

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".

Application of Part II

3.—(1) A parental contribution ascertained in accordance with this Part shall be applicable in the case of every eligible student except where –

- (a) he is aged 25 or over on the first day of the academic year in respect of which the contribution is applicable;
- (b) he has supported himself out of his earnings for periods before the first academic year of the course aggregating not less than three years;
- (c) he has been married before the beginning of the academic year in respect of which the contribution is applicable, whether or not the marriage is still subsisting;
- (d) he has no parent living;
- (e) the Department is satisfied that his parents cannot be found or that it is not reasonably practicable to get in touch with them;
- (f) he is irreconcilably estranged from his parents;
- (g) he has pursuant to an order of a competent court been in the custody or care of or has been provided with accommodation by –
 - (i) a state authority or agency, national, regional or local,
 - (ii) a voluntary or charitable organisation, or
 - (iii) any person who is not the student's parent,

throughout any three month period ending on a date on or after the date on which he attains the age of 16 and before the first day of his course; provided that he has not at any time from the beginning of the three month period to the first day of his course in fact been under the charge or control of his parents;

- (h) his parents are residing outside the European Community and the Department is satisfied either that –
 - (i) the assessment of a parental contribution would place those parents in jeopardy; or
 - (ii) it would not be reasonably practicable for those parents to send any such contribution to the United Kingdom;
- (i) paragraph 5(7) applies and the parent whom the Department considered the more appropriate for the purposes of that sub-paragraph has died;
- (j) he is a member of a religious order who resides in a house of his order.

(2) For the purposes of sub-paragraph (1)(b) an eligible student shall be treated as having supported himself out of his earnings for any period or periods for which –

- (a) he was participating in arrangements for training for the unemployed under any scheme operated by, sponsored or funded by any state authority or agency, national, regional or local;
- (b) the student was in receipt of benefit payable by any state authority or agency, national, regional or local, in respect of a person who is available for employment but who is unemployed;
- (c) the student was available for employment and had complied with any requirement of registration imposed by a body referred to in paragraph (a) or (b) as a condition of entitlement for participation in arrangements for training or receipt of benefit;
- (d) the student held a State Studentship or comparable award;
- (e) the student received any pension, allowance or other benefit paid by reason of a disability to which he is subject, or by reason of confinement, injury or sickness, paid by any state authority or agency, national, regional or local, by an employer or any former employer, or by any other person; or
- (f) the student could not reasonably have been expected to support himself out of his earnings because he had the care of a person under the age of 18 years who was wholly or mainly financially dependent upon him.

(3) For the purposes of sub-paragraph (1)(f) an eligible student shall be regarded as irreconcilably estranged from his parents if, but not only if, he has communicated with neither of them for the period of one year before the beginning of the year for which payments in pursuance of his support fall to be made.

Parental contribution

4.—(1) In any case in which the residual income is £20,970 or more the parental contribution shall subject to sub-paragraphs (2) to (6) be £45 with the addition of £1 for every complete £12.50 by which the residual income exceeds £20,970, reduced in each case in respect of each child of the parent (other than the eligible student) who is wholly or mainly financially dependent on him on the first day of the year for which the contribution falls to be ascertained, by £83; and in any case in which the residual income is less than £20,970 the parental contribution shall be nil.

(2) For the purposes of this paragraph –

- (a) the amount or (where a contribution is ascertained in respect of more than one child of the eligible student's parent) the aggregate amount of the parental contribution shall in no case exceed £7,353; and
- (b) where a contribution is ascertained in respect of more than one child of the eligible student's parent the aggregate of the contributions shall not exceed the contribution that would be ascertained if only one child held an award or, if that amount is different in respect of each child, the lower or (as the case may be) lowest such amount.

(3) For any year in which a statutory award other than one referred to in sub-paragraph (4) is held by –

- (a) more than one child of the eligible student's parent;
- (b) the parent; or
- (c) the student's step-parent,

the parental contribution in respect of the eligible student shall be such proportion of any contribution ascertained in accordance with this Part as the Department (after consultation with any other authority involved) considers just.

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(4) For any year in which a statutory award under these Regulations, the Education (Students Awards) Regulations (Northern Ireland) 2002(1), the 1986 Order or section 63 of the Health Services and Public Health Act 1968 but no other statutory award is held by –

- (a) more than one child of the eligible student’s parent;
- (b) his parent; or
- (c) his step-parent,

the parental contribution in respect of the eligible student shall subject to sub-paragraphs (5) and (6) be such proportion of any contribution ascertained in accordance with this Part as is equal to the proportion in respect of the other or (as the case may be) each other statutory award holder.

(5) Subject to sub-paragraph (6), if by apportioning the parental contribution in accordance with sub-paragraph (4) it would not all apply to statutory awards and one or more statutory award holders would hold any statutory award to which it could have applied but for the apportionment, the parental contribution shall instead apply –

- (a) first to the statutory award of (or as the case may be) each statutory award holder eligible for the smallest aggregate amount of statutory award to which the contribution may apply, and
- (b) then to the statutory award of the remaining statutory award holder or, if there is more than one remaining statutory award holder, equally to the statutory award of each.

(6) If by apportioning the parental contribution equally in accordance with sub-paragraph (5)(b) –

- (a) it would not all apply, and
- (b) one or more remaining statutory award holders would hold any statutory award to which it could have applied but for the apportionment

it shall instead apply first to the statutory award of (or as the case may be) each remaining statutory award holder eligible for the next smallest aggregate amount of statutory award to which it may apply until the balance can be apportioned equally without any remaining statutory award holder holding any statutory award to which it could have applied but for the apportionment.

Gross income

5.—(1) For the purposes of this paragraph “preceding financial year” means the financial year preceding the academic year in respect of which the resources of the eligible student fall to be assessed and “current financial year” means the financial year which includes the first day of the academic year; provided that where references to a financial year fall to be construed in accordance with paragraph 2(3) as references to a year ending less than five months before the beginning of an academic year of the eligible student’s course, “preceding financial year” shall mean the financial year last ending five or more months before the academic year in respect of which the resources of the eligible student fall to be assessed and “current financial year” shall mean the financial year ending within those five months.

(2) Subject to the provisions of this paragraph, “gross income” means the income of the student’s parent in the preceding financial year or, for the purpose of calculating residual income under paragraph 2(2), in the financial year there mentioned.

(3) Where the Department is satisfied that the sterling value of the income of the student’s parent in the current financial year is likely to be not more than 85 per cent. of the sterling value of his income for the preceding financial year, it may for the purpose of calculating the parental contribution ascertain the gross income by reference to the current financial year; and, in such case, sub-paragraph (2) shall have effect, in relation to the academic year in respect of which the eligible

(1) [S.R. 2002 No. 265](#)

student's resources fall to be assessed and, if the Department so determines, any subsequent year, as if the reference therein to the preceding financial year were a reference to the current financial year.

(4) Where –

- (a) one of the eligible student's parents dies either before or during the year in respect of which the resources of the student fall to be ascertained ("the relevant year"); and
- (b) that parent's income has been or would be taken into account for the purpose of determining the parental contribution,

the parental contribution shall –

- (c) where the parent dies before the relevant year, be determined by reference to the income of the surviving parent; or
- (d) where the parent dies during the relevant year, be the aggregate of—
 - (i) the appropriate proportion of the contribution determined by reference to the income of both parents, that is to say such proportion thereof as the part of the relevant year during which both parents were alive bears to the full year; and
 - (ii) the appropriate proportion of the contribution determined by reference to the income of the surviving parent, that is to say such proportion thereof as the part of the relevant year remaining after the parent dies bears to the full year.

(5) Without prejudice to sub-paragraph (6), where, in pursuance of any trust deed or other instrument or by virtue of any applicable legislation any income is applied by any person for or towards the maintenance, education or other benefit of the eligible student or of any person dependent on the student's parent, or payments made to his parent are required to be so applied, that income, or those payments, shall be treated as part of the gross income of the parent.

(6) Where any such benefit as is mentioned in paragraph 1(1)(b) of Part I is provided, by reason of the parent's employment, for any member of his family or household who is an eligible student (whether the student or some other such member) then that benefit shall not be treated as part of the gross income of the parent.

(7) Where the parents do not ordinarily live together throughout the year in respect of which the resources of the eligible student fall to be ascertained ("the relevant year"), the parental contribution shall be determined by reference to the income of whichever parent the Department considers the more appropriate in the circumstances.

(8) Where the parents do not ordinarily live together for part only of the relevant year, the parental contribution shall be the aggregate of –

- (a) the appropriate proportion of the contribution determined as provided in sub-paragraph (7), that is to say such proportion thereof as the part of the relevant year for which the parents do not so live together bears to the full year; and
- (b) the appropriate proportion of the contribution determined without regard to this sub-paragraph, that is to say, such proportion thereof as the part of the relevant year for which the parents so live together bears to the full year.

(9) Where one of the eligible student's parents is his step-parent the parental contribution shall be ascertained by reference only to the income of the other parent.

Deductions

6.—(1) For the purposes of determining the income of a student's parent (and, accordingly, the parent's gross income), in computing his taxable income as for the purposes of the Income Tax Acts or for the purposes of the income tax legislation of another Member State of the European Community any deductions which fall to be made or exemptions which are permitted –

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- (a) by way of personal reliefs provided for in Chapter I of Part VII of the Income and Corporation Taxes Act 1988(2), or where the parent's income is computed as for the purposes of the income tax legislation of another Member State, any comparable personal reliefs;
 - (b) in respect of any payment made by the parent under covenant;
 - (c) in pursuance of any legislation or rule of law with the effect that payments which for the purposes of the law of the United Kingdom are treated as income are not treated as income; or
 - (d) without prejudice as aforesaid, of a kind mentioned in sub-paragraph (2), shall not be made or permitted.
- (2) For the purpose of determining a parent's residual income there shall be deducted from his gross income –
- (a) in respect of any person, other than a spouse, child or eligible student, wholly or mainly financially dependent on the parent during the year for which the contribution falls to be ascertained, the amount by which £2,415 exceeds the income of that person in that year;
 - (b) the gross amount of any premium or sum relating to a pension (not being a premium payable under a policy of life insurance) in respect of which relief is given under section 266, 273, 619 or 639 of the Income and Corporation Taxes Act 1988, or where the parent's income is computed as for the purposes of the income tax legislation of another Member State, the gross amount of any such premium in respect of which relief would be given if that legislation made provision equivalent to the Income Tax Acts;
 - (c) where the parents ordinarily live together and one of them is incapacitated, or where the parent ordinarily lives with a person who is not the other parent of the eligible student, but that person is the husband or wife of the parent or lives with the parent as the parent's husband or wife, and one of them is incapacitated, so much of the cost in wages of domestic assistance as does not exceed £1,895, if the other parent or person described in this sub-paragraph is wholly or mainly financially dependent on the parent during the year for which the contribution falls to be ascertained;
 - (d) where the parent does not ordinarily live with the other parent or with another person as husband or wife or who is their husband or wife, and the parent is incapacitated, so much of the cost in wages of domestic assistance as does not exceed £1,895;
 - (e) in respect of additional expenditure incurred by reason of the fact that the parent lives in a place where the cost of living is higher than that cost in the United Kingdom, such sum (if any) as the Department considers reasonable in all the circumstances;
 - (f) in the case of a parent who is an eligible student or who holds a statutory award, £975;
 - (g) any payments made to the parent of the student in pursuance of an order of a competent court for the benefit of a child who is not his child of whom he has custody or care or for whom he provides accommodation;
 - (h) where the parent's income is computed as for the purposes of the income tax legislation of another Member State, sums equivalent to any amounts which would not be treated as taxable income if that legislation made provision equivalent to the Income Tax Acts.
- (3) In any case where income is computed as for the purposes of the Income Tax Acts by virtue of paragraph 2(4), there shall be deducted from the parent's gross income sums equivalent to the deduction mentioned in sub-paragraph (2)(b), provided that any sums so deducted shall not exceed the deduction that would be made if the whole of the parent's income were in fact taxable income for the purposes of the Income Tax Acts.

(2) 1988 c. 1

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