



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

Fill in this working sheet if you've made Gift Aid donations, pension contributions or a trading loss.

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 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.

i '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 renewals pack or go to www.gov.uk/guidance/tax-credits-working-out-income

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 renewals pack or go to www.gov.uk/guidance/tax-credits-working-out-income

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
- Relay UK on 18001 0345 300 3900 (if you cannot hear or speak on the phone)

- write to us at
Tax Credit Office
HMRC
BX9 1ER

You do not need to include a street name, town or PO box.

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

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

For more information, go to www.gov.uk/government/publications/hmrc-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. Add back in the cash equivalent/taxable amount of any relevant benefits in kind listed at www.gov.uk/guidance/tax-credits-working-out-income - 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 in the tax year in which the loss was made.

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, pension contributions you pay outside of your salary, including any tax relief due
- banking charge or commission paid for converting a payment of income in a foreign currency into sterling

For example, if you're a 20% taxpayer and you made a Gift Aid donation of £100 in 2023 to 2024, your gross donation will be £125 (£100 multiplied by 100, then divided by 80). Enter the total amount on this working sheet.

Example 1

James and Sarah are married. Sarah stays at home to look after the children. James has income in 2023 to 2024 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 2023 to 2024, 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 2023 to 2024 of £2,000.

When completing his form TC603D, 'Annual Declaration', giving his income for the tax year 2023 to 2024, 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.

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

Calculate your total reliefs and losses

Enter your gross Gift Aid donations	£	A
Plus gross personal pension, pension contributions taken from your salary after tax or retirement annuity contributions	£	B
Plus any trading loss	£	C
Equals total loss and relief	£	D

If D is less than your total income, deduct this amount from the boxes in the order they appear on your Declaration form.

If D is equal to or more than your total income, enter '0' in every box in:

- 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 2022 to 2023 (the 'previous year' for the purposes of tax credits claims in 2023 to 2024) and there's some loss remaining after the deduction from other income from 2022 to 2023 the unused part of the 2022 to 2023 loss may be brought forward and deducted from the profits of the same business in the tax year 2023 to 2024.

If you need help with working out your reliefs or losses, phone our helpline.

Example 2

Helen is employed by ABC Holding. Her P60 shows that she earned £18,870 (before tax and other deductions) in 2023 to 2024. She handles all the paperwork at home and when she completes her 'Annual Declaration', she gives details for herself and her husband Derek.

Derek is self-employed and made a loss of £10,500 in 2023 to 2024.

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.

PART 2 INCOME DETAILS	PART 2 INCOME DETAILS
Round down to the nearest pound.	Round down to the nearest pound.
<p>2.2 Earnings as an employee from all jobs Enter your total earnings, before tax and National Insurance contributions are taken off. But see the Notes for deductions you can make.</p> <p>£ 8 3 7 0 . 0 0</p>	<p>2.2 Earnings as an employee from all jobs Enter your total earnings, before tax and National Insurance contributions are taken off. But see the Notes for deductions you can make.</p> <p>£ . 0 0</p>
<p>2.3 Company car and fuel, taxable vouchers, and payments in kind from all jobs If you received any of these from your employer we need to know their total 'cash equivalent'. Enter the figures from form P11D given to you by your employer. See the Notes</p> <p>£ . 0 0</p>	<p>2.3 Company car and fuel, taxable vouchers, and payments in kind from all jobs If you received any of these from your employer we need to know their total 'cash equivalent'. Enter the figures from form P11D given to you by your employer. See the Notes</p> <p>£ . 0 0</p>
<p>2.4 Income from self-employment If you made a loss, enter '0.00'. See the Notes</p> <p>£ . 0 0 Estimate</p>	<p>2.4 Income from self-employment If you made a loss, enter '0.00'. See the Notes</p> <p>£ 0 . 0 0 Estimate</p>

TC603D part 2

Helen should deduct £10,500 from the amount that she enters in the boxes on her 'Annual Declaration'.

She enters £8,370 in box 2.2, 'Earnings as an employee from all jobs' for income details (£18,870 minus £10,500 = £8,370) and '0' in box 2.4, 'Income from self-employment' for her partners income details.

Working sheet to calculate relief and losses

Your income for tax year

to

You (read 'Who should fill this in' on page 1)

Name

Your partner (for joint claims only)

Name

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

Step 1 - total your income

	You	Your partner	Total
Taxable social security benefits	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
Earnings as an employee	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
Benefits from your employer (read Note 1 on page 1)	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
Income from self-employment (if there's a loss for that person, put a '0' in their box)	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
			£ <input type="text"/>
Total other income combined (read Notes 2 and 3 on page 2)			£ <input type="text"/>
Total income			£ <input type="text"/>

Step 2 - deduct the following

Gross Gift Aid donations	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/> A
Gross personal pension, pension contributions taken from salary after tax or retirement annuity contributions	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/> B
Balance of income (this should be the total from step 1 minus any amounts in step 2)			£ <input type="text"/>

Step 3

Trading loss (this is the loss from the year forming the basis of your tax credits claim)	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/> C
Balance of income (if this is a negative figure, carry this trading loss forward, to offset against future profits of the same trade)			£ <input type="text"/>