Employers For Childcare

Final update: April 2025

Tax Credits Guidance

Please note – All Tax Credits claims ended on 5 April 2025. There are no Tax Credits payments made for periods after that date.

This factsheet is for information purposes regarding the eligibility rules and guidance for Tax Credits in its final year, 2024-2025. This factsheet is no longer being updated.

Claimants will be sent a letter if you are eligible for Universal Credit or Pension Credit instead.

You may still receive communications after 5 April 2025 from HMRC about a previous Tax Credit award, it is important that you respond promptly.

Please note: Tax Credits have been replaced by Universal Credit. More information is available in the Universal Credit Factsheet available on the downloads section of our website.

The following is for information purposes only regarding the eligibility rules and guidance for Tax Credits in its final year, up to 5 April 2025. This information may be useful if you were claiming Tax Credits and had a change of circumstances that would have affected the claim in that year.

What are Tax Credits?

Tax Credits are payments from the Government that provide 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:

1. Child Tax Credit - which supports families with children
2. 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 2024 to 5 April 2025 this is your taxable income for the financial year ending 5 April 2024. 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 your 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 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. You may be able to use the Childcare Element of Working Tax Credits to pay a registered childcare provider based in a European Economic Area (EEA) country (this change was introduced on 21 March 2019). For full eligibility criteria see the Government's guidance: www.gov.uk/manage-your-tax-credits

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 to qualify, 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.

From 6 April 2017, most people will only get the child element of Child Tax Credit for **up to two children**. 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. You'll still be able to claim it for more than two children if they were born before 6 April 2017.

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.

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 are self-employed. Working Tax Credit is predominately based on your **earnings** and **how many hours you work** each week. 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 who do have children and those who 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.

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 as previously stated.

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. 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.

Since March 2019, you may be able to use the Childcare Element of Working Tax Credits to pay a registered childcare provider based in a European Economic Area (EEA) country.

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, or credit union account. You will be able to decide on either weekly or four weekly payments.

Maintaining your Tax Credits claim

There are no new claims for Tax Credits being accepted by HMRC due to it being replaced by Universal Credit. However claimants must continue to report any changes of circumstances and complete the annual renewal to ensure that payments continue.
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.

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.

If you require any further information Universal Credit, please contact our Family Benefits Advice Service for free, impartial and confidential advice on fbas@employersforchildcare.org.