

SCHEDULE 3

STUDENT'S CONTRIBUTION

PART 2

Calculation of contribution

Calculation of parent's residual income

4.—(1) For the purposes of determining the taxable income of a student's parent, any deductions which fall to be made or exemptions which are permitted—

- (a) by way of personal reliefs provided for in Chapter 1 of Part VII of the Income and Corporation Taxes Act 1988, or where the income is computed for the purposes of the income tax legislation of another EEA State or Switzerland, the gross amount of any such premium in respect of which relief would be given if that legislation made provision equivalent to the Income Tax Acts;
- (b) pursuant to any enactment or rule of law under which payments which would otherwise under United Kingdom law form part of a person's income are not treated as such; or
- (c) under sub-paragraph (2)

are not to be made or permitted.

(2) For the purpose of determining the residual income of a parent, there is to be deducted from the taxable income determined under sub-paragraph (1) the aggregate of any amounts falling within any of the following sub-paragraphs—

- (a) the gross amount of any premium or other sum paid by the student in relation to a pension (not being a pension payable under a policy of life assurance) in respect of which relief is given under section 273, 619 or 639 of the Income and Corporation Taxes Act 1988 or under section 188 of the Finance Act 2004, or where the student's income is computed for the purpose of the income tax legislation of another EEA State or Switzerland, the gross amount of any such premium or sum in respect of which relief would be given if that legislation made provision equivalent to the Income Tax Acts;
- (b) in any case where income is computed in accordance with sub-paragraph (6) any sums equivalent to the deduction mentioned in paragraph (a), provided that any sums so deducted are not to exceed the deductions which would be made if the whole of the student's parent's income were in fact income for the purposes of the Income Tax Acts; and
- (c) in the case of a parent student or a student's parent who holds a statutory award, £1,075.

(3) Where the Welsh Ministers are satisfied that the income of the parent in the financial year beginning immediately before the relevant year ("current financial year") is, as a result of some event beyond the parent's control, likely to be not more than 85 per cent, of the sterling value of his or her income in the preceding financial year the Welsh Ministers may, for the purpose of enabling the student to attend the course without hardship, ascertain the household income for the current financial year.

(4) Where the Welsh Ministers are satisfied that the income of the parent in any financial year is, as a result of some event beyond the parent's control, likely to be and to continue after that year to be not more than 85 per cent. of the sterling value of his or her income in the previous financial year the Welsh Ministers may, for the purpose of enabling the student to attend the course without hardship, ascertain the household income for the academic year of the student's course in which that event occurred by taking as the residual income of the parent the average of his or her residual income for each of the financial years in which that academic year falls.

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(5) Where the student's parent satisfies the Welsh Ministers that his or her income is wholly or mainly derived from the profits of a business or profession carried on by him or her, then any reference in this Part of the Schedule to a preceding financial year is to be read as a reference to the earliest period of twelve months which ends after the start of the preceding financial year and in respect of which accounts are kept relating to that business or profession.

(6) Where a student's parent is in receipt of any income which does not form part of that parent's income for the purposes of the Income Tax Acts or the income tax legislation of another EEA State or Switzerland by reason only that—

- (a) the parent is not resident, ordinarily resident or domiciled in the United Kingdom, or where his or her income is computed as for the purposes of the income tax legislation of another EEA State or Switzerland, not so resident, ordinarily resident or domiciled in that EEA State or Switzerland;
- (b) the income does not arise in the United Kingdom, or where the parent's income is computed for the purposes of the income tax legislation of another EEA State or Switzerland, does not arise in that EEA State or Switzerland; or
- (c) the income arises from an office, service or employment, income from which is exempt from tax in pursuance of any legislation,

his or her taxable income for the purpose of this Schedule is to be computed as though the income under this sub-paragraph were part of his or her income for the purpose of the Income Tax Acts or the income tax legislation of another EEA State or Switzerland, as the case may be.

(7) Where the income of the student's parent is computed as for the purposes of the income tax legislation of another EEA State or Switzerland, it is to be computed under the provisions of this Schedule in the currency of that EEA State or Switzerland and the income of the student's parent for the purposes of this Schedule is the sterling value of that income determined in accordance with the rate for the month in which the last day of the financial year in question falls, as published by the Office for National Statistics.

(8) Where one of the student's parents dies either before or during the relevant year and that parent's income has been or would be taken into account for the purpose of determining the household income, then

- (a) where the parent dies before the relevant year, the household income is to be determined by reference to the income of the surviving parent; or
- (b) where the parent dies during the relevant year, the household income is to be taken to be the aggregate of—
 - (i) the appropriate proportion of the household income determined by reference to the income of both parents, being the proportion in respect of that part of the relevant year during which both parents were alive; and
 - (ii) the appropriate proportion of the household income determined by reference to the income of the surviving parent, being the proportion in respect of that part of the relevant year remaining after the death of the other parent.

(9) Where the Welsh Ministers determine that the parents were separated for the duration of the relevant year, the household income is to be determined by reference to the income of whichever parent the Welsh Ministers consider most appropriate under the circumstances.

(10) Where the Welsh Ministers determine that the parents separated in the course of the relevant year, the household income is determined by reference to the aggregate of—

- (a) the appropriate proportion of the household income determined in accordance with sub-paragraph (9), being the proportion in respect of that part of the relevant year for which the parents are separated; and

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- (b) the appropriate proportion of the household income determined otherwise in respect of the remainder of the relevant year.