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STATUTORY INSTRUMENTS

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**1994 No. 648**

**The Housing Renovation etc. Grants  
(Reduction of Grant) Regulations 1994**

**PART IV**

**INCOME AND CAPITAL**

*CHAPTER IV:*

*SELF-EMPLOYED EARNERS*

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

**25.**—(1) The amount to be deducted in respect of income tax under regulation 24(1)(b)(i), (3)(b)(i) or (9)(a)(i) (determination of net profit of self-employed earners) shall be determined on the basis of the amount of chargeable income and as if that income were assessable to income tax at 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 application was made less only the personal relief to which the relevant person is entitled under sections 257(1), (6) and (7) and 259(1)(a) and (2) of the Income and Corporation Taxes Act 1988<sup>(1)</sup> (personal reliefs) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the lower rate and, if appropriate the basic rate 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 24(1)(b)(i), (3)(b)(ii) or (9)(a)(ii) shall be the total of—

- (a) the amount of Class 2 contributions payable under subsection (1) or, as the case may be, subsection (3) of section 11 of the 1992 Act (liability for Class 2 contributions) at the rate applicable at the date of the application except where the relevant person's chargeable income is less than the amount for the time being specified in subsection (4) of that section (small earnings exception) for the tax year in which the date of the application falls; but if the assessment period is less than a year, the amount specified for that tax year shall be reduced pro rata; and
- (b) the amount of Class 4 contributions (if any) which would be payable under section 15 of that Act (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable at the date of the application 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 the application falls; but if the assessment period is less than a year, those limits shall be reduced pro rata.

(3) In this regulation “chargeable income” means—

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(1) 1988 c. 1; section 257 was amended by section 25(1) of the Finance Act 1988 (c. 39), and see sections 30, 33 and 35 and Schedule 3, paragraph 5.

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

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- (a) except where sub-paragraph (b) applies, the earnings derived from the employment less any expenses deducted under paragraph (3)(a) or, as the case may be, (4) of regulation 24;
- (b) in the case of employment as a child minder, one-third of the earnings of that employment.