

SCHEDULE 2

Calculation of earnings

Deduction of tax and contributions for self-employed earners

13.—(1) The amount to be deducted in respect of income tax under paragraph 12(1)(b)(i), (3)(b)(i) or (9)(a)(i) (calculation of net profit for self-employed earners) is calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate, or in the case of a Scottish taxpayer, the Scottish basic rate, of tax less only the personal reliefs to which the individual is entitled under Chapters 2, 3 and 3A of Part 3 of the Income Tax Act 2007⁽¹⁾ and as are appropriate to their circumstances; but, if the period determined under paragraph 10 (calculation of earnings of self-employed earners) is less than a year, the earnings to which the basic rate, or the Scottish basic rate, of tax is to be applied and the amount of the personal reliefs deductible under this sub-paragraph is calculated on a pro rata basis.

(2) The amount to be deducted in respect of social security contributions under paragraph 12(1)(b)(i), (3)(b)(ii) or (9)(a)(ii) is the total of—

- (a) the amount of Class 2 contributions payable under section 11(2) or, as the case may be, 11(8) of the 1992 Act at the rate applicable at the date on which a decision relating to the individual's entitlement to Carer Support Payment is made by the Scottish Ministers under these Regulations or, as the case may be, on appeal by the First-tier Tribunal for Scotland, except where the individual's chargeable income is equal to or less than the amount specified in section 11(4)(a) of that Act (lower profits threshold) for the tax year in which that date falls; but if the assessment period is less than a year, the amount specified for that year is reduced pro rata, and
 - (b) the amount of Class 4 contributions (if any) which would be payable under section 15 of the 1992 Act (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable at the date on which a decision relating to the individual's entitlement to Carer Support Payment is made by the Scottish Ministers under these Regulations or, as the case may be, on appeal by the First-tier Tribunal for Scotland, 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 that date falls; but if the assessment period is less than a year, those limits are reduced pro rata.
- (3) In this paragraph, “chargeable income” means—
- (a) in the case of employment as a child minder, one-third of the earnings of that employment, or
 - (b) in all other cases, the earnings derived from the employment less any expenses deducted under paragraph 12(3)(a) or (4).

(1) 2007 c. 3.