

SCHEDULE 3

FINANCIAL ASSESSMENT

PART II

PARENTAL CONTRIBUTION

Definitions and construction of Part II

2.—(1) In this Part –

“child” includes a step-child but, except in paragraph 4, does not include a child who holds a statutory award and, except as otherwise provided by paragraph 5, “parent” shall be construed accordingly;

“financial year” means the period of 12 months for which the income of the eligible student’s parent is computed for the purposes of the income tax legislation which applies to it;

“gross income” has the meaning assigned to it by paragraph 5;

“income of the student’s parent” means the taxable income of the parent from all sources computed as for the purposes of the Income Tax Acts or as for the purposes of the income tax legislation of another Member State of the European Community which applies to the parent’s income, or where the legislation of more than one applies in respect of the same period, as for the purposes of the legislation pursuant to which the Department considers that the parent will pay the largest amount of tax in that period, except as otherwise provided by paragraph 5 or 6;

“residual income” means, subject to sub-paragraph (2), the balance of gross income remaining in any year after the deductions specified in paragraph 6 have been made.

(2) Where, in a case not falling within paragraph 5(3) or (4), the Department is satisfied that the income of the parent in any financial year is as a result of some event beyond his control likely to be, and to continue after that year to be, not more than 85 per cent of his income in the financial year preceding that year, he may, for the purpose of enabling the eligible student to attend the course without hardship, ascertain the parental contribution for the year of his course in which that event occurred by taking as the residual income the average of the residual income for each of the financial years in which that year falls.

(3) Where the eligible student’s parent satisfies the Department that his income is wholly or mainly derived from the profits of a business or profession carried on by him, then, if the Department and the parent so agree, any reference in this Part to a financial year shall be construed as a reference to a year ending with such date as appears to the Department expedient having regard to the accounts kept in respect of that business or profession and the periods covered thereby.

(4) Where a parent is in receipt of any income which does not form part of his taxable income by reason only that—

- (a) he is not resident, ordinarily resident or domiciled in the United Kingdom, or where the parent’s income is computed as for the purposes of the income tax legislation of another Member State of the European Community, not so resident, ordinarily resident or domiciled in that Member State;
- (b) the income does not arise in the United Kingdom, or where the parent’s income is computed as for the purposes of the income tax legislation of another Member State, does not arise in that Member State; or
- (c) the income arises from an office, service or employment, income from which is exempt from tax in pursuance of any legislation, his income for the purposes of this Part shall

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be computed as though the income first mentioned in this sub-paragraph were part of his taxable income.

(5) Where the income of the eligible student's parent is computed as for the purposes of the income tax legislation of another Member State –

- (a) it shall be computed in the currency of that Member State;
- (b) the value of any deduction mentioned in paragraph 6(2) shall be the amount of that currency required to purchase the sterling value of the deduction; and
- (c) the value of the sterling which the income of the eligible student's parent in that currency would purchase shall be determined, and shall constitute the income of the student's parent for the purposes of this Part.

(6) The rate applied in determining the sterling value of another currency under sub-paragraph (5) shall be the rate for the month in which the last day of the financial year in question falls published by the Office for National Statistics in "Financial Statistics".