, or if the applicant is a member of a couple, at least one member of that couple is, engaged in remunerative work and—

(aa) the applicant's applicable amount includes a disability premium under paragraph 11 of schedule 1, the work-related activity component under paragraph 21 of that schedule or the support component under paragraph 22 of that schedule, and

(bb) where the applicant is a member of a couple, at least one member of that couple satisfies the qualifying conditions for the disability premium or either of the components referred to in sub-head (aa) and is engaged in remunerative work.

(13) S.I. 1995/311. Regulation 17 was substituted by S.I. 2006/757. Regulation 17(3) was amended by S.I. 2010/840 and S.I. 2011/674. Regulation 17(4) was amended by S.I. 2010/840, S.I. 2011/674 and S.I. 2017/205.

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- (3) The following are the amounts referred to in sub-paragraph (1)—
- (a) the amount calculated as disregardable from the applicant's earnings under paragraphs 4 to 12,
 - (b) the amount of relevant childcare charges deducted under regulation 38(2)(c) (calculation of income on a weekly basis), and
 - (c) £17.10.
- (4) The provisions of regulation 10 (remunerative work) apply in determining whether or not a person works for on average not less than 30 hours per week for the purposes of sub-paragraph (2)(b) (i), but as if the reference to 16 hours in paragraph (1) of that regulation were a reference to 30 hours.
- 16.** Where the applicant is a qualifying income-related benefit claimant, the applicant's earnings.
- 17.** Any earnings of a child or young person.