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**KAI Benefits & Credits**

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# **Child and Working Tax Credits Statistics**

**Finalised annual awards**

**Supplement on payments in 2012-  
13**

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**A National Statistics Publication**

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Contact point for enquiries:-

**Althea White**

Child and Working Tax Credits Statistics  
HM Revenue & Customs, Room 2/46, 100 Parliament Street  
London, SW1A 2BQ

☎ 03000 586367

E-mail : [benefitsandcredits.analysis@hmrc.gsi.gov.uk](mailto:benefitsandcredits.analysis@hmrc.gsi.gov.uk)

This issue, and issues back to 2003/04, can be found on the HMRC website:

<https://www.gov.uk/government/collections/personal-tax-credits-statistics>

The next issue, for 2013/14, will be published on 29 May 2015.

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## Child and Working Tax Credits Statistics

### Finalised annual awards 2012-13

### Supplement on payments in 2012-13

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## Introduction

### What are 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
- 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 (CTC)*

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 whether or not the adults are in-work.

#### *Working Tax Credit (WTC)*

Provides in-work support for people on low incomes, with or without children. It extends eligibility to in-work support to people who work 16 hours or more a week and;

- are aged at least 16 and are responsible for a child or young person,
- are aged at least 16 and are receiving or have recently received a qualifying sickness or disability related benefit and have a disability that puts them at a disadvantage of getting a

Otherwise it is extended to people who are aged 25 and over who work 30 hours a week or more.

**CTC** is made up of the following elements,

- **Family element:** which is the basic element for families responsible for one or more children or qualifying young people.
- **Child element:** which is paid for each child or qualifying young person the claimant is responsible for
- **Disability element:** for each child or qualifying young person the claimant is responsible for if they get Disability Living Allowance for the child
- **Severe disability element:** for each child or qualifying young person the claimant is responsible for if they get Disability Living Allowance (Highest Care Component) for the child

Some out-of-work families with children do not receive CTC but instead receive the equivalent amount via child and related allowances in Income Support or income-based Jobseeker's Allowance (IS/JSA). These families are included in the figures, generally together with out-of-work families receiving CTC. In due course, they will be "migrated" to HMRC and paid via the tax credits system.

**WTC** is made up of the following elements,

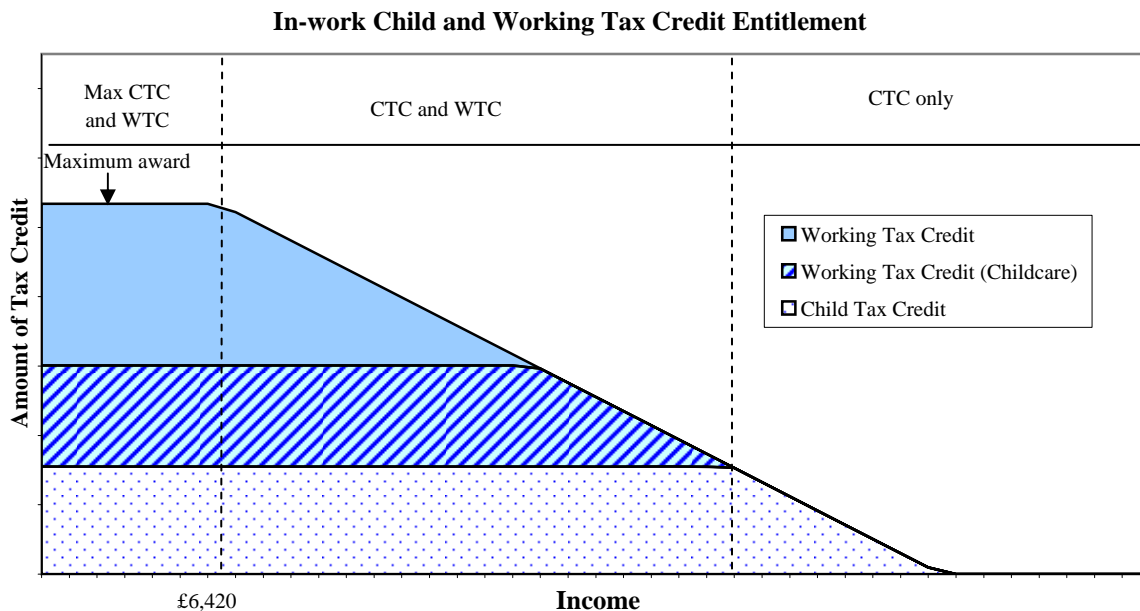
- **Basic element:** which is paid to any working person who meets the basic eligibility conditions
- **Lone Parent element:** for lone parents
- **Second adult element:** for couples
- **30 hour element:** for individuals who work at least 30 hours a week, couples where one person works at least 30 hours a week or couples who have a child and work a total of 30 hours or more a week between them where one of them works at least 16 hours a week.
- **Disability element:** for people who work at least 16 hours a week and who have a disability that puts them at a disadvantage in getting a job and who are receiving or have recently received a qualifying sickness or disability related benefit
- **Severe disability element:** for people who are in receipt of Disability Living Allowance (Highest Care Component) or Attendance Allowance at the highest rate.
- **Childcare element:** for single people who work at least 16 hours a week or couples who both work at least 16 hours a week and who spend money on registered or approved childcare

**Tapering:** is the amount of the award that will be reduced when the household income exceeds a given threshold. Tapering reduces WTC first and then CTC, then finally the Family Element

The amount of support an eligible family can receive (known as their *entitlement*) varies depending on their income and which tax credit elements they are eligible for. First, a family's maximum possible entitlement is worked out by adding up all the different elements of CTC and WTC they are eligible for (described on page 2).

A household's actual entitlement is then determined by tapering this maximum amount according to different thresholds. As demonstrated within the diagram below, families eligible for the WTC receive the full entitlement until their annual household income reaches £6,420, after which the amount of tax credits they receive is reduced by 41 pence for each additional £1 they earn beyond this threshold.

If a household is out-of-work and therefore eligible for the CTC only, they will receive the full entitlement until their annual household income reaches £15,860 (2012-13). After this point, the amount of tax credits they receive is again reduced by 41 pence for each additional £1 of income beyond this threshold (note that this is not shown on the diagram below).



Because of the range of possible eligibilities and interactions between the elements, both the maximum award and the shape of the above award profile will be different for every family with different circumstances.

Tax Credits are based on household income. The income used to calculate the award is based on the families' income from the previous tax year, or on their most recently reported circumstances in-year. A family's tax credits award is provisional until finalised at the end of the year, when it is checked against their final income for the year. This publication relates to the finalised position of tax credit support.

## What does this publication tell me?

The finalised awards are currently published in May around one year following completion of the entitlement year in question. The delay in publication is the result of the finalisation process built into the Tax Credits system. Most families have until *July 31st* following the end of the entitlement year to renew their award reporting their finalised income for the year in question. However, families that report income from Self-Assessment (e.g., the self-employed) have until *January 31st* of the following year to finalise their income. As a result, the full picture is not known until at least February the year after the entitlement year ends and consequently publication is delayed until May. These are National Statistics and the month of publication is pre-announced a year in advance with the exact date being published in the preceding publication.

Each release consists of four publications: the main publication, a supplementary payments publication, and the accompanying geographical publications. The statistics in this release include analysis at

- Country and English Region;
- Local Authority (LA);
- Westminster Parliamentary Constituency; and
- Scottish Parliamentary Constituency;

This series has been produced annually since the introduction of Tax Credits in April 2003.

### *Small Area Statistics*

Estimates are also provided in a separate publication at Lower Super Output Area and Data Zone for England, Scotland and Wales. These statistics are available here:

<https://www.gov.uk/government/collections/personal-tax-credits-statistics>

The small area statistics are based on the finalised award position, but using a family's circumstances as at 31st August rather than as an average across the year. This ensures that the statistics are directly comparable to other published small area statistics, such as Child Benefit.

## Who might be interested?

The statistics contained in this publication will be of interest for anyone that is looking for the most comprehensive data on Tax Credits. Specifically, there are aggregate statistics on who is getting what level of tax credits support and the amount of that support, as well as breakdowns of both by various sub-categories - e.g., family composition, family income, work status, and geographical analyses. It may be of interest to academics, think-tank's, political parties interested in the twin aims of Tax Credits: eradicating child poverty and improving work incentives. Equally it may be of interest for people considering wider questions on government support systems and/or others designing benefit systems. Finally, the geographical analyses might be of interest at the more local level, giving some indication of the level of government support in each Region/Local Authority level.

## Which publication should I use?

Generally, if you are content with less timely statistics, use the finalised awards data publication. If you are more concerned with getting the latest up-to-date information that may not align exactly with finalised data further down the line, use the provisional awards data. Sticking to the finalised award data will also mean the figures will align with other published data on Tax Credits such as information in HMRC's Departmental Accounts.

### *Provisional awards vs. finalised awards*

***It is important to recognise that the finalised awards statistics are not a revision of the provisional statistics. The provisional numbers relate to the caseload position at a snapshot point in time, based on the family circumstances we have been informed of by each family prior to that particular time. The finalised awards relate to the complete retrospective picture for the year, based on a finalised view of family incomes and circumstances. The caseload population will be different between the two publications as a result of HMRC knowing the complete finalised picture of the award.***

At the start of the year, the tax credit award will be a provisional award reflecting the reported circumstances as at April 6th (the start of the tax year). Over the course of the year, a family's circumstances may or may not change. As and when a family's circumstances change, the provisional award is updated each time with the latest set of circumstances and a new provisional award re-calculated. It is only at finalisation (usually four to nine months after the end of the tax year) that the family's circumstances for the whole year are known and a finalised award can be calculated. As a result, the finalised award statistics are not available until around 12 months after the end of the entitlement year in question. Given this lag in availability of data, there is some value in looking at a snapshot of families' circumstances at any given time to give some indication of the level of support one might expect to see subsequently at finalisation.

To illustrate the difference, let us look at a family that has one change of circumstance throughout the year, moving from in-work to out-of-work in January of any one year:



The snapshot data looking at the provisional award in December will model entitlement for the whole year on the basis that the family is in-work for the whole year (since we do not know about the move out-of-work at that time). It is not until finalisation - and thereby in the finalised award data publication - that the family's entitlement will be modelled on the basis of 9 months in-work and 3 months out-of-work.

So the figures for provisional awards are more up to date, but are subject to retrospective change. The sizes of these changes can be seen by comparing the data for selected dates in finalised awards with data published earlier on provisional awards at the same snapshot dates. The provisional award data tables classify families according to the levels of their entitlement at the reference date, modelled from data on their circumstances and their latest annual incomes reported and processed by that date. The actual amount being received at that date can be lower, due to the recovery of earlier overpayments. The tables describe as "recipients" all families with positive modelled entitlement, though in some cases the payments are reduced to zero. For more details, see the Technical Note.



## **What information do the tables contain?**

These tables show the number of 2012-13 awards, analysed by whether payments etc<sup>1</sup> for 2012-13 and issued in 2012-13 were lower or higher than the finalised entitlement. Such awards are described as underpaid or overpaid at 5 April 2013, respectively. Note that this is known only after awards are finalised.

Tables 1 and 2 show the high level number of awards and amount over and underpaid by type of award for 2012-13. Table 3 provides a breakdown by level of over and underpayment by type of award.

To produce the analysis for Table 4 we have matched to other sample data to provide the profile of the award (i.e. WTC and CTC, CTC only), this table shows the number and amounts of over and underpayments by family type and the award profile position.

The last two tables, Tables 5 and 6, go into further detail about the levels of income reported for 2012-13 and in Table 5 the number and amount of over and underpayments is provided broken down by the 2012-13 income band. Table 6 provides a comparison between the reported incomes in 2011-12 and 2012-13 for the entire tax credits population in 2012-13.

### **Geographical analyses**

A separate publication gives analyses by region, local authority and parliamentary constituency, of the number of 2012-13 awards with underpayments and overpayments and their values.

<sup>1</sup> Payments are scored after adding back reductions made to recover earlier overpayments. Other transactions include the in-year direct recovery and remission of 2011-12 overpayments.

## User Engagement

Bespoke analysis of tax credits data is possible although there may be a charge depending on the level of complexity and the resources required to produce. If you would like to discuss your requirements, to comment on the current publications, or for further information about the tax credits statistics please use the contact information at the beginning of this publication, or from the GOV.uk website:

<https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics#contact-us>

We are committed to improving the official statistics we publish. We want to encourage and promote user engagement, so we can improve our statistical outputs.

We would welcome any views you have using the link to the feedback form below. We will undertake to review user comments on a quarterly basis and use this information to influence the development of our official statistics. We will summarise and publish user comments at regular intervals.

<https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics#contact-us>

## National Statistics Review

A formal review of our National and Official Statistics publications was held between May and August 2011. Over 130 responses were received from a broad range of users.

A report summarising the responses received has been published.

<http://www.hmrc.gov.uk/statistics/tc-stats-results.htm>

## Policy changes which came into effect on 6th April 2012

The following changes were introduced on 6th April 2012 as part of the Coalition Government's announcements in the June 2010 Budget and the 2010 Spending Review:

The first taper rate is increased by 2 percentage points to 41% while the second taper rate has been abolished

The support provided through the childcare element of WTC is reduced to its 2005-06 level, supporting 70% of eligible childcare costs.

The 50+ return to work payment has been abolished.

Income increase disregard has been reduced from £25,000 to £10,000

A new Income fall disregard of £2,500 has been introduced.

The first income threshold for those entitled to CTC only has been reduced from £16,190 to £15,860.

## Main aggregates

The figures in the top section of the following table relate to underpayments and overpayments in finalised 2012-13 awards at 5 April 2013 as recorded on the tax credits computer system, and the equivalent figures for 2003-04 to 2011-12. More details are shown in the later tables. The figures of overpayments in the bottom section also take account of certain other transactions. They are approximate, and therefore heavily rounded. No further analysis of these figures appears in the later tables.

	2003-04 awards	2004-05 awards	2005-06 awards	2006-07 awards	2007-08 awards	2008-09 awards	2009-10 awards	2010-11 awards	2011-12 awards	2012-13 awards
<b>Underpaid awards<sup>1</sup></b>										
Total number ('000)	713	906	886	838	1,292	1,489	1,601	1,505	1,560	960
Aggregate amount underpaid (£ million)	464	556	549	525	798	992	1,024	960	1,007	561
<b>Overpaid awards<sup>1</sup></b>										
Terminated awards <sup>2</sup> ('000)	30	228	254	208	229	209	185	202	201	195
Aggregate amount overpaid (£ million)	8	395	378	307	306	279	261	369	451	355
Other awards ('000)	1,849	1,730	1,648	1,083	1,105	1,097	1,267	1,263	1,419	1,350
Aggregate amount overpaid (£ million)	1,923	1,300	1,195	646	635	638	969	1,062	1,186	1,164
<b>Total number of overpaid awards ('000)</b>	<b>1,879</b>	<b>1,958</b>	<b>1,902</b>	<b>1,291</b>	<b>1,334</b>	<b>1,306</b>	<b>1,453</b>	<b>1,465</b>	<b>1,620</b>	<b>1,545</b>
<b>Total aggregate amount overpaid (£ million)</b>	<b>1,931</b>	<b>1,695</b>	<b>1,573</b>	<b>953</b>	<b>941</b>	<b>917</b>	<b>1,230</b>	<b>1,431</b>	<b>1,638</b>	<b>1,519</b>
<i>Transactions excluded from the detailed tables<sup>3</sup></i>										
<i>Off-system and late payments increasing overpayment</i>	£0.3bn	£0.1bn	£0.1bn	£0.05bn	£0.1bn	£0.05bn	£0.1bn	£0.05bn	£0.01bn	£neg bn
<i>Total overpayments including these transactions<sup>3</sup></i>										
<i>Terminated awards<sup>2</sup></i>	-	£0.4bn	£0.4bn	£0.3bn	£0.3bn	£0.3bn	£0.3bn	£0.4bn	£0.5bn	£0.4bn
<i>Other awards</i>	£2.2bn	£1.4bn	£1.2bn	£0.6bn	£0.7bn	£0.7bn	£1.0bn	£1.1bn	£1.2bn	£1.2bn
<b>Total overpayments</b>	<b>£2.2bn</b>	<b>£1.8bn</b>	<b>£1.7bn</b>	<b>£1.0bn</b>	<b>£1.0bn</b>	<b>£1.0bn</b>	<b>£1.3bn</b>	<b>£1.5bn</b>	<b>£1.6bn</b>	<b>£1.6bn</b>

<sup>1</sup> Excluding awards underpaid or overpaid by less than £10

<sup>2</sup> See "Terminated awards" in the Introduction. The main classes of terminated awards are those for which the family failed to report, by the specified date, the actual previous year's income or other details; or the latest information indicates that the family ceased to meet the qualifying conditions for tax credits at a date before the start of the year. The first reason did not apply to 2003-04 awards, and the second reason applied to

<sup>3</sup> See "Overpayments arising after the year end, and from unposted payments" in Appendix A. These figures fall outside National Statistics

**Table 1 Finalised 2012-13 awards; aggregate entitlement, payments and whether underpaid or overpaid at 5 April 2013**

	No. of Awards (thousands)	Entitlement <sup>4</sup> for 2012-13 (£ million)	Net paid <sup>1</sup> in 2012-13 (£ million)	Net overpayment at 5 April 2013 (£ million)
<b>Awards underpaid<sup>2</sup></b>				
Made after 5 April 2013 and backdated	65	33	-	-33
Other	895	4,838	4,310	-528
<b>Total awards underpaid<sup>2</sup></b>	<b>960</b>	<b>4,871</b>	<b>4,310</b>	<b>-561</b>
<b>Awards neither underpaid nor overpaid</b>	3,254	19,088	19,088	-
<b>Awards overpaid<sup>2</sup></b>				
Terminated <sup>3</sup>	195	-	355	355
Other	1,350	4,524	5,689	1,164
<b>Total awards overpaid<sup>3</sup></b>	<b>1,545</b>	<b>4,524</b>	<b>6,044</b>	<b>1,519</b>
<b>Total 2012-13 awards made<sup>3</sup></b>	<b>5,758</b>	<b>28,484</b>	<b>29,442</b>	<b>958</b>

<sup>1</sup> After adding back reductions to recover 2003-04 to 2011-12 overpayments. Net of repayments and remissions.

<sup>2</sup> Awards with underpayments or overpayments under £10 are counted as neither underpaid nor overpaid in this publication. See "Small underpayments and overpayments" in Appendix A.

<sup>3</sup> Excluding terminated awards with no overpayment at 5 April 2013. See Appendix A.

<sup>4</sup> Different total 2012-13 entitlement figure to table 1.2 of 'Child and Working Tax Credits Finalised annual awards'. This is because this publication excludes out-of-work families receiving child support through DWP benefits, plus negligible timing differences in the running of each system scan.

**Table 2 Families with finalised 2012-13 awards underpaid or overpaid at 5 April 2013**

	Awards (thousands)	Net overpayment (£ million)
<b>Awards underpaid<sup>1</sup></b>		
Families with awards at 5 April 2013	853	-508
Awards made after 5 April 2013 and backdated	65	-33
Awards ceased during 2012-13	42	-20
<b>Total awards underpaid<sup>1</sup></b>	<b>960</b>	<b>-561</b>
<b>Awards overpaid<sup>1</sup></b>		
Terminated awards	195	355
Families with awards at 5 April 2013	979	968
Awards ceased during 2012-13	371	197
<b>Total awards overpaid<sup>1</sup></b>	<b>1,545</b>	<b>1,519</b>

<sup>1</sup> See footnote 2 to Table 1

Note. The level of under or overpayment at 5 April 2013 for each award is based on the 2012-13 entitlement calculated from the family's circumstances and income in 2012-13 reported by April 2014.

**Table 3 Finalised 2012-13 awards underpaid or overpaid at 5 April 2013, by size of under or overpayment**

<b>Band of underpayment or overpayment</b>	<b>Underpaid awards<sup>1</sup> (thousands)</b>	<b>Underpayment at 5 April 2013 (£ million)</b>	<b>Overpaid awards<sup>1</sup> (thousands)</b>	<b>Overpayment at 5 April 2013 (£ million)</b>
<b>Terminated awards</b>				
Up to £50	-	-	1	-
£50 to £100	-	-	5	-
£100 to £200	-	-	10	1
£200 to £500	-	-	35	12
£500 to £1,000	-	-	43	33
£1,000 to £2,000	-	-	40	56
£2,000 to £5,000	-	-	44	139
Over £5,000	-	-	15	113
<b>Total terminated awards</b>	<b>-</b>	<b>-</b>	<b>195</b>	<b>355</b>
<b>Families with awards at 5 April 2013</b>				
Up to £50	127	4	68	2
£50 to £100	103	8	92	7
£100 to £200	132	19	134	20
£200 to £500	200	65	212	70
£500 to £1,000	137	98	178	128
£1,000 to £2,000	100	141	154	219
£2,000 to £5,000	49	140	117	351
Over £5,000	5	33	24	171
<b>Total families with awards at 5 April 2013</b>	<b>853</b>	<b>508</b>	<b>979</b>	<b>968</b>
<b>Other awards<sup>2</sup></b>				
Up to £50	16	-	43	1
£50 to £100	14	1	50	4
£100 to £200	20	3	71	10
£200 to £500	28	9	98	32
£500 to £1,000	16	11	59	41
£1,000 to £2,000	8	11	33	45
£2,000 to £5,000	3	10	16	46
Over £5,000	1	7	2	17
<b>Total other awards<sup>2</sup></b>	<b>107</b>	<b>53</b>	<b>371</b>	<b>197</b>
<b>All awards</b>				
Up to £50	143	4	112	3
£50 to £100	117	9	147	11
£100 to £200	152	22	215	32
£200 to £500	228	75	345	114
£500 to £1,000	153	109	280	203
£1,000 to £2,000	108	153	226	321
£2,000 to £5,000	52	151	177	536
Over £5,000	6	39	42	300
<b>Total all awards</b>	<b>960</b>	<b>561</b>	<b>1,545</b>	<b>1,519</b>

<sup>1</sup> Excluding awards with underpayments or overpayments under £10. See "Small underpayments and overpayments" in Appendix A.

<sup>2</sup> Awards not made, or ceased, by 5 April 2013.

Note. The level of under or overpayment at 5 April 2013 for each award is based on the 2012-13 entitlement calculated from the family's circumstances and income in 2012-13 reported by April 2014.

**Table 4 Finalised 2012-13 awards underpaid or overpaid at 5 April 2013, by position on profile at that date (and as assessed at that date)**

	Underpaid awards <sup>1</sup> (thousands)	Underpayment at 5 April 2013 (£ million)	Overpaid awards <sup>1</sup> (thousands)	Overpayment at 5 April 2013 (£ million)
<b>Singles</b>				
Terminated awards <sup>2</sup>	-	-	136	288
Positive entitlement at 5/4/13				
Not in work with children	42	25	75	102
In work with children				
<i>WTC and CTC</i>	143	63	168	250
<i>CTC only, more than family element</i>	32	17	30	26
In work, no children (WTC only)	69	18	64	36
Eligible at 5/4/13 but tapered to zero	9	5	58	25
Award ceased during 2012-13	23	11	239	120
Awards made after 5/4/13 and backdated	36	15	-	-
<b>Total singles</b>	<b>355</b>	<b>155</b>	<b>771</b>	<b>848</b>
<b>Couples</b>				
Terminated awards <sup>2</sup>	-	-	59	67
Positive entitlement at 5/4/13				
Not in work with children	49	38	43	47
In work with children				
<i>WTC and CTC</i>	218	140	156	211
<i>CTC only, more than family element</i>	223	159	183	165
In work, no children (WTC only)	44	20	30	23
Eligible at 5/4/13 but tapered to zero	23	22	172	81
Award ceased during 2012-13	19	9	132	77
Awards made after 5/4/13 and backdated	29	18	-	-
<b>Total couples</b>	<b>605</b>	<b>406</b>	<b>774</b>	<b>671</b>
<b>All families</b>				
Terminated awards <sup>2</sup>	-	-	195	355
Positive entitlement at 5/4/13				
Not in work with children	91	63	118	150
In work with children				
<i>WTC and CTC</i>	361	204	324	461
<i>CTC only, more than family element</i>	255	176	213	191
In work, no children (WTC only)	113	38	94	59
Eligible at 5/4/13 but tapered to zero	32	27	230	107
Award ceased during 2012-13	42	20	371	197
Awards made after 5/4/13 and backdated	65	33	-	-
<b>Total all families</b>	<b>960</b>	<b>561</b>	<b>1,545</b>	<b>1,519</b>

<sup>1</sup> Excluding awards with underpayments or overpayments under £10. See "Small underpayments and overpayments" in Appendix A.<sup>2</sup> Includes awards terminated after 5 April 2013

Note. The level of under or overpayment at 5 April 2013 for each award is based on the 2012-13 entitlement calculated from the family's circumstances and income in 2012-13 reported by April 2014.

**Table 5 Finalised 2012-13 awards underpaid or overpaid at 5 April 2013, by band of family income**

2012-13 income band <sup>2</sup>	Underpaid awards <sup>1</sup> (thousands)	Underpayment at 5 April 2013 (£ million)	Overpaid awards <sup>1</sup> (thousands)	Overpayment at 5 April 2013 (£ million)
<b>Families with awards at 5 April 2013</b>				
Up to £5,000	86	62	122	149
£5,000 to £10,000	198	125	175	169
£10,000 to £15,000	189	119	159	119
£15,000 to £20,000	143	93	135	109
£20,000 to £30,000	181	94	222	207
£30,000 to £40,000	54	22	111	117
£40,000 to £50,000	6	3	26	38
Over £50,000	1	1	4	8
Not known <sup>3</sup>	13	9	61	65
<b>Total families with awards at 5 April 2013</b>	<b>853</b>	<b>508</b>	<b>979</b>	<b>968</b>
<b>Other awards<sup>4</sup></b>				
Up to £5,000	16	7	74	42
£5,000 to £10,000	23	11	83	44
£10,000 to £15,000	16	6	53	27
£15,000 to £20,000	11	4	28	15
£20,000 to £30,000	11	3	27	15
£30,000 to £40,000	2	-	6	4
£40,000 to £50,000	-	-	1	1
Over £50,000	-	-	-	-
Not known <sup>3</sup>	9	3	64	38
<b>Total other awards<sup>4</sup></b>	<b>107</b>	<b>53</b>	<b>371</b>	<b>197</b>
<b>All awards</b>				
Up to £5,000	102	69	196	191
£5,000 to £10,000	221	135	258	213
£10,000 to £15,000	205	125	212	146
£15,000 to £20,000	154	97	163	124
£20,000 to £30,000	192	97	249	220
£30,000 to £40,000	56	23	117	121
£40,000 to £50,000	7	3	27	39
Over £50,000	1	1	4	8
Not known <sup>3</sup>	22	12	124	103
<b>Total all awards</b>	<b>960</b>	<b>561</b>	<b>1,350</b>	<b>1,164</b>

<sup>1</sup> Excluding awards with underpayments or overpayments under £10. See "Small underpayments and overpayments" in Appendix A.

<sup>2</sup> For families not reporting 2012-13 incomes they are assumed to fall into the same bands as in 2011-12 for this table. These include "auto-renewal" families with awards at the family element of CTC, or tapered to zero, and who had to report 2012-13 incomes only if it would affect the entitlement.

<sup>3</sup> Comprises families receiving out of work benefits not required to report incomes; and others, apart from "auto-renewal" cases, not reporting their 2012-13 incomes by April 2013, so their 2012-13 entitlement was still calculated using 2010-11 incomes.

<sup>4</sup> Awards not made, or ceased, by 5 April 2011. Based on information reported by 5 April 2013.

Note. The level of under or overpayment at 5 April 2013 for each award is based on the 2012-13 entitlement calculated from the family's circumstances and income in 2012-13 reported by April 2014.

**Table 6 Finalised 2012-13 awards underpaid or overpaid at 5 April 2012, by combination of bands of family income in 2011-12 and 2012-13**

Thousands

2012-13 income band <sup>1</sup>	2011-12 income band								Total
	Under £5,000	£5,000 to £10,000	£10,000 to £15,000	£15,000 to £20,000	£20,000 to £30,000	£30,000 to £40,000	£40,000 to £50,000	Over £50,000	
<b>Awards underpaid at 5 April 2013<sup>3</sup></b>									
Under £5,000	39	35	16	7	4	1	-	-	102
£5,000 to £10,000	22	114	53	20	10	2	-	-	221
£10,000 to £15,000	10	38	91	38	22	3	1	1	205
£15,000 to £20,000	4	11	29	60	42	6	1	1	154
£20,000 to £30,000	1	2	10	32	119	24	2	1	192
£30,000 to £40,000	-	-	-	1	24	28	3	-	56
£40,000 to £50,000	-	-	-	-	-	4	2	-	7
Over £50,000	-	-	-	-	-	-	-	-	1
Not known	22	-	-	-	-	-	-	-	22
<b>Total awards underpaid at 5 April 2013<sup>3</sup></b>	<b>99</b>	<b>201</b>	<b>200</b>	<b>158</b>	<b>221</b>	<b>67</b>	<b>10</b>	<b>4</b>	<b>960</b>
<b>Neither underpaid nor overpaid</b>									
Under £5,000	631	62	6	1	1	-	-	-	701
£5,000 to £10,000	196	550	26	1	1	-	-	-	774
£10,000 to £15,000	40	106	299	14	1	-	-	-	460
£15,000 to £20,000	6	16	73	175	9	-	-	-	280
£20,000 to £30,000	1	1	11	61	230	4	-	-	308
£30,000 to £40,000	-	-	-	-	38	58	-	-	97
£40,000 to £50,000	-	-	-	-	-	7	5	-	13
Over £50,000	-	-	-	-	-	-	1	1	2
Not known <sup>2</sup>	619	-	-	-	-	-	-	-	619
<b>Total neither underpaid nor overpaid</b>	<b>1,491</b>	<b>736</b>	<b>416</b>	<b>252</b>	<b>280</b>	<b>70</b>	<b>7</b>	<b>2</b>	<b>3,254</b>
<b>Awards overpaid at 5 April 2013<sup>3</sup></b>									
Under £5,000	170	21	4	1	-	-	-	-	196
£5,000 to £10,000	40	182	28	6	2	-	-	-	258
£10,000 to £15,000	10	26	145	22	8	1	-	-	212
£15,000 to £20,000	9	14	23	87	26	3	1	-	163
£20,000 to £30,000	7	14	22	29	153	20	2	1	249
£30,000 to £40,000	1	2	5	11	38	56	3	1	117
£40,000 to £50,000	-	-	1	1	7	11	7	-	27
Over £50,000	-	-	-	-	-	1	2	1	4
Not known <sup>2</sup>	124	-	-	-	-	-	-	-	124
<b>Total awards overpaid at 5 April 2013<sup>3</sup></b>	<b>361</b>	<b>260</b>	<b>226</b>	<b>158</b>	<b>233</b>	<b>93</b>	<b>15</b>	<b>4</b>	<b>1,350</b>
<b>All awards</b>									
Under £5,000	840	118	25	9	5	1	-	-	998
£5,000 to £10,000	258	846	107	26	13	2	1	1	1,254
£10,000 to £15,000	59	171	535	75	30	5	1	1	876
£15,000 to £20,000	19	41	125	323	76	9	2	1	596
£20,000 to £30,000	9	18	43	122	502	48	5	2	750
£30,000 to £40,000	1	2	5	12	100	142	6	1	271
£40,000 to £50,000	-	-	1	1	7	22	14	1	46
Over £50,000	-	-	-	-	-	1	2	3	7
Not known <sup>2</sup>	765	-	-	-	-	-	-	-	765
<b>Total all awards</b>	<b>1,952</b>	<b>1,196</b>	<b>842</b>	<b>568</b>	<b>734</b>	<b>230</b>	<b>32</b>	<b>9</b>	<b>5,564</b>

<sup>1</sup> For some families not reporting 2012-13 incomes they are assumed to fall into the same bands as in 2011-12. These include families with awards at the family element of Child Tax Credit, or tapered to zero, and who had to report 2012-13 incomes only if the change in income was sufficient to affect the size of the award.

<sup>2</sup> Comprises certain families receiving out of work benefits not required to report incomes, and those not reporting their 2012-13 incomes by April 2013, so their 2012-13 entitlement was still calculated using 2011-12 incomes.

<sup>3</sup> Excluding awards with underpayments or overpayments under £10. See "Small underpayments and overpayments" in Appendix A.

Note. The level of under or overpayment at 5 April 2012 for each award is based on the 2012-13 entitlement calculated from the family's circumstances and income in 2012-13 reported by April 2014.



## Appendix A: Technical Note

### Data source, definition and quality

The figures in the table are derived from a scan of the tax credits computer system, taken in early April 2014. For each 2012-13 award, the scan contained the aggregate of each of (a) 2012-13 entitlement postings up to 5 April 2013, and (b) payments and other transactions for 2012-13 posted up to 5 April 2013 (but including, exceptionally, manual payments for 2012-13 issued in 2012-13 and posted during 2013-14). The sums of the posting amounts taken over all awards were consistent with separate aggregates derived from other scans of the system.

Payments received direct from claimants to settle 2012-13 overpayments identified in-year are included at (b) above if they were posted to accounts by 5 April 2013.

These data in the scan were generally those used to issue payments and award notices to tax credits claimants, and to recover overpayments. A small number of awards were handled clerically, and the computer system may have out of date or incorrect data. Some payments made in 2012-13 were not recorded on the computer system, such as manual payments issued in 2012-13 but not posted to accounts by April 2014. However, the numbers and amounts involved are extremely small.

By definition, the data exclude payments made after 5 April 2013, even if these were the sole cause of, or increased, 2012-13 overpayments as measured at a later date.

### Incomes

The incomes in Tables 5 and 6 represent the taxable incomes of the family in the year (net of pension contributions), but excluding the first £300 of most income other than earnings and taxable social security benefits. The 2012-13 income used to taper the award is net of the first £10,000 of any increase over 2011-12. Awards are reduced by a proportion of the excess of this income over the relevant threshold. The incomes shown in Tables 5 and 6 are before deducting either disregards or the threshold.

### Terminated awards

Terminated awards were identified as those with no entitlement sub-period in the scan used for the main publication "Child and Working Tax Credits. Finalised awards. 2012-13". Only such awards with positive payment postings are included in the tables.

### Table 4

The analysis by position on the profile at 5 April 2013 was derived by linking the data in this scan with another data set giving this information. This second data set covers only a sample of one in ten awards to single adults and one in five awards to couples. The figures in this table are therefore subject to small sampling uncertainty

## How overpayments and underpayments arise

During 2012-13, payments were based on the latest information reported on the family's circumstances (hours worked, number of children, disabilities, childcare costs) and income. Families were encouraged to report any changes when they occurred, and in-year estimates of 2012-13 incomes. Payments were then adjusted so that, as far as possible, the new calculated annual entitlement was paid over by 5 April 2013.

Most underpayments and overpayments arose through no 2012-13 incomes being reported until finalisation in 2013-14<sup>1</sup>. They also arose when claimants failed to report changes of circumstances until after the year end; or when changes (or estimated 2012-13 incomes) reducing entitlement were reported in-year but there was insufficient time to reduce payments in the rest of the year to prevent an overpayment. They could also arise through official error.

### Terminated awards

2012-13 awards are described as "Terminated" if the families (a) failed to report by the specified date their actual 2011-12 incomes or other details, (b) according to the latest information, ceased to meet the qualifying conditions for tax credits<sup>2</sup> before the start of 2012-13, or (c) failed to return a signed 2012-13 award notice.

The entitlements of such awards are set to zero. The awards are included in the tables if payments for 2012-13 were made during 2012-13, and not fully recovered (and not remitted) in 2012-13; they are by definition overpaid at 5 April 2013.

### Repayments of underpayments, and overpayment recovery

Underpayments are repaid as lump sums. Overpayments are recovered by reducing future payments, or directly if there are no current payments. For further details, see the HMRC Code of Practice 26, "What happens when we have paid you too much tax credits?" This also explains remitting overpayments arising from official error.

### Disputed overpayments, remissions and recovery suspension

Overpayments remitted due to official error are included in the tables unless remitted by 5 April 2013. The recovery of overpayments can also be suspended pending investigations or decisions; these overpayments are included in the tables even if the suspension was active at 5 April 2013.

### Overpayments arising after the year end, and from unposted payments

The data used to compile the main tables exclude (a) manual payments issued in 2012-13 but not posted to customer accounts by 5 April 2013 and (b) payments and other transactions for 2012-13 made after that date.

Aggregates including these transactions, and the equivalent figures for 2003-04 to 2011-12, are shown in the Main Aggregates page of this publication. They are not measures of overpayments at 5 April at the end of each year. Rather, they approximate the sum of the maximum amounts for each award on or after that date. The figures are heavily rounded, reflecting the fact that they are approximate. They fall outside National Statistics.

<sup>1</sup> Initial awards were based on 2011-12 incomes. The first £10,000 of any increase in income between then and 2012-13 was however disregarded.

<sup>2</sup> Responsible for children; or including an adult who was a disabled worker or was aged 25+ and worked for 30+ hours per week.

### **Small underpayments and overpayments**

45 thousand awards were underpaid, and 21 thousand overpaid, by less than £10 (excluding amounts under £1). Many of these amounts arose from rounding within the award calculation and payment. We have judged that users would prefer the figures of underpaid and overpaid awards to exclude these cases.

### **Families and awards**

Tax credits awards are made to single adults or couples. No adult can be in more than one current award; when a couple breaks up, or a single adult becomes part of a couple, the award ceases and either or both adults can apply for new awards.

The main publication shows the average number of benefiting families in 2012-13, which is the same as the number of awards with positive entitlement averaged over the year. These tables cover all 2012-13 awards, so individuals can be represented more than once.

To give some information on families, however, several tables distinguish between (a) families with awards current at 5 April 2013 and (b) other awards. The latter comprises awards terminated, ceased by 5 April 2013, or made only in 2013-14 and backdated.

### **The coverage of out-of-work families with children**

The tables in the main publication include out-of-work families receiving their child support via Income Support or income-based Jobseeker's Allowance. This publication is restricted to tax credits awards, and so excludes payments, underpayments and overpayments of these benefits.

## Appendix B: CTC and WTC elements and thresholds

	Annual rate (£), except where specified									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Child Tax Credit</b>										
Family element	545	545	545	545	545	545	545	545	545	545
Family element, baby addition <sup>1</sup>	545	545	545	545	545	545	545	545	-	-
Child element <sup>2</sup>	1,445	1,625	1,690	1,765	1,845	2,085	2,235	2,300	2,555	2,690
Disabled child additional element <sup>3</sup>	2,155	2,215	2,285	2,350	2,440	2,540	2,670	2,715	2,800	2,950
Severely disabled child additional element <sup>4</sup>	865	890	920	945	980	1,020	1,075	1,095	1,130	1,190
<b>Working Tax Credit</b>										
Basic element	1,525	1,570	1,620	1,665	1,730	1,800	1,890	1,920	1,920	1,920
Couples and lone parent element	1,500	1,545	1,595	1,640	1,700	1,770	1,860	1,890	1,950	1,950
30 hour element <sup>5</sup>	620	640	660	680	705	735	775	790	790	790
Disabled worker element	2,040	2,100	2,165	2,225	2,310	2,405	2,530	2,570	2,650	2,790
Severely disabled adult element	865	890	920	945	980	1,020	1,075	1,095	1,130	1,190
50+ return to work payment <sup>6</sup>										
16 but less than 30 hours per week	1,045	1,075	1,110	1,140	1,185	1,235	1,300	1,320	1,365	-
at least 30 hours per week	1,565	1,610	1,660	1,705	1,770	1,840	1,935	1,965	2,030	-
Childcare element										
Maximum eligible costs allowed (£ per week)										
Eligible costs incurred for 1 child	135	135	175	175	175	175	175	175	175	175
Eligible costs incurred for 2+ children	200	200	300	300	300	300	300	300	300	300
Percentage of eligible costs covered	70%	70%	70%	80%	80%	80%	80%	80%	70%	70%
<b>Common features</b>										
First income threshold <sup>7</sup>	5,060	5,060	5,220	5,220	5,220	6,420	6,420	6,420	6,420	6,420
First withdrawal rate	37%	37%	37%	37%	37%	39%	39%	39%	41%	41%
Second income threshold <sup>8</sup>	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	40,000	-
Second withdrawal rate	1 in 15	1 in 15	1 in 15	1 in 15	1 in 15	1 in 15	1 in 15	1 in 15	41%	-
First income threshold for those entitled to Child Tax Credit only <sup>9</sup>	13,230	13,480	13,910	14,155	14,495	15,575	16,040	16,190	15,860	15,860
Income increase disregard	2,500	2,500	2,500	25,000	25,000	25,000	25,000	25,000	10,000	10,000
Income fall disregard <sup>10</sup>										2,500
Minimum award payable	26	26	26	26	26	26	26	26	26	26

<sup>1</sup> Payable to families for any period during which they have one or more children aged under 1. Abolished 6 April 2011.

<sup>2</sup> Payable for each child up to 31 August after their 16th birthday, and for each young person for any period in which they are aged under 20 (under 19 to 2005-06) and in full-time non-advanced education, or under 19 and in their first 20 weeks of registration with the Careers service or Connexions.

<sup>3</sup> Payable in addition to the child element for each disabled child.

<sup>4</sup> Payable in addition to the disabled child element for each severely disabled child.

<sup>5</sup> Payable for any period during which normal hours worked (for a couple, summed over the two partners) is at least 30 per week.

<sup>6</sup> Payable for each qualifying adult for the first 12 months following a return to work. Abolished 6 April 2012.

<sup>7</sup> Income is net of pension contributions, and excludes Child Benefit, Housing benefit, Council tax benefit, maintenance and the first £300 of family income other than from work or benefits. The award is reduced by the excess of income over the first threshold, multiplied by the first withdrawal rate.

<sup>8</sup> For those entitled to the Child Tax Credit, the award is reduced only down to the family element, plus the baby addition where relevant, less the excess of income over the second threshold multiplied by the second withdrawal rate. Abolished 6 April 2012.

<sup>9</sup> Those also receiving Income Support, income-based Jobseeker's Allowance or Pension Credit are passported to maximum CTC with no tapering.

<sup>10</sup> Introduced from 6 April 2012, this drop in income is disregarded in the calculation of Tax Credit awards.