

# Calculating working age Scottish council tax reduction



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*Child Poverty Action Group works on behalf of the one in four children in the UK growing up in poverty. It doesn't have to be like this. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good.*

*We provide training, advice and information to make sure hard-up families get the financial support they need.*

## Introduction

Scotland has a national 'council tax reduction' scheme to help people on low incomes pay their council tax. It was created in 2013 when the old 'council tax benefit' scheme that applied across Great Britain was abolished.

In April 2022 new rules came into force that changed how Scottish council tax reduction works for some working age claimants. This factsheet provides information about how to calculate 'main' council tax reduction for those on a low income under these rules. However, the information does not cover every detail of the new rules. See the end of this factsheet for where to get more detailed information and further advice.

**Note that a separate set of 'state pension age' rules apply to some claimants but are not covered in this factsheet.**

## Who can get council tax reduction and how to claim it

To get council tax reduction you must meet basic qualifying conditions, including making a claim. This factsheet is about how to *calculate* working age council tax reduction for those entitled, and so does not cover these other rules. For information about the basic qualifying conditions and how to claim council tax reduction in Scotland, see [Council Tax Reduction](#) in the [Scottish benefits](#) section of CPAG's website.

## Calculating main council tax reduction

This section describes the steps for calculating 'main' council tax reduction. As well as the main type of council tax reduction calculation described here, two alternative kinds may apply if:

- you live in a property in council tax bands E-H, even if your income is too high to get council tax reduction under the main rules; *or*
- someone not liable for council tax lives with you, known as ‘second adult rebate’.

These alternative types of council tax reduction are not covered here but you can find information about them in the [Help with council tax](#) section of CPAG’s website.

The amount of main council tax reduction you are entitled to depends on:

- your maximum council tax reduction;
- how much ‘capital’ you are treated as having;
- the ‘applicable amount’ that applies to you; *and*
- unless you get certain means-tested benefits, your income.

Each of these is described below.

## Your maximum council tax reduction

The maximum council tax reduction you can get is the amount of council tax you are treated as liable for. If you are the only person liable for council tax for the property you live in, your maximum council tax reduction is the full amount of the council tax bill (excluding amounts for water and sewerage). If you are jointly liable for council tax with others, then your maximum council tax reduction is your share of the council tax bill. If you are part of a couple who live together, then no matter which of you claims, your maximum council tax reduction is your joint council tax liability.

If other people normally live with you - eg, grown-up children or adult relatives - who are not liable for council tax themselves, they may count as ‘non-dependants’. A deduction is normally made from your maximum council tax reduction due to their presence. However, someone may *not* be treated as a non-dependant, including if:

- they are a member of your family. This includes your partner, plus any child or ‘qualifying young person’ you are ‘responsible for’ (see ‘Your ‘applicable amount’’ below); *or*
- they are a child or a qualifying young person who lives with you, but you are *not* treated as responsible for them (see ‘Your ‘applicable amount’’ below) - eg, a young person you are a foster carer for; *or*
- they are jointly liable for council tax for the same property - eg, a joint tenant; *or*
- they have to make payments to you on a commercial basis to occupy your home - eg, a lodger. This does not apply if they are a close relative (ie, parent, adult child, sibling, including in-laws and step-relatives) of you or your partner, or the agreement to make payment is considered to be non-commercial or ‘contrived’; *or*
- they are someone employed by a charitable or voluntary organisation to provide care to you or your partner and you or your partner pay for that service.

Even if someone is a non-dependant, no deduction is made if:

- you or your partner;
  - are blind or treated as blind; *or*
  - are in receipt of attendance allowance, the care component of disability living allowance or child disability payment, the daily living component of personal independence payment or adult disability payment, or armed forces independence payment; *or*
- the non-dependant;
  - is under 18; *or*
  - normally lives elsewhere – eg, they are only staying with you temporarily; *or*
  - is a full-time student or receives a training allowance in connection with attending certain youth training programmes; *or*
  - has been a hospital, or similar, in-patient for a period of 52 weeks or more (disregarding breaks of less than 28 days); *or*
  - is a member of the regular or reserve armed forces and absent on operations; *or*
  - is entitled to income support, income-based jobseeker's allowance, income-related employment and support allowance or pension credit; *or*
  - is someone who is 'discounted' for council tax – eg, discounted due to 'severe mental impairment'; *or*
  - is entitled to universal credit with no earnings.

If a deduction is made from your maximum council tax reduction for a non-dependant, the weekly amount is £5.25 unless:

- they are in paid work for at least an average of 16 hours a week and their normal gross weekly income is:
  - between £260 and £450.99, in which case the deduction is £10.35 a week; *or*
  - between £451 and £557.99, in which case the deduction is £13.15 a week; *or*
  - £558 or more, in which case the deduction is £15.65 a week.

If two non-dependants who are a couple live with you, only one deduction is made – the highest that applies. A non-dependant couple's joint income is used when working out the rate of deduction above. Income and capital paid to non-dependants through certain special compensation schemes is disregarded – eg, Windrush, Historic Child Abuse in Care and Post Office compensation scheme payments.

## Your capital

Capital includes savings, investments, property you do not live in, lump sum payments and other assets. Some types of capital are disregarded including:

- the home you live in and your personal possessions;
- money held in an occupational or personal pension plan;
- if you own or jointly own a business, its assets;

- for a limited period, a property you are selling or have left due to a relationship breakdown or that you cannot currently live in while essential repairs are carried out; *and*
- some lump sums you receive, such as arrears of some benefits, which are disregarded for at least a certain period and sometimes indefinitely.

Unless specifically disregarded, other assets or one-off lump sums you receive, such as funds drawn from a pension fund, shares or monies inherited, usually count as capital. Money you receive on a regular basis may be treated as income instead – see below.

If you live with your partner as a couple, then your joint capital is taken into account. The capital of children, qualifying young persons, non-dependants or anyone else who lives with you is normally ignored.

If your capital is valued above the ‘upper’ limit of £16,000, you are not entitled to council tax reduction.

If your capital is valued between the ‘lower’ limit of £6,000 and £16,000, you are treated as having ‘tariff’ income of £1 a week for every £250 or part thereof between the lower and upper limits. If your capital is valued at less than £6,000, it is ignored.

Capital such as property should be valued for a quick sale – eg, taking into account its current condition, the current market or sitting tenants. If you jointly own an asset, the valuation should be for the sale of your share only – eg, for half of a flat that your ex-partner still lives in rather than half the value of the whole flat. This means the valuation may be less than might be achieved in ideal market conditions or provided by a district surveyor. From the valuation, 10 per cent should be deducted for any costs of sale and then deduct any loans secured on it – eg, a mortgage or loan for home improvements. What remains is the value that should be used when determining how the capital limits apply to you.

If you are considered to have deliberately ‘deprived’ yourself of capital – eg, given it away to relatives - with the intention to claim or get more council tax reduction, you can be treated as still having it. This is called ‘notional capital’ and can apply even if you disposed of the capital sometime before claiming council tax reduction. If you are treated as having notional capital, special rules known as the ‘diminishing notional capital rules’ apply that reduce the amount over time.

The rules for capital are broadly the same as for housing benefit and more details can be found in CPAG’s [Welfare Benefit and Tax Credits Handbook](#). See below if you need further advice about the capital rules.

## If you get income support, income-based jobseeker’s allowance or income-related employment and support allowance

You do not need to work out your ‘applicable amount’ if you are entitled to a benefit that ‘passport’ you to maximum council tax reduction. These passporting benefits are:

- income support; *or*
- income-based jobseeker's allowance (JSA); *or*
- income-related employment and support allowance (ESA).

You are passported whether these are paid at the full rate or a reduced amount. Any other income you have is ignored and you are entitled to your maximum council tax reduction. Your maximum council tax reduction may still have a deduction made for any non-dependant who lives with you.

Note that if you get contribution-based JSA or contributory ESA (sometimes called 'new-style' JSA or ESA), this does not passport you to maximum council tax reduction.

### If you are *not* getting income support, income-based jobseeker's allowance or income-related employment and support allowance

If you are not entitled to income support, income-based jobseeker's allowance or income-related employment and support allowance (ESA) (eg, you *do not get* any working age means-tested benefits or *you do get* universal credit), your council tax reduction entitlement depends on your applicable amount and your income. Follow these steps to calculate your entitlement:

- **step one:** check you do not have too much capital (see above);
- **step two:** work out your applicable amount (see below);
- **step three:** work out your income (see below);
- **step four:** calculate your council tax reduction:
  - if your income is less than your applicable amount you get your maximum council tax reduction (see above); *or*
  - if your income is greater than your applicable amount, your council tax reduction entitlement is your maximum amount (see above) minus 20 per cent of the difference between your income and applicable amount (see example of how this works at the end of this factsheet).

#### *Your 'applicable amount'*

Your 'applicable amount' for council tax reduction is made up of amounts for you and each member of your 'family'. Your family for council tax reduction usually includes:

- your partner if you live together as a couple; *and*
- any child under 16, or 'qualifying young person' (QYP) up until the 31 August after their 19th birthday who remains or is treated as in full-time non-advanced education, normally lives with you and who you are treated as 'responsible' for.

In some circumstances, you may not be treated as responsible for a child or QYP, for example if they are currently 'looked after' by a local authority, even if they normally live with you. If you are a kinship carer or have a 'looked after' child placed with you, see CPAG

in Scotland's [Children's Handbook Scotland](#) for more information or seek further advice (see below).

If a member of your family is temporarily absent, for example they are away serving in the armed forces, abroad or in hospital, there are rules about whether they are still treated as part of your household – seek further advice (see below).

You may get 'personal allowances', 'premiums' and 'components' for yourself and each member of your family. These are added together to give a weekly applicable amount. Note: the applicable amount is still calculated this way even if you get universal credit (UC).

The 2024/25 weekly rates for personal allowances, premiums and components, and the main qualifying conditions, are summarised in the table below.

Type	Main qualifying conditions	Weekly amount
Personal allowance	<ul style="list-style-type: none"> <li>You are a single person 25 or over; <i>or</i></li> <li>You are a lone parent; <i>or</i></li> <li>You are a single person entitled to 'main phase' ESA, or with an award of UC who has limited capability for work (LCW) or limited capability for work related-activity (LCWRA)</li> </ul>	£90.50
	<ul style="list-style-type: none"> <li>You are any other single person under 25</li> </ul>	£71.70
	<ul style="list-style-type: none"> <li>You are part of a couple</li> </ul> <p>Note: there are no pensioner premiums or different allowances if part of a 'mixed age couple'</p>	£142.25
Child premium	<ul style="list-style-type: none"> <li>For each child or QYP (whether or not the 'two child limit' has been applied to your other benefits)</li> </ul>	£104.05
Transitional family premium	<ul style="list-style-type: none"> <li>You were entitled to a transitional family premium of £22.20 with a council tax reduction award on 31 March 2022</li> </ul>	£22.20
	<ul style="list-style-type: none"> <li>You were otherwise entitled to a transitional family premium with a council tax reduction award on 31 March 2022</li> </ul>	£19.15
	Note: the family premium is not included if you were not already entitled to it on 22 March 2022	
Carer premium	<ul style="list-style-type: none"> <li>You or your partner are entitled to carer's allowance (CA) or carer support payment (CSP) (even if only 'underlying') or the carer element of UC. You get two carer premiums if both you and your partner qualify</li> </ul>	£45.60
Disabled child premium	<ul style="list-style-type: none"> <li>For each child or QYP who gets child disability payment (CDP), or disability living allowance (DLA), or adult disability payment (ADP), or personal independence payment (PIP), or armed forces independence payment (AFIP) or is blind, or for whom you get a disabled child element in your UC award</li> </ul>	£80.01

Disability premium	<ul style="list-style-type: none"> <li>You or your partner are under state pension age, and at least one of you gets attendance allowance (AA), or ADP, or CDP, or DLA, or PIP, or AFIP, or are blind; <i>and</i></li> <li>You, or if getting UC you or your partner, do not have or are not treated as having LCW or LCWRA</li> </ul>	Single claimant:	£42.50
		Claiming as part of a couple:	£60.60
Severe disability payment	<ul style="list-style-type: none"> <li>You get AA, or AFIP, or the middle or highest rate care component of CDP or DLA, or the daily living component of ADP or PIP; <i>and</i></li> <li>No non-dependants over 18 live with you, no one gets CA, CSP or the carer element of UC for looking after you, <i>and</i>, if you live together as part of a couple, either you both get one of the qualifying benefits above or the other is blind</li> </ul>	If a single claimant or only you qualify:	£81.50
		If part of a couple and both qualify:	£163.00
Enhanced disability premium	<ul style="list-style-type: none"> <li>You, or if getting UC either you or your partner, have been assessed as having LCWRA; <i>or</i></li> <li>You or your partner get AA or AFIP, or the highest rate care component of CDP or DLA, or the enhanced daily living component of ADP or PIP</li> </ul>	Single claimant:	£20.85
		Claiming as part of a couple:	£29.75
		<ul style="list-style-type: none"> <li>For each child or QYP who gets AFIP, or highest rate care component of CDP or DLA, or the enhanced daily living component of ADP or PIP, or who you get the higher rate disabled child element for in your UC award</li> </ul>	£32.20
Component	<ul style="list-style-type: none"> <li>You or your partner have been assessed as having LCW or LCWRA; <i>and</i> <ul style="list-style-type: none"> <li>Have an award of UC; <i>or</i></li> <li>Have claimed ESA and are no longer in the 'assessment phase'; <i>and</i></li> </ul> </li> <li>You do not qualify for a disability premium</li> </ul>	If you or your partner have LCW, a work-related activity component:	£35.95
		If you or your partner have LCWRA, a support component:	£47.70
		Note: If both you and your partner have LCW and/or LCWRA and get UC, it is the higher amount that applies. But if not getting UC and both you and your partner have LCW and/or LCWRA, then it is the amount <i>you</i> qualify for, not your partner, that applies.	

The qualifying conditions above are only the most common rules. There are exceptions that can mean you might not qualify for certain premiums in some circumstances. For the disability premiums, there are rules that may allow you to qualify if you are still getting other sickness or disability benefits, including ones that new claims usually can no longer be

made for such as severe disablement allowance, incapacity benefit or a disability element of working tax credit. You may also be entitled to a 'transitional addition' if an additional amount is included with an ESA award as a result of it 'converting' from an earlier sickness benefits award. If you do not qualify under the rules above but think you might be entitled as you get other benefits, seek advice – see below.

Note: if part of a couple, in some circumstances it may be beneficial to switch who is the claimant if you do not qualify for a premium or component, but your partner would. Get advice if you think this might apply to you - see below.

### Income: earned income

If you are getting UC, provided DWP shares the information with the local authority, in general the same amount of earned income used to calculate your UC award can be taken into account for council tax reduction, converted to a weekly rather than monthly figure. This includes if rules such as those for 'surplus earnings', 'unused losses', 'permitted expenses' and the 'minimum income floor' have been applied to your UC award. The amount used is before any 'work allowance' or taper has been applied to your earnings when calculating UC. From this weekly earnings figure an 'earnings disregard' is then deducted.

If you do not get UC, work out how much earned income you receive each week. If this changes from week to week or month to month, tell your local authority and they should ask you to provide details of your earnings over the appropriate past period in order to calculate an average. An earnings disregard is then applied to your weekly earnings.

The amount of earnings disregarded depends on your circumstances. The main disregards are as follows:

- £5 a week for a single person; *or*
- £10 a week for a couple; *or*
- £20 a week if you get the disability premium, severe disability premium, carer premium or a component in your applicable amount, *or* you have an award of UC and have LCW or LCWRA; *or*
- £25 a week if a lone parent.

If more than one disregard applies, only the highest one is applied.

If you do not get UC, the above disregards are increased by £17.10 a week if:

- you or your partner:
  - get the 30-hour element of working tax credit; *or*
  - are 25 or over and work at least 30 hours a week; *or*
  - work at least 16 hours a week and your applicable amount includes a child premium; *or*
- you are a lone parent working at least 16 hours a week; *or*



- you or your partner work at least 16 hours a week *and* qualify for the disability premium or a component in your applicable amount.

The full amount of eligible childcare costs are also disregarded from your income (including income other than earnings), subject to a maximum of £275 a week for one child or £471 for two or more children if you get UC, or £175 a week for one child or £300 a week for two or more children if you do not get UC. This applies if you get the childcare element with your UC award, or you do not get UC but pay for childcare in order to work and:

- you are a lone parent and work at least 16 hours a week; *or*
- you are part of a couple, one of you works at least 16 hours a week and the other:
  - also works at least 16 hours a week; *or*
  - is 'incapacitated'. To count as incapacitated you or your partner must qualify for the disability premium or a component in your applicable amount, or get AA, ADP, CDP, DLA, PIP or 'main phase' ESA, or certain other benefits; *or*
  - is a hospital, or similar, in-patient; *or*
  - is in prison.

Childcare is eligible if paid for:

- out-of-hours care by a school or local authority; *or*
- care by a childcare provider recognised as such for tax credits; *or*
- other statutorily registered childcare or carers; *or*
- care in your home, if not provided by a relative of the child.

You may qualify for an earnings disregard in some other circumstances, such as if you are treated as not having LCW, you are doing 'exempt' or 'permitted' work, or a part-time fire fighter. Seek advice if these may apply to you – see below.

## Income: unearned income

The council tax reduction rules only take into account specified unearned income. This means if it is not mentioned in the rules, it is ignored.

Unearned income that is not mentioned and so *ignored* includes:

- attendance allowance;
- child disability payment/disability living allowance;
- adult disability payment/personal independence payment;
- Scottish welfare fund payments;
- child benefit;
- Scottish child payment;
- carer's allowance supplement;
- bereavement support payment; *and*
- child maintenance.

Unearned income that is specified and so *taken into account* includes:

- carer's allowance or carer support payment;
- contributory employment and support allowance;
- contribution-based jobseeker's allowance;
- maternity allowance;
- widowed parent's allowance;
- most payments of industrial injuries benefit;
- working tax credit;
- child tax credit (but only if the child it is paid for is included in your council tax reduction applicable amount);
- some student income;
- most pensions, including state pension;
- spousal maintenance;
- regular payments from capital, eg from an annuity;
- in some circumstances, instalments of capital payments;
- 'tariff income' from capital (see above); *and*
- 'relevant' UC payments (see below).

In general, the full amount of any unearned income that is taken into account counts for council tax reduction, but for some types of unearned income an amount is disregarded first.

'Relevant' payments of UC are those made for children (the child element, disabled child addition and childcare element) and the transitional element of UC paid if someone goes through 'managed migration' to UC. *Only* the amounts of these relevant payments included in the calculation of your UC award count as unearned income for council tax reduction. If the amount of UC you are actually paid is less than the total amount of these relevant payments, for example because other income has been deducted or the benefit cap applied, then the amount of UC you receive is treated as unearned income instead. *All other elements of UC are ignored*, including the transitional severe disability premium element.

## Example

Seema and Saul are a working age couple living in a rented house in Falkirk with their daughter Lara aged 8. Seema works 21 hours per week and earns £1092 a month. Saul is getting carer's allowance plus the carer's allowance supplement for looking after Lara who gets the middle care and higher mobility rates of child disability payment. Their rent is £100 a week. They get £1005.38 universal credit (UC) a month: it is made up of the couple standard allowance, child element, lower disabled child element, carer element and housing costs element. They also get child benefit and Scottish child payment. They have £800 savings.

The house is in council tax band B and their council tax bill excluding water and sewerage for 2024/25 is £20.40 a week. They have no non-dependents living with them, so their maximum council tax reduction is £20.40 a week.

Working through the steps above:

**Step one:** they have £800 capital, which is under both the 'upper' and 'lower' limits, so they are entitled to council tax reduction and are not treated as having any tariff income.

**Step two:** their applicable amount for council tax reduction is made up of:

- Couple personal allowance: £142.25
- Child premium: £104.05
- Disabled child premium: £80.01
- Carer premium: £45.60

Total £371.91

**Step three:** Seema's earnings count as income and work out as £252 a week. As Saul qualifies for the carer premium the first £20 is disregarded, leaving earned income of £232 that is taken into account.

Saul's carer's allowance, £81.90 a week, counts as unearned income in full but the carer's allowance supplement, child disability payment, child benefit and Scottish child payment are ignored. Only the child element and lower rate disabled child addition of UC are taken into account, totalling £112.95 a week. This gives a total unearned income from carer's allowance and 'relevant' UC payments of £194.85 that is taken into account.

Their total of earned and unearned income that is taken into account for council tax reduction is £426.85 a week.

**Step four:** Their weekly income exceeds their applicable amount by £54.94 (£426.85 - £371.91). Therefore, they do not get maximum council tax reduction, but it is only reduced by 20 per cent of the excess income. 20 per cent of £54.94 is £10.99, so they do get some council tax reduction: £20.40 - £10.99 = **£9.41 a week**. They still need to pay £10.99 a week council tax plus the water and sewerage charge out of their other income.

## Where to get advice and further information

Independent benefits advice is available from agencies such as a local Citizen Advice Bureau or law centre. Housing association tenants often have access to their own support staff and specialist welfare rights officers who can help. You can also search the [Advice Local](#) website for other agencies who can offer advice in your area.

If you are an adviser and need help with any benefits issues affecting those you support, you can contact CPAG in Scotland. **Scottish based advisers** can call 0141 552 0552 Monday to Thursday 10am to 4pm and Fridays 10am to 12 midday, or email [advice@cpagscotland.org.uk](mailto:advice@cpagscotland.org.uk). **If your questions are about your own benefit entitlement, we cannot help you but see above for the other agencies who may be able to.**

Note that CPAG does not currently cover council tax reduction entitlement in detail in any of its handbooks. However, the legislation and commentary can be found in CPAG's [Housing Benefit and Council Tax Reduction Legislation](#) book. See also [Council Tax Reduction](#) in the [Scottish benefits](#) section of CPAG's website .

Warning! The information in this factsheet is correct at the date produced. However, benefit law changes often and so will need updating after some time.

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