
STATUTORY INSTRUMENTS

1994 No. 527

**The Income-related Benefits Schemes
(Miscellaneous Amendments) Regulations 1994**

Insertion of regulation 20ZA of the Family Credit Regulations

17. After regulation 20 of the Family Credit Regulations there shall be inserted the following regulation—

“Calculation of net earnings of directors

20ZA.—(1) For the purposes of regulation 14A (normal weekly earnings of directors) the earnings of a claimant to be taken into account shall be his net earnings derived from, or likely to be derived from, his employment as a director during the assessment period relevant to his case, and those net earnings shall be determined in accordance with the following paragraphs.

(2) There shall be disregarded from a claimant’s net earnings any sum, where applicable, specified in Schedule 1.

(3) A claimant’s net earnings shall, except where paragraph (4) applies, be calculated by taking into account his gross earnings from that employment, less—

(a) any amount deducted from those earnings by way of—

(i) income tax;

(ii) primary Class 1 contributions under the Contributions and Benefits Act; and

(b) one-half of any sum paid by the claimant by way of a contribution towards an occupational or personal pension scheme.

(4) Where some or all of the claimant’s earnings are estimated under regulation 14A(2), those net earnings shall be calculated by taking into account the estimated gross earnings, less—

(a) an amount representing income tax, calculated by applying to those earnings the lower rate or, as the case may be, the lower rate and the basic rate of income tax in the year of assessment in which the claim was made, taking into account the personal relief to which the claimant would be entitled under sections 257(1), 257A(1) and 259 of the Income and Corporation Taxes Act 1988⁽¹⁾ (personal relief); except that if the period in respect of which the estimate is made is less than a year, the lower rate and, if appropriate, the basic rate of tax and the amount of the personal relief allowable under this sub-paragraph shall be reduced pro-rata;

(b) where the weekly amount of those earnings equals or exceeds the lower earnings limit, an amount representing primary Class 1 contributions under the Contributions and Benefits Act, calculated by applying to those earnings the

⁽¹⁾ 1988 c. 1; sections 257 to 257F were substituted for section 257 by section 33 of the Finance Act 1988 (c. 39); the amounts in sections 257(1) and 257A(1) were substituted by the income Tax (Indexation) Order 1993, S.I.1993/755. Section 259 was amended by sections 30 and 35 of the Finance Act 1988 and section 20 of the Finance (No.2) Act 1992 (c. 48).

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

initial and main primary percentages applicable at the date of claim in accordance with section 8(1) (a) and (b) of that Act; and

- (c) one-half of any sum which would be payable by the claimant by way of a contribution towards an occupational or personal pension scheme.”