

## *Second adult rebate - unusual cases - examples involving better buy comparisons*

Note: You will not come across claims of this type very often. However, the following examples serve to illustrate how such claims should be assessed if they are encountered. In these examples the 2003 - 04 benefit rates are used throughout. Therefore, a 366 day year has been assumed.

Example 1 Annual council tax liability is £300

Single liable householder who is a full time student and shares his home with his brother, who receives IS. The liable householder has claimed CTB to assist with his 75% liability, but has been refused benefit, since he is a full-time student and is not in a vulnerable group. The authority will need to consider whether entitlement to a second adult rebate arises in respect of his brother.

A	Annual council tax liability	£300.00
B	25% discount awarded by billing section, since only one non-discounted person resides in the dwelling	£75.00
C	Annual council tax liability after the award of a discount	£225.00
D	Daily council tax for second adult rebate purposes	£0.819672

Note: The daily council tax liability for the purposes of calculating second adult rebate is derived from the gross annual liability (£300), before the award of the discount.

E	Daily alternative maximum CTB when the second adult gets Income Support (IS), ie 25% of D	£0.204918
F	The unrounded daily benefit figure arrived in E is annualised and deducted from annual liability.	

Note: The annualised second adult rebate figure is £75. This reduces the council tax bill to £150 (50% of the gross bill). If the liable householder in this example had been severely mentally impaired instead of a student, and lived alone, two 25% discounts would have reduced the council tax bill to £150.00. If a second adult on IS began residing in his home the award of second adult rebate would be calculated using the gross council tax liability, which would reduce the annual liability once again to £150.

A dwelling occupied exclusively by students will, of course, be an exempt property.

Annex E

Example 2 Annual council tax liability is £500

An unmarried couple who are jointly and severally liable for the council tax have a grown up son living with them, who works full-time.

One of the jointly and severally liable partners is a student.

The couple have a high income and do not wish to claim Council Tax Benefit. They claim a second adult rebate in respect of their son.

A	Annual council tax liability:	£500.00
B	Daily council tax liability	£1.366120
C	Second adult's gross income earnings	£102.00
D	Alternative maximum Council Tax Benefit when second adult's gross income is up to £137 a week, ie 15% of B	£0.204918
E	The unrounded daily benefit figure arrived at in D is annualised and deducted from the annual council tax liability.	

Note: Annual benefit in this case is £75.00

Example 3 Annual council tax liability for the dwelling is £500

Two joint owners are jointly and severally liable for the council tax. They have a friend living in their home who is aged 20 and is on a low income. One of the joint owners falls to be disregarded for discount purposes because he is a full-time student. He is also a disabled person. The other joint owner works part-time. The joint owners are not married or living together as husband and wife. Both of the joint owners make a claim for Council Tax Benefit including second adult rebate. A better buy calculation may be necessary in one, or both cases, on the basis of apportioned liability.

Authorities will need to consider each claim separately.

Claim I: Disabled student joint owner aged over 25 years

The authority first determines the entitlement to CTB.

A	Annual council tax liability is equally apportioned between the two joint owners		£275.00
B	Daily apportioned council tax liability		£0.7513661
	Weekly apportioned council tax liability		£5.2595627
C	Applicable amount		
	Personal allowance	£54.65	
	Disability premium	£23.30	
	Total		£77.95
D	Gross weekly income		
	Incapacity Benefit (IB)	£72.15	
	Incapacity Allowance (Transitional)	£15.15	
	Income from capital	£12.00	
	DLA middle care rate component	£38.30	
	Total		£137.60
E	Gross weekly income disregarded DLA		£38.30
	Net weekly income		£99.30
F	Weekly excess income (E – C)		£21.35
G	Apply taper (20% of F)		£4.27
H	Weekly apportioned CTB entitlement, before deduction for non-dependants (B – G)		£0.9895627

continued

Annex E

Note: In this case the local authority has decided that the non-dependent friend is the non-dependant of the working claimant only. Therefore, only the working claimant's maximum CTB will be subject to a non-dependant deduction of £2.30 a week since the non-dependant is not in remunerative work, see *Claim II*.

The LA could have decided the friend was a non-dependant of both claimants, in which case the non-dependant deduction would have been apportioned equally between them.

I	The appropriate weekly non-dependant deduction is:	£0.00
J	Weekly apportioned CTB entitlement (H – I)	£0.9895627
K	Daily apportioned Council Tax Benefit entitlement (J ÷ 7)	£0.1413661
L	The daily apportioned Council Tax Benefit figure, is less than 25% of the daily apportioned council tax liability shown in B. Therefore a better buy comparison is needed.	

The local authority will now need to determine the first joint owner's apportioned entitlement to second adult rebate.

M	Annual council tax liability	£550.00
N	Daily council tax liability	£1.5027322
O	Second adult's gross weekly income Earnings	£90.00
P	Daily alternative maximum CTB when second adult's gross weekly income falls below £137 (15% of N)	£0.2254098
Q	Apportioned daily second adult rebate (P ÷ 2)	£0.1127049

Better buy comparison

Daily apportioned entitlement to CTB	£0.1413661
Daily apportioned entitlement to second adult rebate is	£0.1127049

Entitlement to CTB is higher than the entitlement to second adult rebate and must be awarded.

R	The unrounded higher daily benefit figure arrived at in Q is annualised and deducted from the annual council tax liability.
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Note: Annual benefit for this claim will be £41.25