

SCHEDULES

SCHEDULE 36

FOSTER CARERS

PART 1

INTRODUCTION

Introductory

- 1 (1) This Schedule provides relief on income from the provision by an individual of foster care (see paragraph 4).
- (2) The form of relief available depends on whether his total foster care receipts (see paragraph 5) exceed his limit (see paragraphs 6 to 9).
- (3) If they do not, paragraph 10 provides for the income to be exempt from income tax.
- (4) If they do, the individual may elect for an alternative method of calculating the income (see paragraphs 11 to 14).

Individuals qualifying for relief

- 2 (1) An individual qualifies for relief under this Schedule for a year of assessment for which the following conditions are met.
- (2) The first condition is that the individual has foster care receipts (see paragraph 3).
- (3) The second condition is that the individual does not derive any taxable income, other than foster care receipts, from any relevant trade, profession or vocation, or from any relevant foster care arrangement.
- (4) For the purposes of sub-paragraph (3)—
 - (a) “taxable income” means receipts or other income in respect of which the individual is chargeable to tax for the year of assessment;
 - (b) a relevant trade, profession or vocation, or a relevant foster care arrangement, is one from which the individual derives any foster care receipts for that year.
- (5) In this Schedule, “foster care arrangement” means an arrangement by which an individual provides foster care otherwise than as part of a trade, profession or vocation carried on by that individual.

Meaning of “foster care receipts”

- 3 (1) For the purposes of this Schedule, receipts are “foster care receipts” of an individual for a year of assessment if—
 - (a) they are receipts in respect of the provision of foster care,

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- (b) apart from this Schedule, they would be chargeable—
 - (i) under Case I or II of Schedule D as the profits of a trade, profession or vocation, or
 - (ii) under Case VI of Schedule D as the profits of one or more foster care arrangements, and
 - (c) they accrue to the individual during the income period for those receipts specified below.
- (2) In the case of receipts which would, apart from this Schedule, be chargeable under Case I or II of Schedule D as the profits of a trade, profession or vocation, the income period for those receipts is the basis period of the trade, profession or vocation for the year of assessment (see sections 60 to 63 of the Taxes Act 1988).
- (3) In the case of receipts which would, apart from this Schedule, be chargeable under Case VI of Schedule D as the profits of one or more foster care arrangements, the income period for those receipts is the year of assessment.

Meaning of “provision of foster care”

- 4 (1) In this Schedule, the “provision of foster care” means the provision of accommodation and maintenance for a child by an individual who—
- (a) is a person falling within any of sub-paragraphs (2) to (4), and
 - (b) is not a person who is excluded by sub-paragraph (5).
- (2) A person falls within this sub-paragraph if he is a person with whom the child has been placed under—
- (a) section 23(2)(a) of the Children Act 1989 (c. 41) (provision of accommodation and maintenance for children by local authorities), or
 - (b) section 59(1)(a) of that Act (provision of accommodation for children by voluntary organisations).
- (3) A person falls within this sub-paragraph if—
- (a) he is a person who is approved as a foster carer by a local authority or a voluntary organisation in accordance with regulations under section 5 of the Social Work (Scotland) Act 1968 (c. 49) (as at 9th April 2003, see regulation 7 of the Fostering of Children (Scotland) Regulations 1996 (S.I. 1996/3263)) and is providing accommodation for the child who is being “looked after” by a local authority within the meaning of section 17(6) of the Children (Scotland) Act 1995 (c. 36), or
 - (b) he is a person with whom the child has been placed—
 - (i) under regulations under section 5 of the Social Work (Scotland) Act 1968 (as at 9th April 2003, see regulations 14 and 16 of the Fostering of Children (Scotland) Regulations 1996 (S.I. 1996/3263)), or
 - (ii) pursuant to a supervision requirement under section 70 of the Children (Scotland) Act 1995.
- (4) A person falls within this sub-paragraph if he is a person with whom the child has been placed under—
- (a) Article 27(2)(a) of the Children (Northern Ireland) Order 1995 (S.I. 1995/755 (N.I. 2)) (provision of accommodation and maintenance for children by authorities), or

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- (b) Article 75(1)(a) of that Order (provision of accommodation for children by voluntary organisations).
- (5) The persons who are excluded are—
- (a) a parent of the child;
 - (b) a person who is not a parent of the child but who has parental responsibility, or (in Scotland) parental responsibilities, in relation to the child;
 - (c) where the child is in care and there was a residence order in force with respect to him immediately before the care order was made, a person in whose favour the residence order was made;
 - (d) in Scotland, where the child is in care and there was a residence order or a contact order in force with respect to him immediately before he was placed in care, a person in whose favour the residence order or contact order was made.

Meaning of “total foster care receipts”

- 5
- (1) For the purposes of this Schedule, an individual’s “total foster care receipts” for a year of assessment or (as the case may be) a period of account are all of the individual’s foster care receipts for that year or period.
 - (2) In calculating an individual’s total foster care receipts, no deduction is allowed for any expenses or any other matter.

The individual’s limit

- 6
- The individual’s limit for a year of assessment is the total of—
- (a) the individual’s share of the fixed amount for that year (see paragraph 7), and
 - (b) each amount per child for that individual for that year (see paragraph 8).

The individual’s share of the fixed amount

- 7
- (1) The fixed amount is £10,000.
 - (2) If, in a year of assessment, no adjustment falls to be made in the case of an individual—
 - (a) under sub-paragraph (3), or
 - (b) under sub-paragraph (4),the individual’s share of the fixed amount for that year is the fixed amount.
 - (3) If, in a year of assessment,—
 - (a) the residence used to provide the foster care from which an individual’s foster care receipts for that year are derived is also used by one or more other individuals for the provision of foster care, and
 - (b) that other individual, or those other individuals, also have foster care receipts for that year,each individual’s share of the fixed amount for that year is that amount divided by the total number of individuals who use the residence in that year for the provision of foster care and have foster care receipts for that year.

This sub-paragraph is subject to sub-paragraph (4).

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- (4) If, in a year of assessment, the individual's income period for his foster care receipts is a period other than a year, the individual's share of the fixed amount for that year of assessment is found by multiplying the amount that would be his share (apart from this sub-paragraph) by—

$$\frac{D}{365}$$

where D is the number of days in the individual's income period.

- (5) In this paragraph “residence” means—
- (a) a building, or part of a building, which is occupied or intended to be occupied as a separate residence, or
 - (b) a caravan or houseboat.
- (6) If a building or part of a building is designed for permanent use as a single residence, but is temporarily divided into two or more separate residences, it is still treated as a single residence.

The amount per child

- 8 (1) An individual's amount per child for a year of assessment is found by multiplying—
- (a) the number of weeks during the income period for that year in which the individual provides foster care for that child, by
 - (b) the weekly amount for that child.
- (2) The weekly amount for a child is—
- (a) £200 for a week throughout which the child is under 11 years old, and
 - (b) £250 for a week—
 - (i) in which the child reaches the age of 11, or
 - (ii) throughout which the child is 11 years old or over.
- (3) Where in the case of any week an individual provides foster care for a child during an income period for part only of the week, that part of a week counts as a whole week for the purposes of this paragraph.
- (4) Where an income period begins or ends during a week, that week is to be counted for the purposes of this paragraph as falling within the income period which ends during the week (unless there is no such income period, in which case it falls within the income period which begins during the week).
- (5) In this paragraph “week” means any period of seven days beginning with a Monday.

Power to alter amounts

- 9 The Treasury may by order amend the amounts for the time being specified in paragraph 7(1) and 8(2).