

Incapacity Benefit and Severe Disablement Allowance (ref 16)

- 1.** Incapacity Benefit (IB) and Severe Disablement Allowance (SDA) can be paid to people who are incapable of working because of illness or disability.
- 2.** SDA was abolished for new claimants on 6.4.01. People who were entitled to SDA at that time will continue to be eligible to fulfill the criteria for entitlement, e.g. they remain unable to work full-time and do not earn more than £88.50 per week from part-time work, etc. See our *Quick Brief* on [Earnings from Permitted Work](#) (ref 11).
- 3.** There are complex rules for deciding whether people can look to past periods of incapacity to create an entitlement to SDA. If someone had periods when they were incapable of work that pre-date April 2001, they should seek further advice to see if they are eligible to claim SDA.
- 4.** Anyone who was aged under 20 on 5.4.01 and was receiving SDA, will have had this changed to IB in April 2002. People who were older than this will retain SDA.
- 5.** Entitlement to IB usually depends on past payments of National Insurance, either as an employed person or as self-employed.
- 6.** Even if people have not paid National Insurance (for example because they have always been disabled and unable to work), they can still be entitled to IB. These rules constitute a replacement for the old SDA, which itself was not contribution based.
- 7.** The following criteria have to be met for people to qualify for IB for the first time -
 - the person must be 16 or over;
 - they must be aged under 20 at the start of their period of incapacity for work;
 - if they are in education or training this upper age limit increases to 25;
 - they have been incapable of work for a continuous period of 196 days immediately before the first day the award starts;
 - they remain incapable of work; and
 - they satisfy residence and presence conditions (this mainly affects people who are subject to immigration control)
- 8.** The rules which affect disabled people up to the age of 25 in education are complex, and anyone in this position should seek further advice.
- 9.** IB is paid at various rates, which increase as the claim runs on. After a year, the 'long-term' rate is payable.
- 10.** The first 28 weeks payment of IB is non-taxable. Thereafter IB becomes taxable income.

If you require further information or have other queries contact Housing Options.

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Although we try to ensure that statements as to the law and other facts are accurate this report gives general guidance and does not aim to cater for individual cases. Housing Options and our sponsors cannot accept responsibility for any loss incurred as a result of relying on such statements, specific advice should always be obtained on individual cases.

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