



HM Revenue
& Customs

HM REVENUE AND CUSTOMS
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Tax Credit Statistics on EEA Nationals

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The statistics in this report present analysis conducted by HM Revenue and Customs (HMRC) exploring the tax credits received by families where at least one adult is an EEA national.

This analysis includes only tax credits and does not include other benefits such as Child Benefit or Department for Work and Pensions (DWP) administered in-work benefits.

Tax credits

Tax credits are a flexible system of financial support designed to deliver support as and when a family needs it, tailored to their specific circumstances. They are part of wider government policy to provide support to parents returning to work, reduce child poverty and increase financial support for all families. The flexibility of the design of the system means that as families' circumstances change, so (daily) entitlement to tax credits changes. This means tax credits can respond quickly to families' changing circumstances providing support to those that need them most.

Tax credits are based on household circumstances and can be claimed jointly by members of a couple, or by singles. Entitlement is based on the following factors:

- Age;
- Income;
- Hours worked;
- Number and age of children;
- Childcare costs; and,
- Disabilities

For further information about who can claim please refer to the HMRC website:

<https://www.gov.uk/browse/benefits/tax-credits>

Tax credits are made up of:

Child Tax Credit brings together income-related support for children and for qualifying young people aged 16-19 who are in full time non-advanced education or approved training into a single tax credit, payable to the main carer. Families can claim Child Tax Credit whether or not the adults are in-work.

Working Tax Credit provides in-work support for people on low incomes, with or without children. A family will normally be eligible for Working Tax Credit if it contains one of the following:

- a single person who is responsible for a child or young person and works at least 16 hours a week;
- a couple who are responsible for a child or young person, and who jointly work 24 hours or more per week (NB. one adult must be working at least 16 hours)
- a person who is receiving or has recently received a qualifying sickness or disability related benefit and has a disability that puts them at a disadvantage of getting a job, and who works at least 16 hours per week; or,
- a person is aged 60 or over and works at least 16 hours per week.
- If none of the above apply, then a person will still be eligible for WTC if they are aged 25 and over and work 30 hours or more a week.

Methodology

The statistics presented in this report are derived from two administrative datasets: the HMRC administrative dataset of tax credit recipients in 2013-14 and a DWP dataset of nationality of DWP working age benefit recipients¹ at the point of National Insurance Number (NINO) registration to February 2015.

Identifying tax credit recipients

Families in receipt of tax credits are identified using 2013-14 HMRC administrative tax credit data. This is the same data that were used to produce the National Statistics Publication Child and Working Tax Credits Statistics: Finalised annual awards in 2013-14 by HMRC.² The finalised awards relate to the complete retrospective picture for the year, based on a finalised view of family incomes and circumstances.

HMRC also produce bi-annual Provisional National Statistics Publications on Child and Working Tax Credits³. The data are provisional, which means the numbers relate to the caseload position at a snapshot point in time, based on the family circumstances HMRC have been informed of by each family prior to that point in time. So the figures for provisional awards are subject to retrospective change. The provisional data consists of a random sample of families receiving tax credits. This sample comprises of 10% of single adult families and 20% of couples.

Identifying nationality of tax credit recipients

To identify the nationality of benefit claimants, the NINOs of adults in HMRC's administrative tax credit data have been matched with DWP's dataset of nationality at NINO registration. This approach is consistent with the established approach to identify the nationality of benefit claimants in existing Official Statistics series.⁴ This does not recognise that some recipients who were a non-UK national at the point of NINO registration may have subsequently become UK nationals by the time of their benefit claim.

HMRC's data identifies the NINOs of all adults in tax credit recipient families. This means the nationality at the point of NINO registration for both adult claimants in couple families are identified.

The EEA consists of the 28 countries of the EU plus Iceland, Liechtenstein and Norway. UK is excluded from the EEA definition here, however a couple household with at least one recently arrived EEA national adult includes UK nationals if they are partnered with a recently arrived EEA national. Swiss nationals are treated as EEA nationals for immigration purposes; however for statistical purposes Switzerland is not included in this analysis in line with migration estimates by ONS.⁵

¹ Nationality at point of NINO registration of DWP working age benefit recipients: data to Feb 15
<https://www.gov.uk/government/statistics/nationality-at-point-of-nino-registration-of-dwp-working-age-benefit-recipients-data-to-feb-2015>

² <https://www.gov.uk/government/statistics/child-and-working-tax-credits-statistics-finalised-annual-awards-2013-to-2014>

³ Provisional National Statistics Publications on Child and Working Tax Credits for April 2014:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/305891/cwtc-apr14.pdf

⁴ Nationality at point of NINO registration of DWP working age benefit recipients: data to Feb 15
<https://www.gov.uk/government/statistics/nationality-at-point-of-nino-registration-of-dwp-working-age-benefit-recipients-data-to-feb-2015>

⁵ <http://www.ons.gov.uk/ons/rel/migration1/migration-statistics-quarterly-report/november-2015/stb-msqr-november-2015.html#tab-Glossary>

Identifying recently arrived EEA nationals

For the purpose of this document, “recently arrived” is defined as arrival at some time within the previous 4 years (between 6 April 2010 and 5 April 2014).

The earlier of either the self-reported arrival date or NINO registration date has been used to estimate recently arrived EEA nationals. Arrival dates recorded on the NINO registration dataset are self-reported and subject to some degree of error. This approach is a source of uncertainty in these statistics because it only produces an estimated date of arrival, and does not provide an assessment on whether the individual has been continuously resident since their arrival.

Identifying in-work families

A family is defined as being in-work if they are entitled to Working Tax Credit. The entitlement for Working Tax Credit can be found on Page 2 above.

Results

Based on finalised tax credits data in 2013-14:

- The average tax credits entitlement for families with at least one EEA national adult was £6,100.
- 43,000 families with at least one EEA national adult were receiving more than £10,000 in tax credits.
- Of the £20.169 billion spent on tax credits for families entitled to Working Tax Credit, £1.745 billion was spent on families with at least one EEA national adult.
- The average tax credits entitlement for families with at least one recently arrived EEA national adult was £5,900.
- 8,000 families with at least one recently arrived EEA national adult were receiving more than £10,000 in tax credits.

Caseload figures have been rounded to the nearest 1,000 due to uncertainty in identifying date of arrival. Total entitlement has been rounded to the nearest £1 million and average entitlement to the nearest £100.

Contact point

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