

Tax Credits Guidance

What are tax credits?

Tax Credits are payments from the Government that provide extra money to people responsible for children and/or workers on lower incomes. They can also help pay towards registered childcare costs. There are two types of Tax Credit:

- Child Tax Credit - which supports families with children
- Working Tax Credit - for working people on a low income.

The amount of Tax Credit you receive depends on your individual circumstances, including:

- your age
- your household income
- how many children live with you
- if you work and how many hours you work
- if you pay for registered childcare
- if you or anyone in your household has a disability.

Tax Credits are normally based on your current personal circumstances, however they are usually calculated using your income from the previous tax year. For the tax year 6 April 2018 to 5 April 2019 this is your taxable income for the financial year ending 5 April 2018. You will find this information on your latest P60. If your income has risen or will rise by more than £2,500 between the two tax years then you must inform Tax Credits and they will recalculate you award based on your current year' income.

To qualify for Tax Credits you must be aged 16 or over and usually live in the UK. Some people may be eligible even if they don't live in the UK, for example, you live in another country in the European Economic Area but work in the UK. For full eligibility criteria see the Government's guidance: www.gov.uk/browse/benefits/tax-credits

CHILD TAX CREDIT

Can you get Child Tax Credit?

Child Tax Credit is a payment to support families with children. You can get Child Tax Credit if your income is low enough, or if you are not working, and you are responsible for at least one child who is:

- under 16
- under 20 and in full-time education or approved training.

You can continue to receive Child Tax Credit up to the 31 August after their 16th birthday, or up to their 20th birthday if they are in full-time education or approved training.

How much could you be entitled to?

The amount of Child Tax Credit you get depends on a range of factors including:

- your income
- any other benefits that you are in receipt of
- whether your child has a disability
- how many children are living with you.

Child Tax Credit contains several elements. The maximum value of each element is listed in the table below, however the actual amount you get depends on a range of factors and may be considerably less than the maximum. For example, if the household has income of over £6,420 per annum the taper rate (reduction rate) is 41% of remaining income so, for most households, the figures in the table will be significantly reduced. If the household doesn't meet the Working Tax Credit rules the amount that can be earned is £16,105 before the 41% reduction takes place.

Element	Maximum annual amount for 2018/19
Family Element (from 6 April 2017, you will only get the family element if you're responsible for a child born before that date)	£545
Child Element (paid for each child or qualifying young person)	£2,780
Disabled Child Element (paid in addition to the child element)	£3,275
Severely Disabled Child Element (paid in addition to the child and disability elements)	£1,325

From 6 April 2017, most people will only get the child element of Child Tax Credit for **up to two children**. You'll still be able to claim it for more than two children if they were born before 6 April 2017. There will be some exceptions where parents face particular circumstances, such as multiple births. You'll still be able to claim the disabled child premium for any of your children who are eligible to get it.

It is important to remember that the Benefit Cap limits the amount of benefit that most people aged 16 to 64 can get. Some individual benefits aren't affected, but it may affect the total amount of benefit you get.

From April 2017, new claimants who only have responsibility for a child born after 6 April will no longer be able to claim the family element of Child Tax Credits, worth £545 per year.

Your child lives with more than one person

Only one household can claim Child Tax Credit for a child. Therefore, if there are shared living arrangements, you will have to decide who claims Child Tax Credit for that child. You can't claim Child Tax Credit if your child doesn't live with you at all, even if you are paying maintenance.

Adoptive parents and foster parents

If your Health and Social Care Trust (HSCT) or local authority has placed a child with you for adoption or fostering, you can claim Child Tax Credit for them as long as you are not getting any form of payment from that HSCT or local authority. If you are receiving payment, you should contact the Tax Credit Helpline on 0345 300 3900 to find out if you can make a claim.

Up to how much can you earn to be eligible for Child Tax Credit?

When you apply for Child Tax Credit, the Tax Credit Office will take into account your circumstances including the birth date of your child (and those of your partner, if applicable) when deciding how much you're entitled to. The figures below give you a rough idea of the upper annual household income limits for getting Child Tax Credit, depending on the number of children you have:

- **One child:** £26,000
- **Two children :** £33,000

It is important to note that these figures are a guide only. Depending on your circumstances, such as having a child with a disability, you may still qualify if your household income is higher.

WORKING TAX CREDIT

If you are working, you may be eligible to get Working Tax Credits if you are on a low income. It doesn't matter whether you are working for someone else or you are self-employed. Working Tax Credit is predominately based on your **earnings** and **how many hours you work** each week. Please note the income thresholds stated in the previous section may be significantly higher if you have registered childcare costs or if you are a worker with a disability.

You do not have to have any children to qualify, however the rules are different for those that do have children and those that don't.

Do you qualify?

The number of hours that you must work per week to be eligible for Working Tax Credit depends on your individual circumstances.

If you're single, or in a couple, and have no children, you qualify if:

- You are aged 25 or over and work at least 30 hours per week.
- You have a disability, are aged 16 or over, and work at least 16 hours per week.
- You are aged 60 or over and work at least 16 hours per week.

If you are single, and have at least one child, you qualify if:

- You are aged 16 or over and you work at least 16 hours per week.

If you're in a couple, and you are responsible for a child or young person, you qualify if:

- You are both aged 16 or over, either you or your partner work at least 16 hours per week, and the two of you work at least 24 hours per week between you in total.
- You are both aged 16 or over, one of you works at least 16 hours per week, is disabled and is in receipt of a qualifying benefit.
- You are both aged 16 or over, one of you works at least 16 hours per week, and the other partner is a hospital in-patient or entitled to Carer's Allowance or in prison or gets certain disability benefits.
- One of you is aged 60 or over and working at least 16 hours per week.

How much are you entitled to?

Working Tax Credit contains several elements. The maximum value of each element is listed in the table below. The actual amount you get depends on a range of factors, including your income, how many hours you work, and your personal circumstances, and may be considerably less than the maximum.

Element	Maximum annual amount for 2018/19
Basic element (one per single person or couple)	£1,960
Couple and lone parent element (paid in addition to basic element)	£2,010
30 hour element (paid in addition to other elements, only one allowed per couple)	£810
Disabled worker element (paid in addition to other elements)	£3,090
Severe disability element (paid in addition to other elements)	£1,330

Maternity, Paternity, Shared Parental or Adoption Leave

If you are on Maternity, Paternity or Adoption Leave, you may be able to claim Working Tax Credit as long as, immediately before you went on leave, you and your partner, if you have one, were working 16 hours or more and any of the following apply:

- You get Maternity Allowance.
- You are on Ordinary Maternity or Adoption Leave.
- You are in the first 13 weeks of Additional Maternity or Adoption leave.
- You are on Paternity Leave.
- You are on Shared Parental Leave.

During these times, you are still treated as being in work and are able to claim Working Tax Credit. The amount that you receive will depend on a range of factors.

Off sick

If you're off sick from work, you can claim Working Tax Credit if all of the following apply:

- You are off sick for 28 weeks or less.
- You are in receipt of specific benefits, for example, Employment and Support Allowance, Statutory Sick Pay or National Insurance Credits because you have a limited capability for work.

- You, and your partner if applicable, were working at least 16 hours per week immediately before you started getting any of these benefits.

Any further sick leave does not count as being in work therefore, if you do not return to work after 28 weeks you may no longer qualify.

HELP WITH CHILDCARE

If you work and pay for registered childcare, you may be entitled to the childcare element of Working Tax Credit to help with your childcare costs. You can claim for this assistance as soon as you start using registered childcare.

You can only claim for the amount that is actually paid by you. How much you receive will depend on your circumstances.

What types of childcare qualify?

Only registered or approved childcare will qualify. This can include:

- day nurseries
- childminders
- approved home childcarers
- out of school clubs
- summer schemes.

How much help can you get through Tax Credits for childcare costs?

You can get up to 70% of your childcare costs paid. There is a limit on the maximum eligible weekly childcare you can claim for, this is £175 for one child or £300 for two or more children.

Therefore, you can get help of up to £210 per week towards your childcare costs.

Who can qualify?

If you are a single parent, you must work:

- 16 hours or more per week to claim help with childcare costs.

If you are part of a couple then generally both of you must work at least 16 hours per week to be eligible. However, only one of you must work 16 hours per week if the other is:

- ill or disabled and getting certain benefits, or in hospital
- in prison
- entitled to Carer's Allowance - even if they don't get any payments because they receive other benefits instead.

GENERAL INFORMATION

How Tax Credits are paid

You will receive any entitlement to Child and/or Working Tax Credit in the same payment. This will be paid directly into your bank, building society, Post Office or National Savings account. You will be able to decide on either weekly or four weekly payments.

How to claim

You will need to complete a claim form, TC600, which you can obtain by contacting the Tax Credit Helpline on 0345 300 3900 or going online: www.gov.uk/qualify-tax-credits. It normally takes a number of weeks for this form to be posted out to you.

You should return your claim form as soon as possible. This is because Tax Credits can usually only be backdated for up to one month from the date that the Tax Credits Office receives your completed form.

If you are married, in a civil partnership or living together as part of a couple, you will need to make a joint claim. You can only make a single claim if you do not have a partner who lives with you.

Changes in circumstances

It is important to keep the Tax Credit Office up to date with any changes that may affect your award.

If you do not report changes then you may be paid too much Tax Credits. If this happens, you will then have to pay any money back that you should not have received. You may also be charged a penalty.

Common changes that need to be reported include:

- change in personal information
- change in childcare costs
- births
- change in working hours
- increases in income of over £2,500
- decreases in income of over £2,500.

Tax Credits will only adjust your award if your current year's income decreases by more than £2,500 or increases by more than £2,500.

Renewing a claim

Each year the Tax Credit Office will write to you asking you to check the information they have about you, confirm your income and renew your claim.

They need this in order to confirm that the payments made to you were correct, and to establish what amounts should be paid to you in the year ahead.

If you do not renew your Tax Credit award by the 31st July each year, your payments will stop and you will be required to pay back all the Tax Credits you received in the previous year.

Tax Credits are being replaced

The Government is currently revising the benefits system. As Tax Credits are included in this change, they are being replaced by a new benefit called Universal Credit.

Universal Credit was introduced from October 2013 in Great Britain and from September 2017 in Northern Ireland.

If you require any further information on Tax Credits, or want to check if you are eligible, please contact one of our Family Benefits Advisors for free, confidential and impartial advice on 0800 028 3008.

Further information is also available on the Government's website:

www.gov.uk/topic/benefits-credits/tax-credits

You can also contact the Tax Credit Office directly on 0345 300 3900.