Working sheet for tax credits relief for Gift Aid donations, pension contributions and trading losses

Use this working sheet to help you work out your income for tax credits purposes. Make sure you keep it or have a record of your calculations, in case we have any questions about how you worked out your income.

Who should fill this in

The person who made the Gift Aid donations, pension contributions or trading loss should fill in this working sheet.

If you're part of a joint claim and either of you made any of these payments or a trading loss, then the first named person on your tax credits claim should fill in this working sheet for both of you.

If you used the 'Earnings as an employee' working sheet in the notes sent with your tax credits claim form or renewals pack, you may already have deducted any personal pension contributions you paid direct (for example, Free-Standing Additional Voluntary Contributions or payments to stakeholder pensions) from your employed earnings. If you have, do not use this working sheet unless you, or your partner (if you have one), also made other personal pension contributions, Gift Aid donations or a trading loss.

'Your partner' on this working sheet refers to the person you've claimed tax credits with, not your business partner.

If you've made a joint claim, remember:
• to enter your partner's name on this working sheet
• that your total income includes both yours and your partner's income

Step 1

Work out your income using the working sheets included in the notes sent with your tax credits claim form or renewals pack. Check your renewal letter as we may have used income figures provided by your employer, including any:
• earnings
• benefits in kind
• occupational pension

It's important that you check these figures are correct for tax credits purposes. If you believe they're wrong, you should contact us now and tell us why.

Note 1 – benefits from your employer

For information on what to include, read the notes sent with your tax credits claim form or renewals pack.

Your employer usually tells you the taxable values of any benefits on form P11D, and for tax credits purposes, they may include:
• any goods or assets that you could sell for cash
• any personal liabilities, for example, your gas or electricity bill - which were paid by your employer
• vouchers and credit tokens, except those used to pay for registered childcare
• car mileage allowances or payments towards the running costs of your car
• company cars and car fuel
• taxable expenses payments

Help

If you'd like more help or information on tax credits go to www.gov.uk/taxcredits
• phone our helpline on 0345 300 3900
• textphone our helpline (for people with hearing or speech difficulties) on 0345 300 3909
• write to us at
  Tax Credit Office
  HMRC
  BX9 1ER

You do not need to include a road name or PO box number.

For our opening hours, go to www.gov.uk/contact-hmrc

We have a range of services for disabled people. These include guidance in Braille, audio and large print. Most of our forms are also available in large print. Contact our helplines for more information.

Your rights and obligations

'Your Charter' explains what you can expect from us and what we expect from you.

For more information, go to www.gov.uk/hmrc/your-charter
Where benefits in kind have been included in pay by your employer and shown on your P60 or P45, you'll need to:
1. Deduct the cash equivalent/taxable amount of all benefits in kind from the total in the P60 or P45.
2. At box 5.4 on the claim form, add back in the cash equivalent/taxable amount of any relevant benefits in kind listed on Page 14 of the tax credits claim form notes – using the P11D provided by your employer.

**Note 2 – other income**

Other income includes:
- income from savings and investments, including gross amount of dividends, for example, if you own shares in a company
- State Pensions and other UK pensions
- property income
- trust income
- foreign income
- notional income

For more help on working out your income, go to www.gov.uk/guidance/tax-credits-working-out-income

Enter the total amount of your other income that exceeds £300 (if you're claiming as a couple the £300 limit applies to your joint other income) plus any miscellaneous income received, and for students, any Adult Dependant’s Grant.

**Note 3 – property income**

Letting property is not considered a trade, so should not be included in any income from self-employment.

**Rental property**

Relief for tax credits purposes is generally given in the same way as for Income Tax. If you made a loss from rental property, put a ‘0’ for this in your calculation of ‘other income’ for the year.

**Losses on property income**

Normally, the loss should be carried forward and offset against profits from the same income source in the following tax year. Since 6 April 2011, the same rule has applied to furnished holiday lettings.

If part of the loss comes from capital allowances or agricultural land, that part of the loss may be offset against other income which you (but not your spouse or partner) may have, either in the tax year in which the loss was made or in the following tax year.

In these cases, the amount of loss relief available for tax credits purposes is based on your tax calculations. Read ‘Example 1’ opposite.

**Step 2**

Deduct the gross amount of any:
- qualifying Gift Aid donations
- personal pension or retirement annuity contributions
- banking charge or commission paid for converting a payment of income in a foreign currency into sterling

For example, if you made a Gift Aid donation of £100 in 2018 to 2019, your gross donation will be £125 (£100 multiplied by 100, then divided by 80). Enter the total amount on this working sheet.

**Step 3**

If you’re self-employed, deduct the trading loss (for the year forming the basis of the claim) from the ‘Total income’. A trading loss only arises where a trade is carried out on a commercial basis, with a view to making a profit.

The tax credits rules for trading losses operate separately from those for Income Tax. For tax credits purposes, you deduct the trading loss from:
- any other income you may have for that year
- a joint claim, any other income which you and your partner have for that year

**Example 1**

James and Sarah are married. Sarah stays at home to look after the children. James has income in 2018 to 2019 from self-employment of £25,000. He also lets several properties. The income and expenses from all the lettings are included in a single rental business.

During 2018 to 2019, James incurred allowable expenditure on his lettings business which resulted in a loss of £15,000. This loss would usually be carried forward and offset against subsequent profits from the lettings business. However, James has some net capital allowances due on his rental business, so part of the loss may be set against his general income for that tax year.

For Income Tax purposes, the following items were included in arriving at the loss:
- capital allowances of £10,000
- balancing charge adjustment of £8,000 leaving net capital allowances of £2,000.

For tax credits purposes, James can claim tax credits loss relief for 2018 to 2019 of £2,000.

When completing his form TC603D, ‘Annual Declaration’, giving his income for the tax year 2018 to 2019, James may set £2,000 of his rental property loss against his self-employed income of £25,000. The balance of the loss (£13,000) can be carried forward and offset against his future profits from his lettings business, but not against his future general income.
Calculate the total of your reliefs and losses
Enter your gross Gift Aid donations
Plus gross personal pension or retirement annuity contributions
Plus any trading loss
Equals total loss and relief

If D is less than your total income, enter ‘0’ in every box in:
• Part 5 of your form TC600, ‘Tax credits claim form’
• Part 2 of your form TC603D, ‘Tax Credits Annual Declaration’
• Part 1 and/or Part 2 of your form TC603D2, ‘Tax Credits Declaration’

Losses brought forward
If this does not use up all the loss, the balance – that is, the unused part of the loss after deducting the amounts offset against other income in the year the loss arises – must be carried forward to be offset against the profits from the same business in a future tax year.

For example, if you had a loss in 2017 to 2018 (the ‘previous year’ for the purposes of tax credits claims in 2018 to 2019) and there’s some loss remaining after the deduction from other income from 2017 to 2018, the unused part of the 2017 to 2018 loss may be brought forward and deducted from the profits of the same business in the tax year 2018 to 2019.

Example 2
Helen is employed by ABC Holding. Her P60 shows that she earned £18,870 (before tax and other deductions) in 2018 to 2019. She handles all the paperwork at home, so when she filled in the tax credits claim form she gave her details for ‘You’ and her husband Derek’s details for ‘Your Partner’.

Derek is self-employed and made a loss of £10,500 in 2018 to 2019.

They have no other reliefs to claim. Their total joint income is £18,870.

After completing the calculation of their reliefs and losses, Box D is less than their total income.

Helen should deduct £10,500 from the amount that she enters in the box(es) on her ‘Annual Declaration’.

She enters £8,370 in box 5.3 for ‘Your Income’ (£18,870 - £10,500 = £8,370) and ‘0’ in box 5.5 for ‘Your Partner’s Income’.
# Working sheet to calculate relief and losses

### Your income for tax year

<table>
<thead>
<tr>
<th>Period</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>06 04 20</td>
<td>05 04 20</td>
<td></td>
</tr>
</tbody>
</table>

**You** (read ‘Who should fill this in’ on Page 1)

<table>
<thead>
<tr>
<th>Name</th>
</tr>
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**Your partner** (for joint claims only)

<table>
<thead>
<tr>
<th>Name</th>
</tr>
</thead>
</table>

### Gift Aid, personal pension or retirement annuity contributions and trading losses

#### Step 1 – total your income

<table>
<thead>
<tr>
<th>Description</th>
<th>You</th>
<th>Your partner</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable social security benefits</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Earnings as an employee</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Benefits from your employer (read Note 1 on Page 1)</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Income from self-employment (if there’s a loss for that person, put a ‘0’ in their box)</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

#### Total other income combined (read Notes 2 and 3 on Page 2)

<table>
<thead>
<tr>
<th>Total</th>
</tr>
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</table>

#### Total income

<table>
<thead>
<tr>
<th>Total</th>
</tr>
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</table>

**Step 2 – deduct the following**

<table>
<thead>
<tr>
<th>Description</th>
<th>You</th>
<th>Your partner</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Gift Aid donations</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Gross personal pension or retirement annuity contributions</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

#### Balance of income

(this should be the total from step 1 minus any amounts in step 2)

<table>
<thead>
<tr>
<th>Balance of income</th>
</tr>
</thead>
</table>

**Step 3**

<table>
<thead>
<tr>
<th>Description</th>
<th>You</th>
<th>Your partner</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading loss</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

#### Trading loss

(this is the loss from the year forming the basis of your tax credits claim)

<table>
<thead>
<tr>
<th>Trading loss</th>
</tr>
</thead>
</table>

#### Balance of income

(if this is a negative figure, carry this trading loss forward, to offset against future profits of the same trade)

<table>
<thead>
<tr>
<th>Balance of income</th>
</tr>
</thead>
</table>