

### **Key features of Council Tax Benefit**

Council Tax Benefit is an income related social security benefit which may be claimed by an eligible individual who is liable to pay council tax in respect of their sole or main residence and who has submitted a claim to the relevant local authority. It may be payable to people with either sole or joint liability.

Although Council Tax Benefit is a national benefit with policy and rules set by central Government, it is administered by local authorities in England, Scotland and Wales. Administration is linked closely to the council tax billing arrangements and usually takes the form of a reduction to the council tax a person would otherwise be liable to pay. Council tax is a devolved matter in Scotland and Wales, whereas Council Tax Benefit is reserved to the UK Government.

The amount of Council Tax Benefit entitlement is calculated on a weekly basis according to a person's daily liability for council tax after deducting any disability reductions, discount or transitional relief. Entitlement takes into account the means of the person claiming and their partner.

The means test for Council Tax Benefit follows the rules for the income related benefits (Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or the guarantee credit of Pension Credit) and is based on a system of applicable amounts for living expenses set according to the circumstances of the family unit.

The person's applicable amount is compared to their income and capital, including that belonging to any partner. People with income at, or below, the level of the applicable amount are entitled to maximum Council Tax Benefit. This is the whole of their weekly eligible council tax less any set contributions assumed in respect of non-dependant adults who live in the household but are not themselves liable for council tax. People who are not claiming income related benefits, including people who are working may get Council Tax Benefit subject to an income taper. The amount of income which exceeds the applicable amount is taken into account against council tax liability by 20 pence for every one pound of excess income.

In Council Tax Benefit there is a lower capital limit – £6,000 for people of working age and £10,000 pension age – above which an assumed income is taken into account. Council tax benefit is not payable to people with capital above the upper limit of £16,000 unless they are entitled to one of the income-related benefits.

Alternative maximum Council Tax Benefit, more commonly known as the 'Second Adult Rebate', may be awarded to the claimant if they would be better off with this than with council tax benefit under the main rules. Second Adult Rebate may apply when the claimant as the owner or tenant of a property shares their home with a non-dependant person(s) (aged 18 or over) who has no responsibility to pay council tax and is not on the list of disregarded persons. The amount is based on the gross income of the non-dependant person(s) excluding any income related benefits, Attendance Allowance or Disability Allowance. The claimant's own income is ignored. The maximum amount of Second Adult Rebate is limited to 25 per cent of council tax liability.