

# Council Tax Rebate

## Why the amount you get in 2016/17 may change

### Introduction

Council Tax Rebate (CTR) is a means-tested discount to help people on low incomes pay their Council Tax. It is a local scheme run by West Somerset Council that replaced Council Tax Benefit. No money is paid to the people who claim it. Instead, we reduce their Council Tax bill by the amount of support they are entitled to. When the Government ended the Council Tax Benefit scheme, they gave responsibility for designing and administering CTR to Local Authorities. At the same time, the Government made Local Authorities responsible for funding CTR, but reduced the finance available.

Until 31 March 2016, our CTR Scheme has broadly followed the principles and rules that applied to Council Tax Benefit. However, from 1 April 2016, we need to revise CTR because of reductions to the Council's funding that has put pressure on local services. As funding reductions are likely to continue until the end of the decade, the Council needed to strike a balance between a CTR Scheme that is affordable and fair, not only for who receive CTR, but also residents that depend on wider services.

Last year we carried out consultation on proposals to change the CTR scheme for people of working age. The Council carefully considered the consultation results and the effects that changes would have in deciding our CTR Scheme for 2016/17. The changes to our scheme are shown below.

### These changes do **NOT** affect people of pensionable age

#### Limit CTR to a maximum of 85% of a Band C property

The Valuation Office Agency put each property in a valuation band based on its value as at April 1991. This band decides the amount of Council Tax payable. There are eight Council Tax bands - A is the lowest band and H is the highest. Until now, we have worked out CTR based on the Council Tax Band of the property the applicant lives in, regardless of whether that band is A or H.

From 1 April 2016, we have changed our scheme so we pay CTR at a level that would be no more than for a Band C property. If you live in a property that is either Band D, E, F, G or H, we work out your CTR based on the Council Tax that would be payable if you lived in a Band C property. The maximum CTR you can get is 85% of the Council Tax payable for a Band C property. If you live in a Band A, B or C property you are not affected by this change.

#### Reducing the Capital Limit

Until 1 April 2016, if you have savings and investments of more than £16,000 you were not entitled to any Housing Benefit or CTR. From 1 April 2016 we have reduced the limit for CTR to £6,000.

Only working-age applicants with at least £6,000 in savings are affected. Residents who have less savings are not affected. If you have more than £6,000 in savings, you will not get any CTR.

#### Disregard maintenance payments received for children

When we worked out income for CTR we used to include maintenance that is received for children. This was different from Housing Benefit rules, where we ignore (disregard) child maintenance. From 1 April 2016, if you receive maintenance for your children, we will disregard it when we work out your income for CTR. This will mean you may get extra help towards your Council Tax in 2016/17.



## Setting a Minimum Income for Self-Employed People

Currently when we work out earned income for self-employed applicants, we base it on an assessment of the income and expenditure of the business. We will continue to assess self-employed income in this way for Housing Benefit, but we have changed how we work out this income for Council Tax Rebate.

If you are self-employed, and your business has been running for more than 12 months, we will use a 'Minimum Income Floor (MIF). The MIF is an assumed level of earnings. This is based on what we would expect an employed person to receive in similar circumstances.

We work out the MIF by using the National Living Wage for your age group, multiplied by the number of hours you are expected to look for and be available for work. We will usually expect you to be working at least 35 hours a week as a self-employed person. If your self-employed earnings are below the MIF, we will use the MIF to work out your CTR instead of your actual earnings. We will make a notional deduction for tax and National Insurance.

We would not apply the MIF for a designated start-up period of one year to allow the business to become established. We would allow one start-up period in 5 years to allow you to start up a different trade, profession or vocation from that carried out previously.

If you are limited in the hours you can work, we may be able to work out the MIF proportionately, but we need to be satisfied that based on your circumstances, it would not be possible for you to work at least 35 hours a week.

If you are aged 25 or older, from 1 April 2016, the adult National Living Wage is £7.20 an hour. The rate for 21 to 24 years olds is £6.70, while if you are 18 to 20, it is £5.30 an hour. For most people under 18 years old, the rate is £3.87 an hour.



### For more help and advice contact the Revenues and Benefits Service:

**Telephone:** 01643 703704 (lines open Monday -Thursday 8.30am - 5.00pm, Friday 8.30am - 4.30pm)

**Email:** [revenues@westsomerset.gov.uk](mailto:revenues@westsomerset.gov.uk)

**In person:** West Somerset House, Killick Way, Williton, TAUNTON, TA4 4QA  
Monday -Thursday 8.30am - 5.00pm, Friday 9.30am - 4.30pm

or Customer Centre, 1-3 Summerland Avenue, MINEHEAD, TA24 5BP  
Monday -Thursday 9.00am -12.30 pm and 1.30pm - 5.00pm  
Friday 9.30am - 12.30 pm & 1.30pm - 4.30pm

**Download:** Forms, factsheets and information from our website at [www.westsomersetonline.gov.uk](http://www.westsomersetonline.gov.uk)



If you need this document in another language or format, such as large print, audio cassette or Braille, please call: 01643 703704 or e-mail: [benefits@westsomerset.gov.uk](mailto:benefits@westsomerset.gov.uk)