

Summary of the Scheme

The Council Tax Reduction Scheme takes all its principal elements from the Council Tax Benefit scheme it replaces. It is a “means tested reduction” but it exists outside the legal framework for other Social Security benefits.

As such the new scheme compares an applicant’s “needs” with regard to age, disability and responsibility for a partner, children, or as a carer to their assessable income and capital. There are disregards from earned income and of some disability benefits, and the capital limit is £16, 000

Applicants with an income in excess of their needs will have their maximum Council Tax Reduction withdrawn at the rate of 20%.

The principal difference to CTB is that the maximum Council Tax Reduction available is limited to 90%, meaning that all applicants, even those on the lowest of income will have to pay at least 10% of their Council Tax bill.