



Child Tax Credit and Working Tax Credit

A Guide



Trafford Healthcare **NHS**
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Trafford CYPS brings together council and health services to improve outcomes for children, young people, their families and schools.

*This booklet has been produced by Trafford Children and Young People's Information Service. Our aim was to produce an easy to use information guide that would explore Tax Credits and indicate whether you might be entitled to them.

Trafford CYPIS can provide free information and advice across the 0-19 age range including childcare, early education, leisure activities, working with children and young people and more. Please contact us on 0161 912 1053 or e-mail CYPIS@trafford.gov.uk.

All of the information contained inside this booklet has been sourced from HM Revenue & Customs. Therefore, any queries you have concerning a claim or further advice, must be made using the relevant helplines highlighted on the back inside page of this guide.

What are tax credits?

You can claim two tax credits, **Child Tax Credit** and **Working Tax Credit** - payable from April 2003. The general rule is that to qualify for tax credits you must be aged 16 or over and usually live in the United Kingdom. You may also qualify if you do not live in the UK but you are:

- * A citizen of another country in the European Economic Area (EEA) and you work in the United Kingdom, or
- * A Crown Servant posted overseas, or
- * A citizen of a country in the European Economic Area (including the UK) living abroad and you receive a UK state pension or contributions-based Jobseeker's Allowance.

Couples must make a joint tax credits claim. If you are part of a couple, you cannot decide to claim as a single person.

Child Tax Credit is for people who are responsible for at least **one** child or qualifying young person. Child Tax Credit is paid direct to the person who is mainly responsible for caring for the child or children. If you are a lone parent you will receive the payment. Child Tax Credit can be paid to workers who continue to pay UK National Insurance Contributions when posted from the UK to work in another country in the European Economic Area.

Working Tax Credit is for people who are employed or self-employed (either on their own or in a partnership), who:

- * usually work 16 hours or more a week
- * are paid for that work, and
- * expect to work for at least 4 weeks

and who are

- * aged 16 or over and responsible for at least one child, or
- * aged 16 or over and disabled, or
- * aged 25 or over and usually work at least 30 hours a week

Working Tax Credit is paid to the person who is working 16 hours or more a week. Couples, if both of you are working 16 hours or more a week, must choose which one of you will receive it. You cannot receive Working Tax Credit if you are not working.

As part of Working Tax Credit you may qualify for help towards the costs of childcare. If you receive the **childcare element** of Working Tax Credit, this will always be paid direct to the person who is mainly responsible for caring for the child or children, alongside payments of Child Tax Credit.

The amount of tax credits you receive will depend on your annual income. To find out how much you might get, complete and return a claim form.

To order a tax credits claim pack, please telephone HM Revenue & Claims on: 0845 300 3900. Alternatively, **visit www.hmrc.gov.uk**

Child Tax Credit

This is for families with at least one child. It is made up of the following elements:

- * **A family element** that is payable to any family responsible for a child. It is paid at a higher rate to families with at least one child under the age of one. This is known as the baby element.
- * **A child element** for each qualifying child you are responsible for. This is paid at a higher rate if the child has a disability and at an enhanced rate for a child with a severe disability. This is known as the disabled child element.

You cannot include a child or young person that is in receipt of Incapacity Benefit in their own right, on a claim for tax credits.

Note - If you also qualify for the child care element of Working Tax Credit, this will always be paid alongside payments of Child Tax Credit, direct to the person who is mainly responsible for caring for the child or children. It does not have to be paid to the person who receives Working Tax Credit. It will be paid weekly or 4-weekly, depending on how often you have chosen to receive payments of Child Tax Credit.

Awards not payable - Tax credits will only be paid if they are over a certain amount. If you are entitled to tax credits (Child Tax Credit, Working Tax Credit & any relevant childcare) of less than £26 for the financial year they will not be paid.

Awards payable from an earlier date - In certain circumstances your claim may be payable from an earlier date (up to a maximum of 3 months) where you (or you and your partner if it's a joint claim) satisfied the requirements for entitlement.

Working Tax Credit

This is a tax credit for people who are in paid work. You may be eligible if:

- * you are a single person, or
- * you are a **couple** living together, and
- * you are in paid work (including working as a self-employed person) for the required number of hours.

Note: The amount you receive will depend on your annual income, and you must be 16 or over to be able to claim for tax credits.

Elements of Working Tax Credit

- * a basic adult element which is paid to you if you meet the above criteria,
- * an extra element which is paid to single parents and couples,
- * an extra element which is paid if you and your partner, if you have one, work a total of 30 hours or more a week,
- * an extra element which is paid if you (or your partner) are working and have a disability,
- * an extra element which is paid if you (or your partner) are working and have a severe disability,
- * an **extra element for people aged 50 or over** who have returned to work after a period on benefit,
- * a child care element which is paid to help households who are working and have to spend money on childcare.

Note: If you qualify for the child care element of Working Tax Credit, this will **always** be paid alongside payments of Child Tax Credit, direct to the person who is mainly responsible for caring for the child or children. It does not have to be paid to the person who receives Working Tax Credit. It will be paid weekly or 4-weekly, depending on how often you have chosen to receive payments of Child Tax Credit.

Awards not payable - Tax credits will only be paid if they are over a certain amount. If you are entitled to tax credits (Child Tax Credit, Working Tax Credit & any relevant childcare) of less than £26 for the financial year they will not be paid.

Awards payable from an earlier date - In certain circumstances your claim may be payable from an earlier date (up to a maximum of 3 months) where you (or you and your partner if it's a joint claim) satisfied the requirements for entitlement.

Childcare Element

As part of Working Tax Credit you may qualify for help towards the costs of childcare. If you do qualify, the amount of help you receive will depend on your income.

The help can be up to a maximum of 80p for every £1 you pay out in childcare costs.

This is up to a limit of £175.00 in costs per week for one child and £300.00 for two or more children. Any costs that you pay in excess of these amounts are not used in the calculation.

This means the most you can receive for the childcare element is £140.00 per week (£175 at 80p in the £1) if you have one child, or £240.00 per week (£300 at 80p in the £1) if you have two or more children.

Example: For childcare costs for one child of £200.00 per week, the maximum amount that can be used in the calculation is £175.00. The £25 paid in excess of this amount is ignored. The childcare element payable is calculated as follows: $175 \times 80p = £140.00$.

To make a claim for the childcare element, a lone parent must work 16 hours a week or more. Couples can claim if:

- * both of you work 16 hours or more, or
- * one of you works 16 hours or more per week and the other is incapacitated for childcare purposes
- * one of you works 16 hours a week or more and the other is an in-patient in hospital, or
- * one of you works 16 hours a week or more and the other is in prison

Qualifying age for a child

You can claim for any child up to the Saturday following 1 September after the child's 15th birthday.

You can claim up to the Saturday following 1 September after a child's 16th birthday if the child is registered blind, or has been taken off the blind register within the last 28 weeks, or you receive Disability Living Allowance for that child. (The '28 week' period is the 28 weeks before you submit your claim).

Help and Advice

If you would like a claim pack sent to you or you need further advice about tax credits, you can

- * phone the **HM Revenue & Customs Helpline on 0845 300 3900**
- * textphone the Helpline (for people with hearing or speech difficulties) on **0845 300 3909**
- * visit any **HM Revenue & Customs Enquiry Centre.**

Childcare providers can call the dedicated Childcare Provider's Helpline on **0845 300 3941** for advice on the childcare element or Working Tax Credit.

Helplines are open between 8.00am and 8.00pm, seven days a week (except Christmas Day, Boxing Day, New Year's Day and Easter Sunday).

For information about Child Benefit and a claim pack, contact the Child Benefit Office

- * for England, Scotland and Wales on **0845 302 1444**
- * for Northern Ireland on **0845 603 2000**