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KAI Benefits and Credits

Child and Working Tax Credits statistics:

Provisional awards

December 2018



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Key Statistics

On 3rd December 2018:

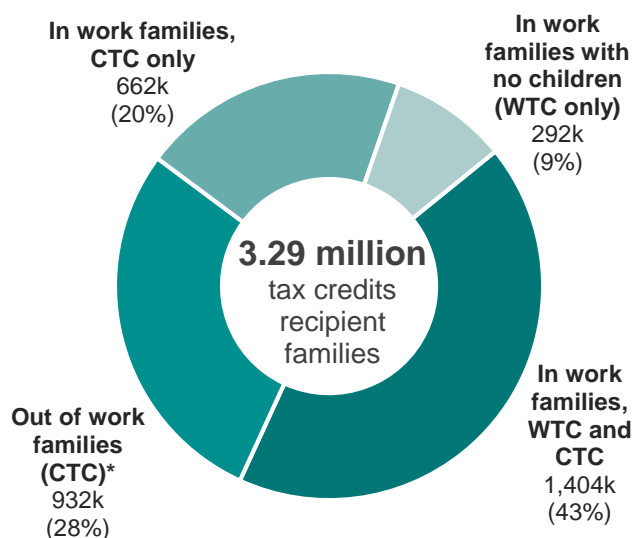
3.29 million families

containing

6.04 million children

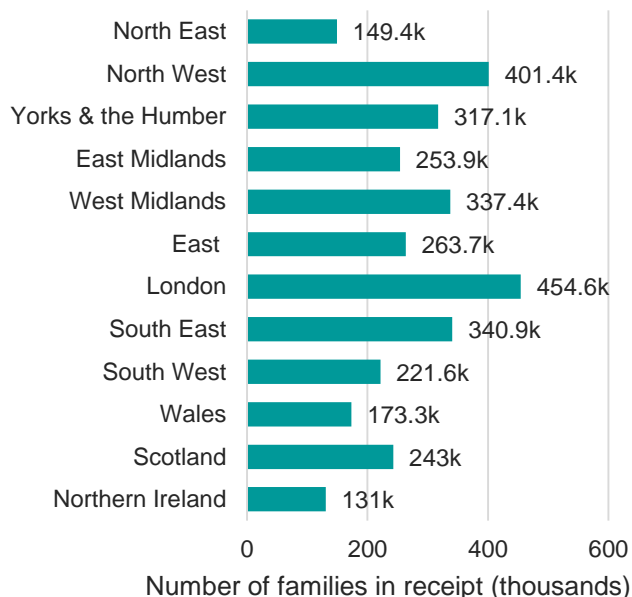
were in receipt of Child Tax Credit (CTC) and/or Working Tax Credit (WTC) or equivalent support through benefits.

Breakdown of the tax credits population

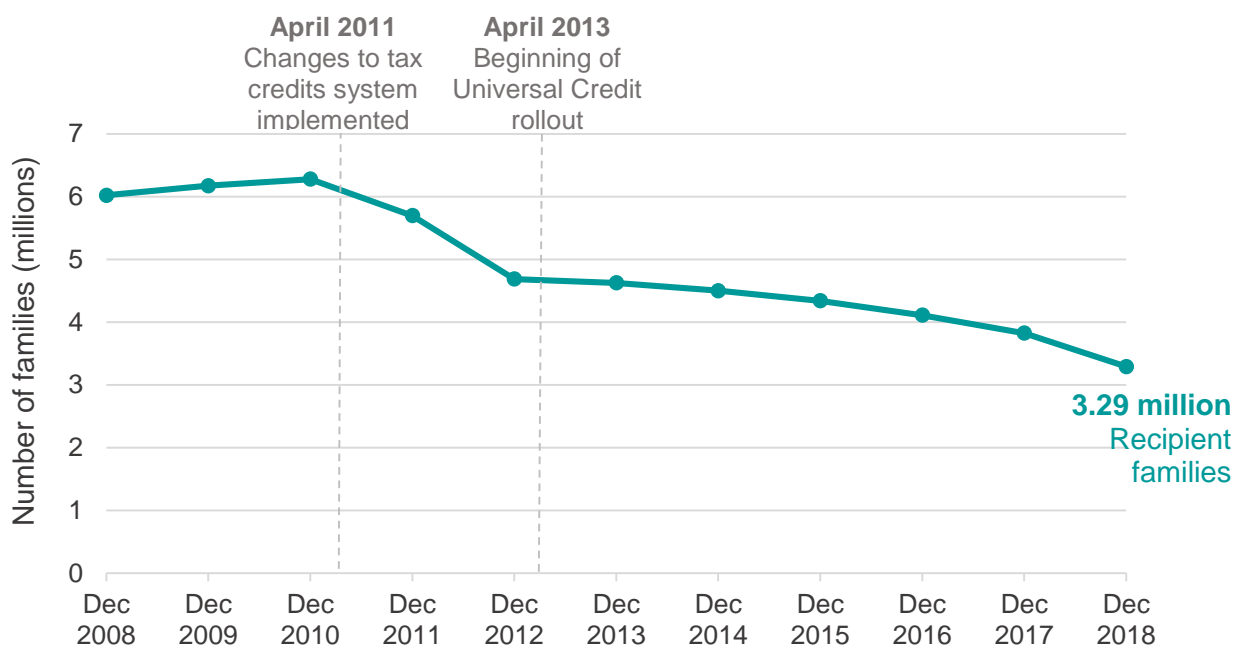


*Includes families receiving equivalent support through benefits

Families in each country or English region



Tax credits claimants since December 2008



Between December 2017 and December 2018 the number of Child and Working Tax Credits recipients reduced from 3.82 million to 3.29 million. The number of families has been falling in recent years, first as a result of changes announced in the June 2010 budget and October 2010 spending review and subsequently due to the rollout of Universal Credit

Child and Working Tax Credits statistics: Provisional awards

December 2018

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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.

<https://www.gov.uk/government/publications/national-statistics-review-of-tax-credit-statistics-results>

Introduction

These statistics focus on the number of families benefiting from Child Tax Credit (CTC) and/or Working Tax Credit (WTC) in England, Scotland, Wales and Northern Ireland as at 3rd December 2018. The publication presents a breakdown of families by their profile position, age and gender, type of family and family size as well as the number of children in benefiting families, broken down by their age. It also details the families benefiting from each of the different elements of tax credits and provides information the income used in calculating awards and the frequency of payments.

These statistics are based on a 10% sample of data at the snapshot point and therefore they are estimates and subject to sampling error. They are calculated based on the most recent reported circumstances of each family in the sample. In contrast, the finalised awards statistics publication provides a full, retrospective overview based on every family receiving tax credits in a given financial year and includes details of the tax credits entitlement of those families.

Future publication

These statistics are currently published twice a year: in January (for December) and May/June (for April). We are considering reducing the frequency to once a year with the May/June release continuing as annual publication from 2020 onwards, as well as including the geographical analysis in the main provisional awards publication. We will provide further information on this proposal with the May/June publication later this year. In the meantime, any questions or comments relating to this can be forwarded to benefitsandcredits.analysis@hmrc.gov.uk

Commentary and figures

The graphs, tables and commentary in this section show and discuss some of the key features of the data. The full data tables are available in the accompanying spreadsheet.

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- Figure 1.3 Number of families receiving WTC-only (working families with no children), December 2008 to December 2018
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Section 1: Time series

Section 1 provides statistics on the history of the tax credits system, between December 2008 and December 2018. This enables comparisons across time, across different tax credits populations and describes how various parts of the system have changed over time.

Figure 1.1 shows that the total number of families claiming tax credits had remained at around 6 million until 2011. The total number of tax credit recipient families subsequently decreased as a result of policy changes announced in the June 2010 budget and October 2010 spending review and later due to the roll out of Universal Credit. In December 2018 the total number of families stood at 3.29 million.

Fig 1.1: Total number of families receiving Child Tax Credit and Working Tax Credit, December 2008 to December 2018

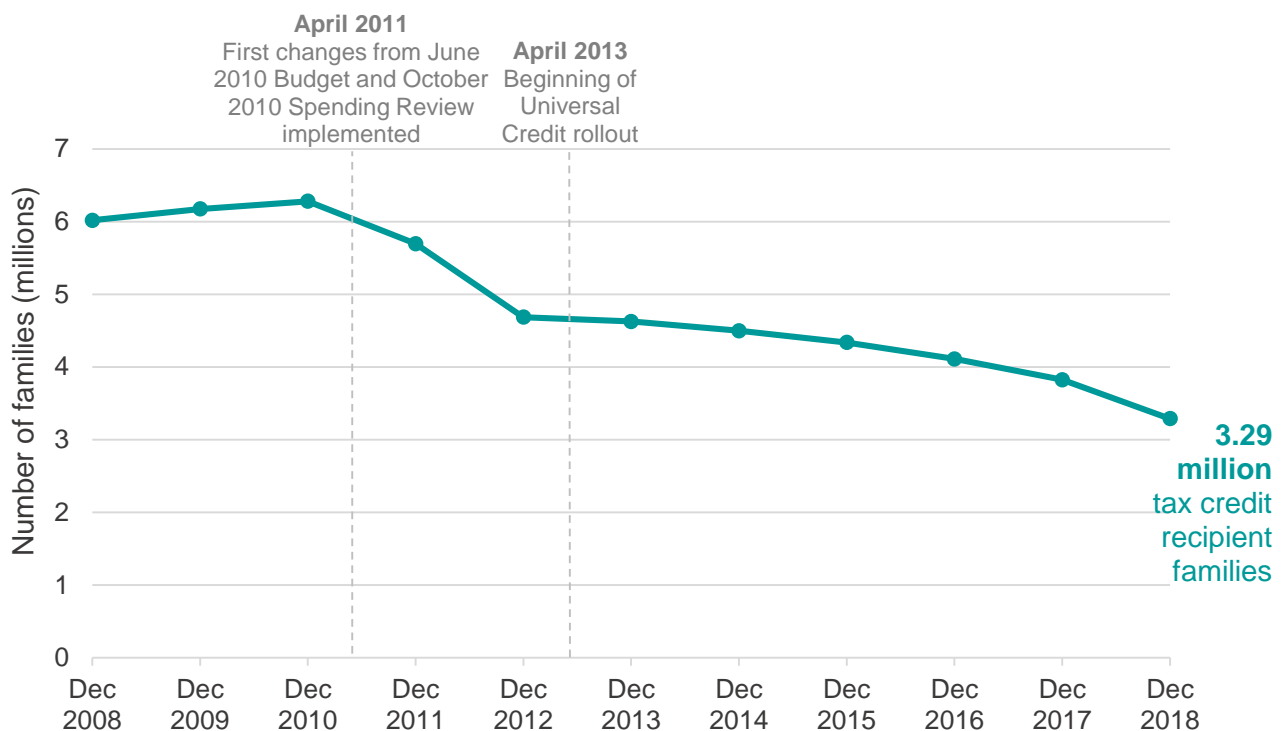


Figure 1.2 breaks down the tax credits population based on the credits they receive. The removal of the second income threshold in April 2012 means that there are no longer any families receiving only the Family Element, and therefore this category has been discontinued.

Figure 1.2: Breakdown of recipient families by type of credits received

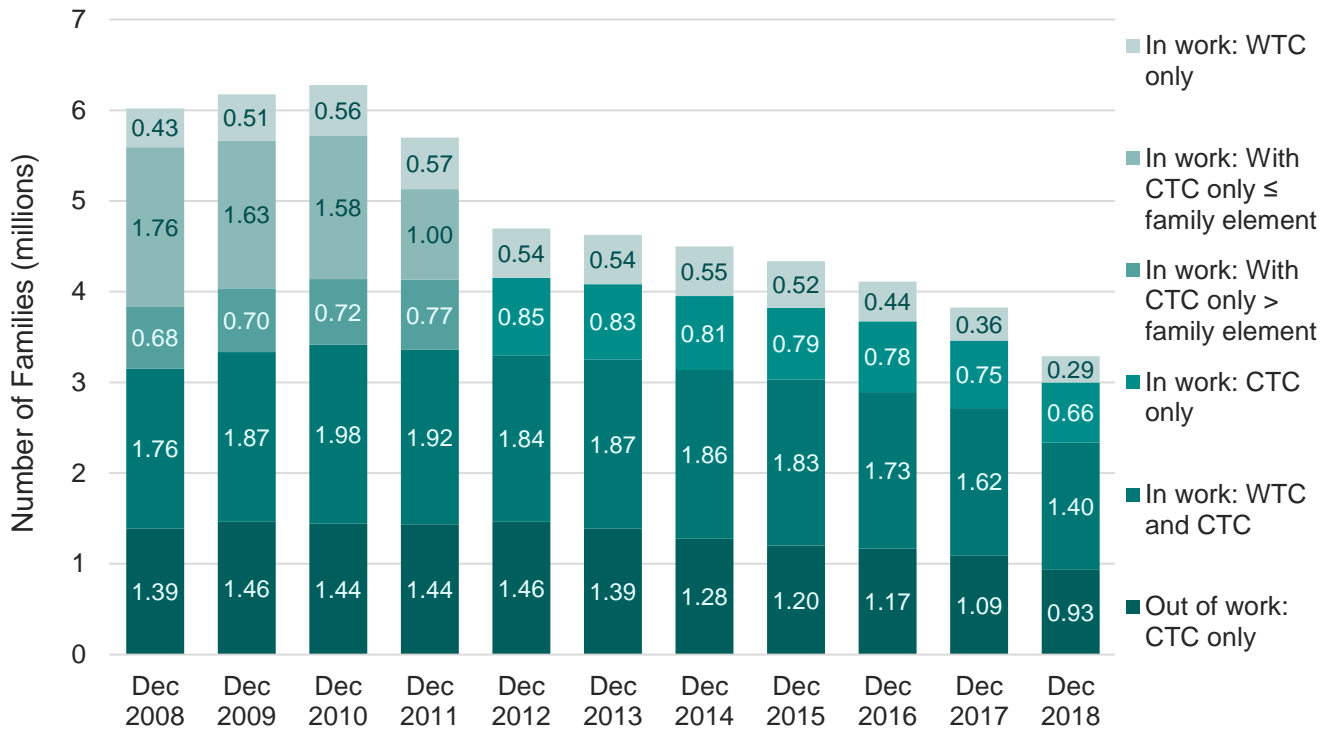


Figure 1.3 shows that by December 2011 the number of families without children receiving WTC only had reached around 566,000. It remained over 500,000 between December 2009 and December 2015 but has since decreased to 317,000 in December 2018.

Figure 1.3: Number of families receiving only Working Tax Credit (in-work families with no children)

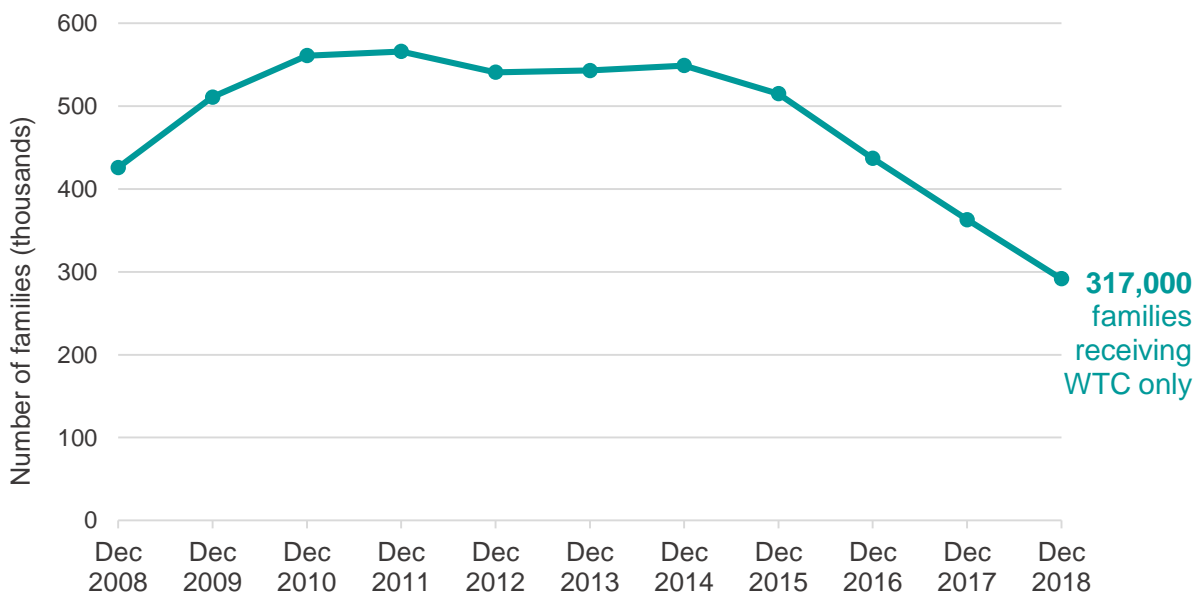
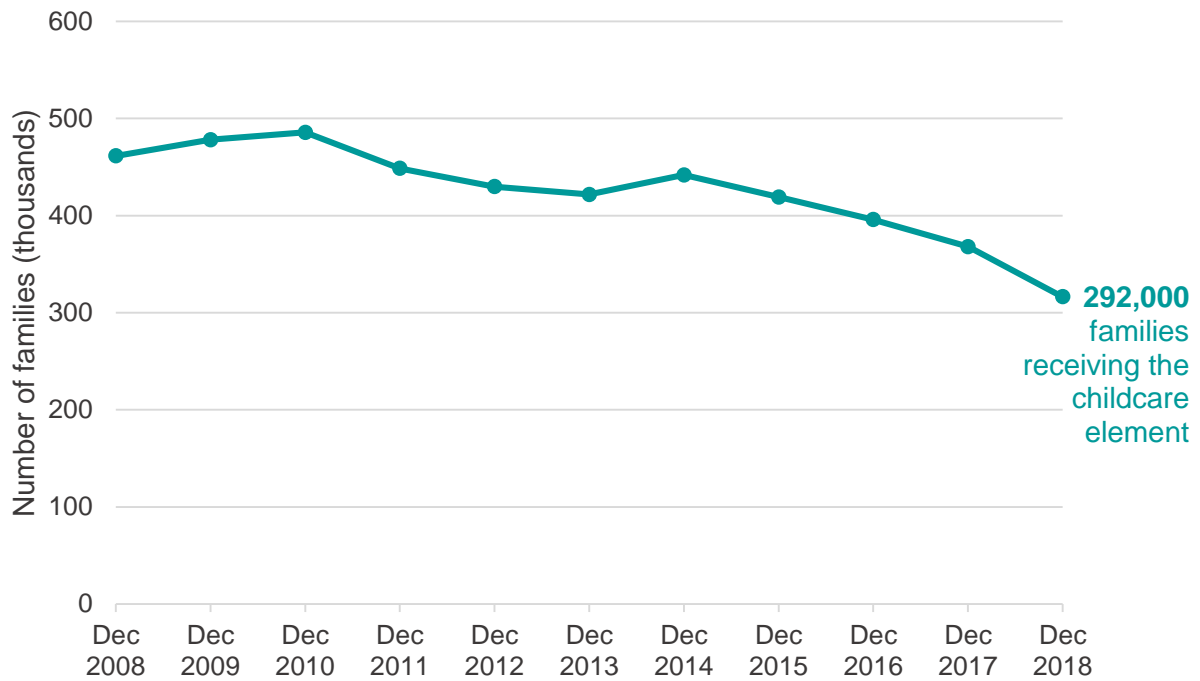


Figure 1.4 shows that the number of families benefiting from the childcare element rose to around 486,000 in December 2010. However after this date, the number of families benefiting from the childcare element fell. The number of families benefiting began steadily decreasing from December 2014 and by December 2018 292,000 families were benefiting from the childcare element.

Figure 1.4: Numbers of families benefiting from the childcare element



Section 2: Summary

Section 2 provides summary information on the tax credits population at December 2018. More detailed breakdowns can be found in sections 3 to 8.

Figure 2.1 shows that the majority of lone parent families with children receive either the full award of CTC (when out-of-work) or WTC and CTC (when in-work). Over two thirds of out-of-work families receiving CTC only are lone parents. The majority of families with no children (receiving WTC only) are single recipients.

Figure 2.1: Composition of families receiving different types of tax credits

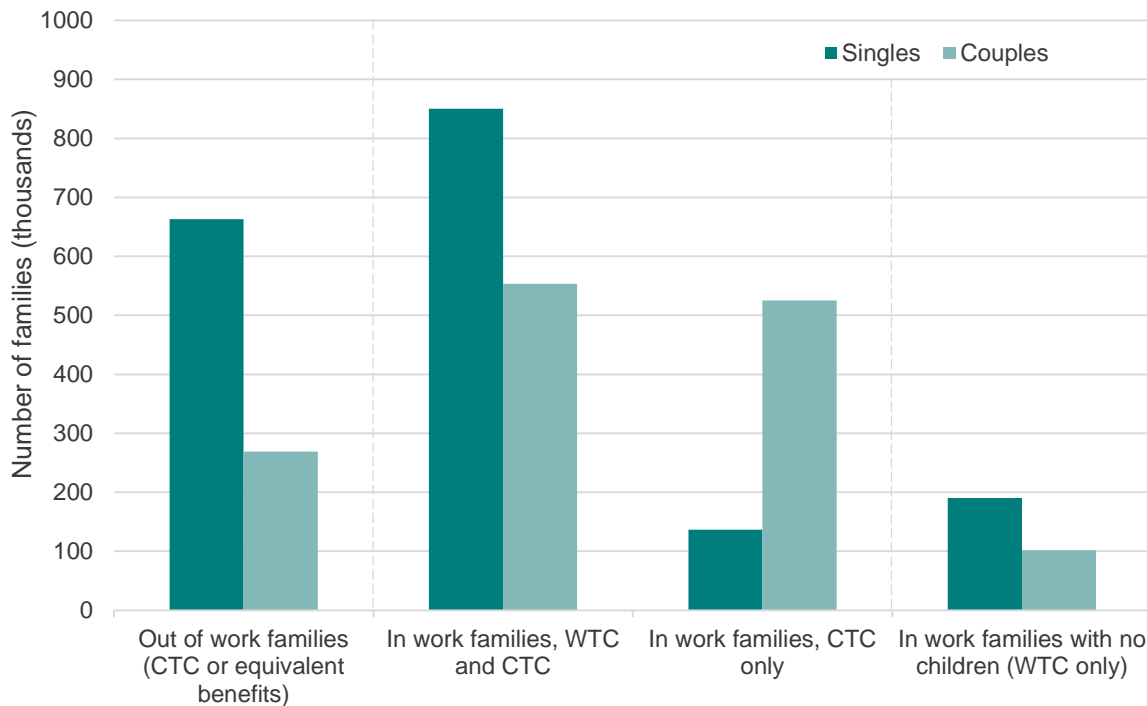


Figure 2.2 shows that 28% of families in receipt of tax credits are out-of-work families (less than 1% receive the family premium through DWP benefits) with in-work families making up the remaining 72%. Within this, 43% of families in receipt are receiving relatively higher value awards (WTC and CTC), 20% are receiving CTC-only, and the remaining 9% are in-work families with no children (receiving WTC-only).

Figure 2.2: Recipient families: proportion of families receiving each type of award

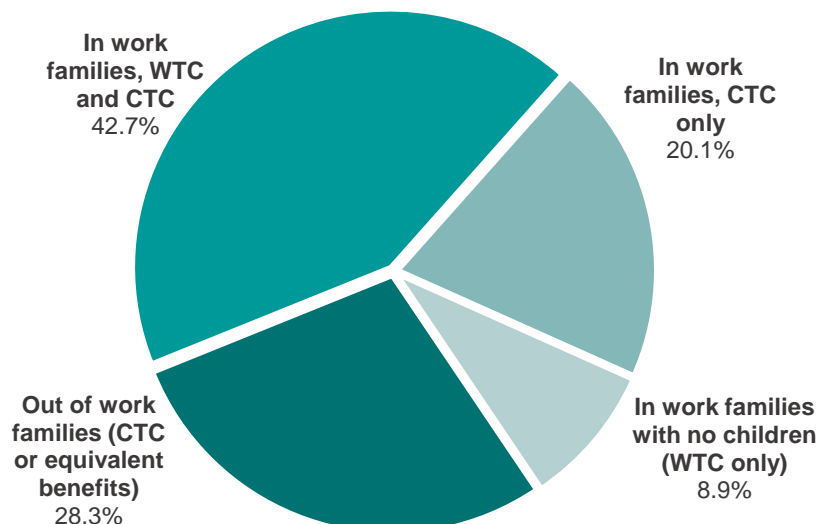


Table 2.1: Recipient families, couples and single adults and their children, December 2018

	Families			Thousands
	Singles	Couples	Total	Number of children in recipient families ¹
Out-of-work families with children				
Receiving CTC	657.1	265.7	922.8	1883.8
<i>of which maximum award²</i>	649.4	237.0	886.4	1807.7
<i>of which tapered</i>	7.7	28.7	36.3	76.1
Receiving equivalent in DWP benefits ³	6.1	3.4	9.5	17.5
Total out-of-work families with children	663.2	269.1	932.3	1901.4
In-work families				
With children				
Of which receiving WTC ⁴ and CTC				
<i>and maximum award¹</i>	233.6	64.1	297.7	592.4
<i>and tapered</i>	616.9	489.4	1106.3	2128.8
Total receiving WTC³ and CTC	850.4	553.5	1404.0	2721.1
Total receiving CTC only	136.7	525.0	661.7	1418.5
Total With Children	987.1	1078.5	2065.7	4139.6
With no children (receiving WTC only)				
<i>of which maximum award¹</i>	58.2	14.3	72.4	-
<i>of which tapered</i>	132.0	87.3	219.3	-
Total no Children (receiving WTC only)	190.2	101.6	291.8	-
Total In-work families	1177.3	1180.2	2357.4	4139.6
All families				
With children	1033.5	858.2	1891.7	3912.3
Other	190.2	101.6	291.8	-
Total All families	1840.5	1449.2	3289.7	6041.0

¹ Includes all children or qualifying young people in families receiving tax credits. This may not be equal to the number of children for whom the family is receiving the child element of CTC due to the policy to provide support for a maximum of two children, affecting children born after 6 April 2017 unless they are covered by an exception.

² Where the award is not reduced through tapering, either because the family is passported to maximum CTC through receipt of out-of-work benefits, or because the annual income is below the relevant first threshold. See Appendix A.

³ See the Definitions section. Not tapered.

⁴ Includes 52 thousand families (21 thousand couples and 30 thousand singles) where the WTC entitlement is less than or equal to the childcare element and is therefore paid together with CTC.

Section 3: Age, gender and children in recipient families

Section 3 focuses on the demographic make-up of the tax credits population. In particular, it looks at the age and gender of the adults in recipient families as well as the number and age of children in each family.

Figure 3.1 shows that singles/lone-parents and couples most commonly fall within the 40-59 age range. Overall, the age distribution for singles/lone parent families is younger than that of couples.

Figure 3.1: Age breakdown of adults receiving tax credits

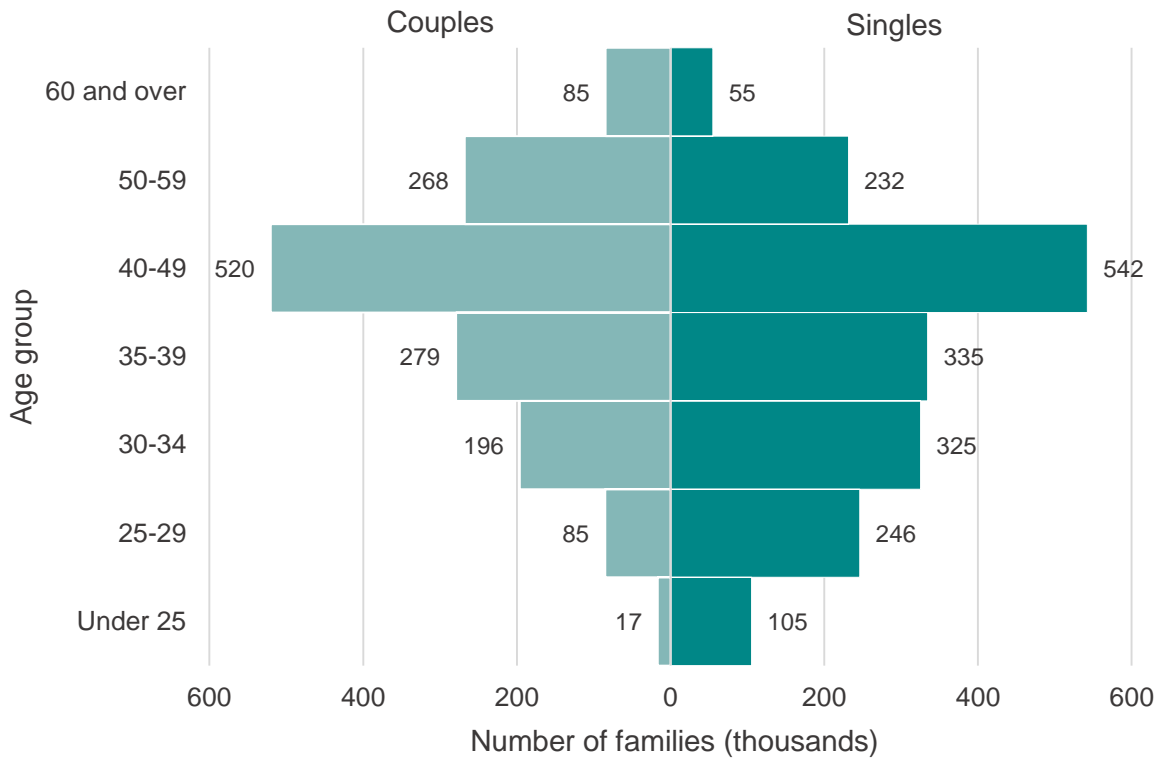


Figure 3.2 shows a majority of families receiving Child Tax Credit has either one child or two children. Couples are more likely than single adults to have larger family sizes; around 70% of one-child families have a single adult claimant whereas for families with three or more children around 62% have two adults.

Figure 3.2: Number of children¹ in families receiving Child Tax Credit

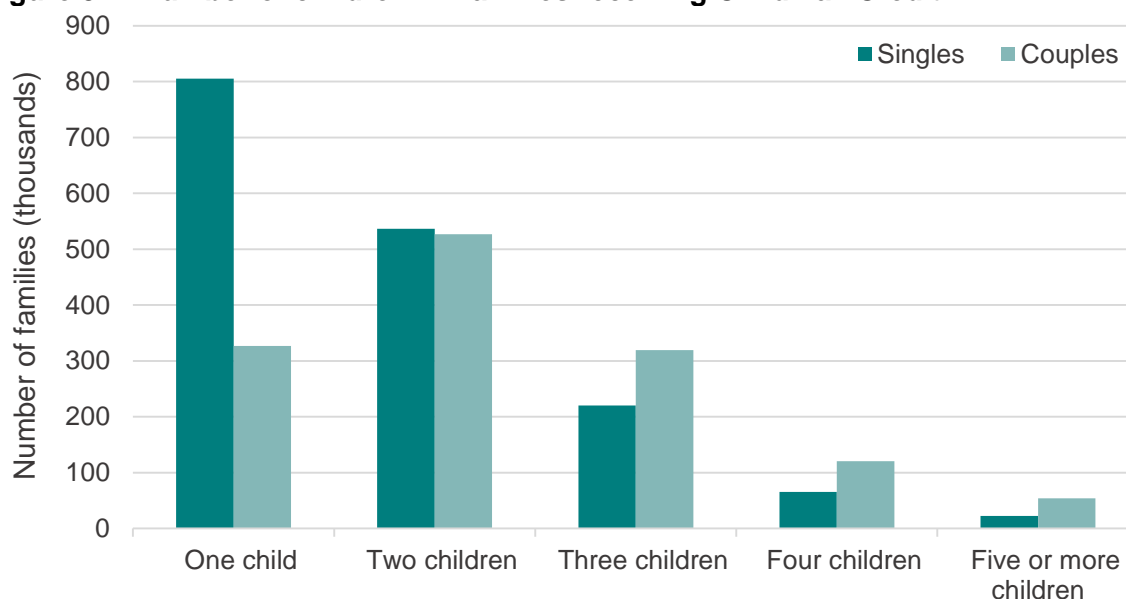
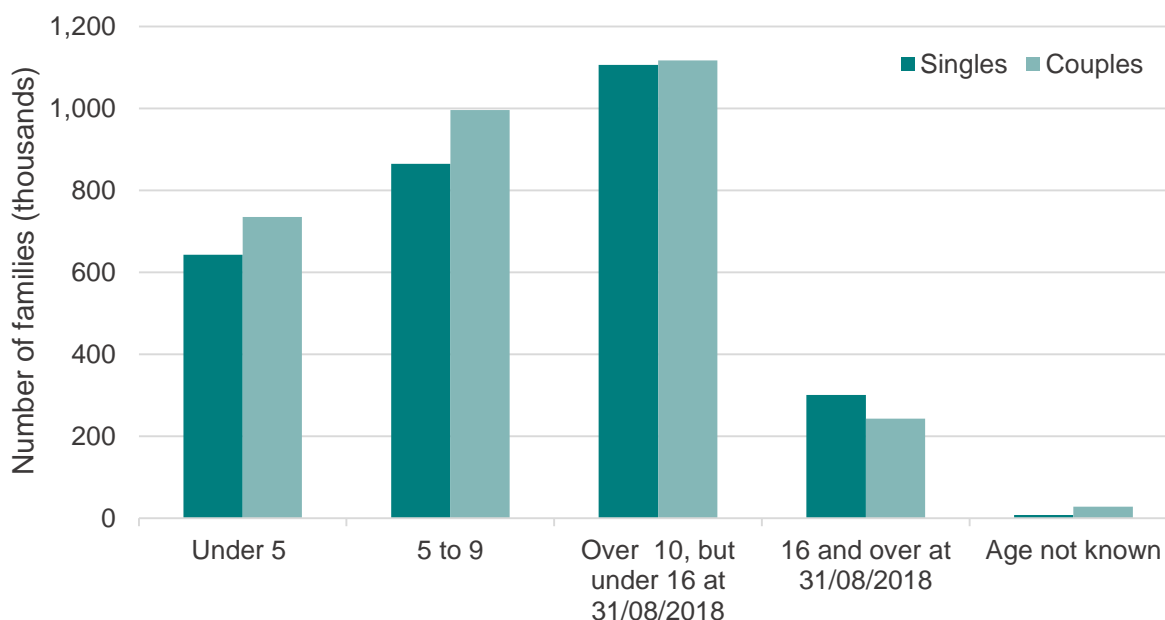


Figure 3.3 below shows that single adult families have more qualifying young people aged 16 and over despite the fact that in total there are more children in families with two adults. There were 301,000 children aged 16 or above in a single adult families compared to 243,000 children in couple households. Therefore, in general lone parents are more likely to be claiming tax credits for older children or qualifying young people than their couple counterparts.

Figure 3.3: Distribution of children¹ by age in tax credit families



¹ Includes all children or qualifying young people in families receiving tax credits. This may not be equal to the number of children for whom the family is receiving the child element of CTC due to the policy to provide support for a maximum of two children, affecting children born after 6 April 2017 unless they are covered by an exception.

Section 4: Hours worked and childcare of in-work recipient families

Section 4 focuses on the in-work recipient families, with breakdowns of the numbers of hours worked per week and the number of families benefiting from the 30-hour element. It also covers childcare-related breakdowns such as the numbers of families benefiting from the childcare element, the hours worked per week, the age distribution of the children, and detailed breakdowns of the costs.

Figure 4.1 shows the number of weekly hours worked by the main-worker for in-work families receiving tax credits. The majority of main-workers in couples work full-time (or the equivalent of 35 hours or more per week). Single parent families are more evenly split between part-time and full-time work.

In addition to the 1.44 million couples where the main or only worker works over 30 hours per week, 63 thousand families couples whose combined hours exceed 30 per week benefit from the 30-hour credit. In total 517 thousand single families and 990 thousand couples benefit from the 30-hour credit.

Figure 4.1: Weekly hours worked by main worker for in-work families in receipt of tax credits

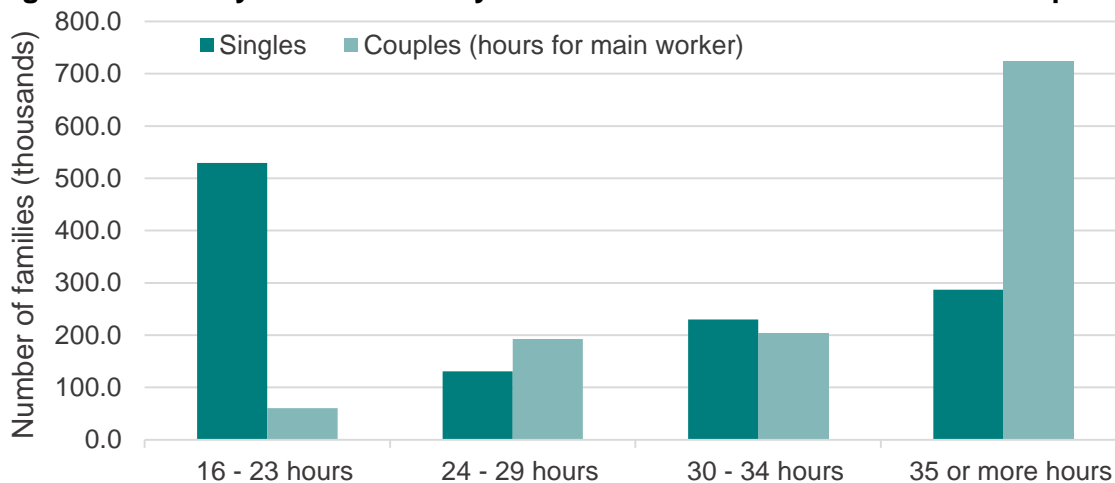
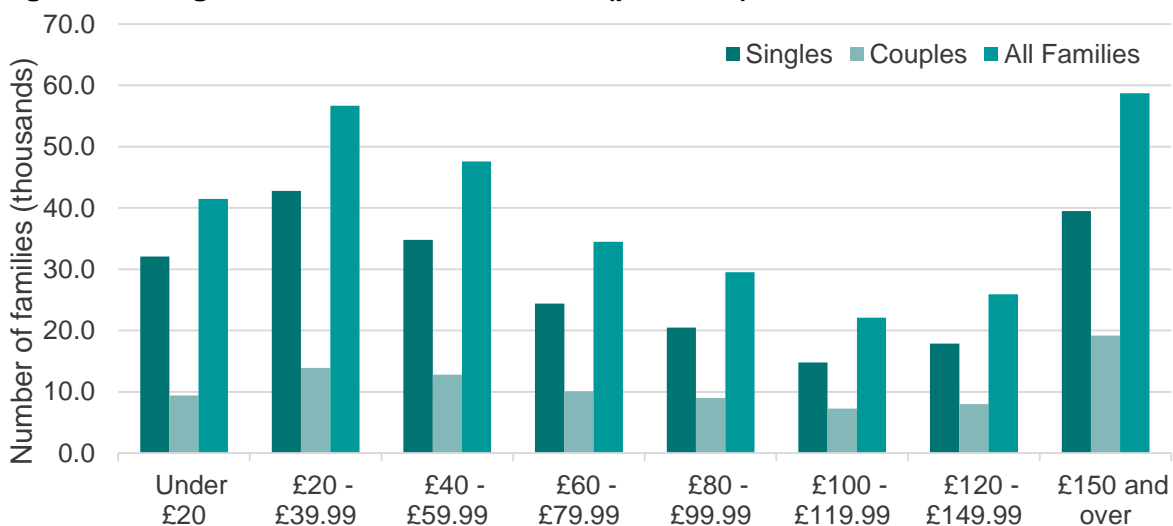


Figure 4.2 shows the average weekly support with childcare costs for single adult families, couples and for all families. The costs claimed for are split broadly across the cost bands with the largest numbers of families claiming between £20 and £39.99 per week or over £150 per week.

Figure 4.2: Eligible childcare costs allowed (per week)



Section 5: In-work families benefiting from disability elements

Section 5 focuses on families that are benefiting from the disability elements - the disabled worker element, the severely disabled adult element, the disabled child element and the severely disabled child element. There are breakdowns of the family size and the numbers of hours worked by those benefiting as well as breakdowns on overlapping disability/childcare elements.

Figure 5.1 shows the number of individuals benefiting from the disability elements.

Figure 5.1: Number of individuals benefiting from the disability elements

	<i>thousands</i>
Number of disabled workers in benefiting families	103.0
<i>of which number of severely disabled adults in benefiting families</i>	46.6
Number of disabled children in benefiting families	196.3
<i>of which number of severely disabled children in benefiting families</i>	70.7

Tables 5.1 to 5.4 provide more details on those in-work families benefiting from the four disability elements including the total number of disabled adults or children, the size of the benefiting families and the number of families also benefiting from other elements of tax credits.

Table 5.1: In-work families benefiting from the disabled worker element

	<i>Thousands</i>				
	Singles with children	Singles without children	Couples with children	Couples without children	Total
Disabled worker(s) in family benefiting					
Sole worker ¹ is disabled	16.5	47.8	11.7	9.2	85.1
Couples both working - one disabled	-	-	10.8	4.6	15.4
Couples both working - both disabled	-	-	0.6	0.6	1.2
Total families benefiting²	16.5	47.8	23.2	14.4	101.8
Gender of disabled workers					
Female	15.3	27.9	8.8	5.9	57.9
Male	1.2	19.9	15.0	9.1	45.1
Total disabled workers in benefiting families	16.5	47.8	23.8	15.0	103.0
Ages of disabled workers					
Under 20	-	0.1	-	-	0.1
20-29	1.2	5.4	1.6	0.4	8.6
30-39	5.2	8.2	8.1	0.7	22.1
40-49	6.8	11.0	9.1	2.3	29.1
50-59	3.0	16.1	4.4	6.8	30.3
60 or over	0.2	7.0	0.6	4.9	12.7
Total disabled workers in benefiting families	16.5	47.8	23.8	15.0	103.0
Hours worked by disabled workers					
16-23	9.3	22.6	8.4	5.9	46.2
24-29	1.7	4.9	3.0	1.3	10.9
30-34	2.3	9.3	3.2	3.0	17.7
35-39	2.3	7.6	5.0	2.5	17.4
40 or more	0.9	3.5	4.2	2.3	10.8
Total disabled workers in benefiting families	16.5	47.8	23.8	15.0	103.0

¹ Those claiming the disabled worker element who (a) have children and have a positive award, or (b) have no children and have a positive WTC award. Disabled workers includes those who are severely disabled and who are also included in Table 5.3.

² Throughout this table, "worker" means an adult working for at least 16 hours per week.

Table 5.2: In-work families benefiting from the disabled child element

					<i>Thousands</i>
	Singles		Couples		Total
	One disabled child	2+ disabled children	One disabled child	2+ disabled children	
Family size					
One child	20.7	-	20.0	-	40.7
Two children	18.2	1.3	42.9	5.4	67.9
Three children	7.8	0.9	29.8	5.3	43.8
Four children	2.4	0.4	11.4	2.6	16.7
Five or more children	0.7	0.1	5.7	1.5	8.0
Total families benefiting¹	49.7	2.8	109.8	14.8	177.1
Number of disabled children in benefiting families	49.7	5.6	109.8	31.2	196.3
Also with the childcare element	11.3	0.9	7.8	1.1	21.0
Also with the disabled worker element	2.0	0.2	3.4	0.6	6.2

¹ Those with the disabled child element and with a positive award. Disabled children includes those who are severely disabled and included in Table 5.4.

Table 5.3: In-work families benefiting from the severely disabled adult element

	<i>Thousands</i>						
	Singles		Couples		Total		Total
	With children	Without children	With children	Without children	With children	Without children	
Family size							
No children	-	9.9	-	11.4	-	21.3	21.3
One child	2.2	-	8.6	-	10.8	-	10.8
Two children	1.1	-	7.9	-	9.0	-	9.0
Three children	0.4	-	3.2	-	3.5	-	3.5
Four children	0.1	-	1.0	-	1.0	-	1.0
Five or more children	-	-	0.4	-	0.4	-	0.4
Total families benefiting¹	3.7	9.9	21.0	11.4	24.7	21.3	46.0
Hours worked by sole or main-worker							
16-23	2.0	4.7	4.2	1.5	6.2	6.2	12.3
24-29	0.4	1.0	2.9	0.5	3.3	1.4	4.7
30-34	0.5	1.8	3.0	4.0	3.6	5.7	9.3
35-39	0.6	1.6	5.5	2.7	6.0	4.3	10.4
40 or more	0.2	0.7	5.4	2.9	5.7	3.6	9.3
Total families benefiting¹	3.7	9.9	21.0	11.4	24.7	21.3	46.0
Total severely disabled adults in benefiting families	3.7	9.9	21.2	11.8	24.9	21.6	46.6
Also with childcare element	0.9	-	1.7	-	2.5	-	2.5
Also with disabled worker element	3.7	9.9	6.3	4.3	10.0	14.1	24.1

¹ Those with the severely disabled adult element who (a) have children and have a positive award, or (b) have no children and have a positive WTC award.

Table 5.4: In-work families benefiting from the severely disabled child element

	<i>Thousands</i>		
	Singles	Couples	Total
Family size			
One child	6.7	8.0	14.7
Two children	6.2	18.7	24.9
Three children	2.9	13.8	16.8
Four children	1.0	5.4	6.3
Five or more children	0.3	3.0	3.3
Total families benefiting¹	17.1	48.8	66.0
Hours worked by main-worker			
16-23	9.1	2.7	11.8
24-29	1.9	5.4	7.3
30-34	2.6	6.5	9.2
35-39	2.5	15.1	17.5
40 or more	1.0	19.1	20.2
Total families benefiting¹	17.1	48.8	66.0
Total severely disabled children in benefiting families	17.8	52.8	70.7
Also with childcare element	4.0	3.4	7.4
Also with disabled worker element	1.1	1.6	2.7

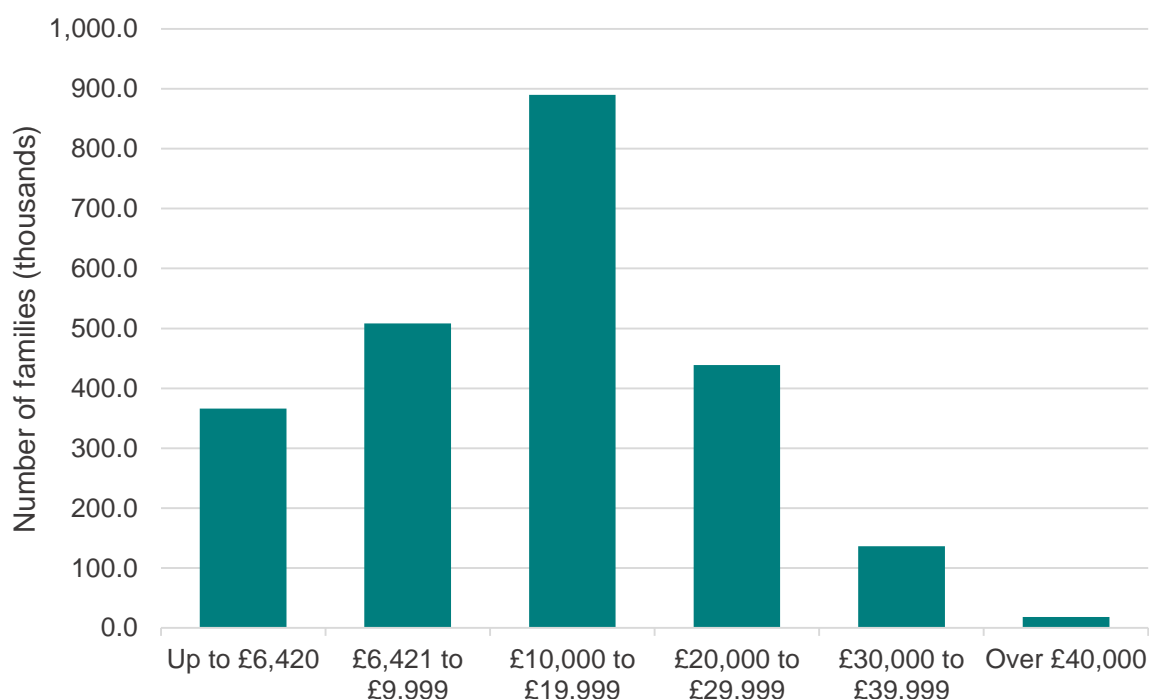
¹ Those with the severely disabled child element and with a positive award.

Section 6: Annual incomes of in-work recipient families

Section 6 describes the distribution of incomes used to taper awards for families in receipt. This is also broken down further in the data tables by the type of income reported – that is, whether the award is based on the family's income from the previous year ('PY' income), the family's current year income ('CY' income), or whether income disregards have been applied. Please see the technical note for more details on how entitlement is calculated.

Figure 6.1 shows that the large majority of families receiving tax credits have incomes under £30,000 with the highest proportion falling within the £10,000 to £19,999 range. Awards based on an income up to £6,420 receive their maximum entitlement whereas for incomes above this amount the award is tapered (see the Child and Working Tax Credit Entitlement section for details).

Figure 6.1: Income used to taper awards: in-work recipient families

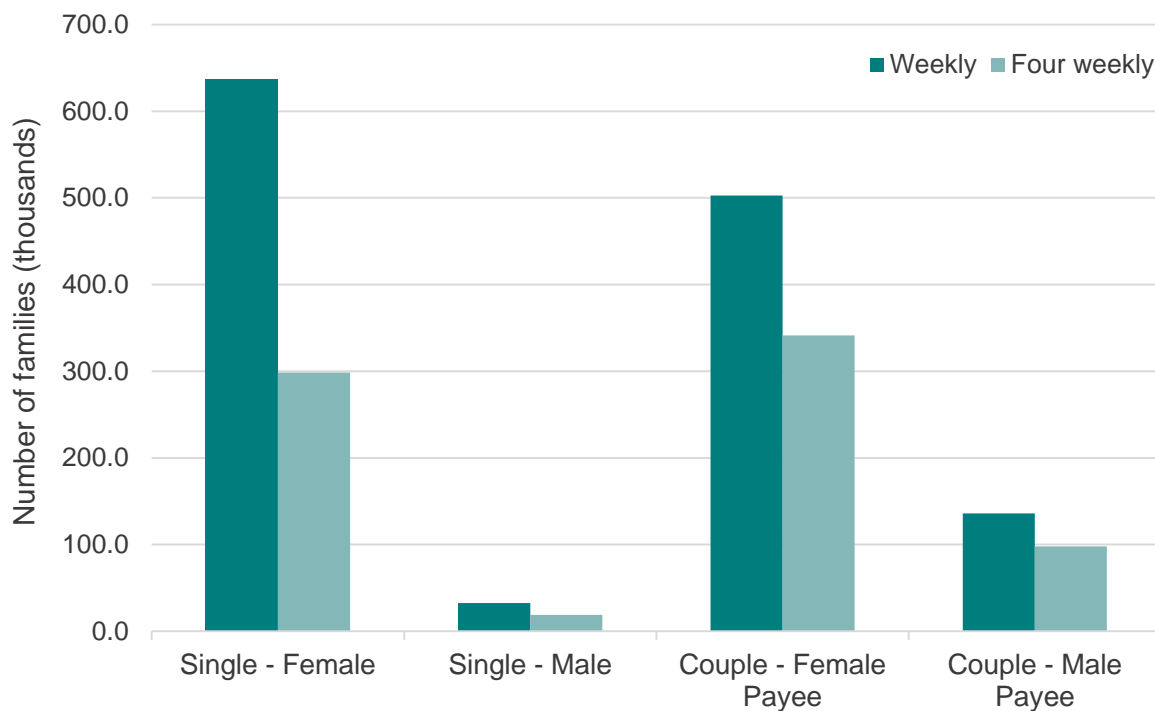


Section 7: Type of payments to in-work families with children

Section 7 details the chosen payment frequency for families in receipt, broken down by family status and gender of the payee. Tax Credit recipients are able to choose whether they are paid in weekly or 4-weekly intervals.

Figure 7.1 shows that families tend to choose weekly CTC payments rather than four-weekly payment cycles. The vast majority of CTC payments are paid to female claimants. Single adult families are more than twice as likely to opt for weekly than four-weekly payments and while couples also mostly opt for weekly payments the split is more even.

Figure 7.1: Chosen frequency of payment: in-work families with children¹



¹ Cases where the frequency of payment is unknown are not included in the graph.

Section 8: Regional analysis of recipient families

Section 8 details the numbers of families in receipt of tax credits with a regional breakdown. There are detailed breakdowns of the level of support provided in each region, the numbers of families benefiting from the childcare element as well as the disabled worker element and disabled child element.

As seen in Figure 8.1, the region with the highest numbers of tax credits recipients is London, closely followed by the North West and then the South East. The region with the lowest numbers of tax credits recipients is Northern Ireland followed by the North East of England. Within the overall figures, the highest number of families on the higher awards - those receiving WTC and CTC - are from London followed by the North West. The highest number of out-of-work families in receipt are again in London followed by the North West. This takes no account of the size of the population that are eligible for tax credits so one should be careful when drawing inferences from these results.

Figure 8.1: Numbers of families receiving different amounts of tax credits by country and English region

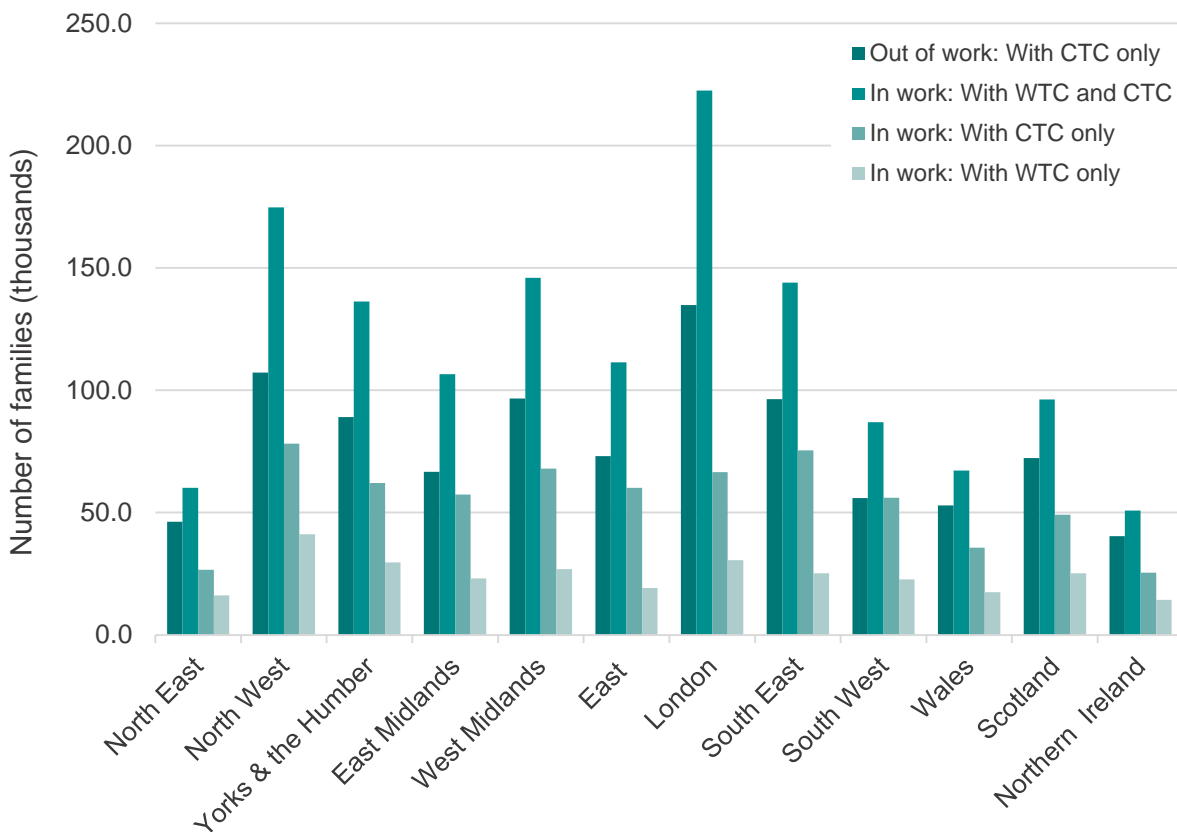


Table 8.1: Recipient families by profile of tax credits and by country and English Regions

	Total out-of-work families	In-work families			Total in-work families	Thousands
		With children		With no children		Total in-work and in-work families)
		Receiving WTC and CTC	Receiving CTC only	Receiving WTC only		
United Kingdom¹	932.3	1,404.0	661.7	291.8	2,357.4	3,289.7
England	766.0	1,188.8	550.6	234.7	1,974.0	2,740.0
North East	46.3	60.2	26.7	16.2	103.1	149.4
North West	107.2	174.8	78.2	41.1	294.2	401.4
Yorks & The Humber	89.0	136.3	62.1	29.7	228.1	317.1
East Midlands	66.7	106.6	57.4	23.1	187.1	253.9
West Midlands	96.6	146.0	68.0	26.9	240.9	337.4
East	73.1	111.4	60.1	19.2	190.7	263.7
London	134.9	222.5	66.6	30.6	319.6	454.6
South East	96.4	144.0	75.4	25.2	244.6	340.9
South West	55.9	87.0	56.1	22.7	165.7	221.6
Wales	53.0	67.2	35.7	17.5	120.4	173.3
Scotland	72.3	96.3	49.2	25.2	170.7	243.0
Northern Ireland	40.4	50.7	25.5	14.3	90.5	130.9
Foreign and not known	0.7	1.0	0.8	0.1	1.9	2.6

Table 8.2: Number of children in recipient families, by country and English Regions

	Children of Out-of-work families	Children of In-work families		Number of children in recipient families	Thousands
		CTC & WTC	CTC Only		Number of children in recipient families
United Kingdom¹	1,901.4	2,721.1	1,418.5	6,041.0	
England	1,576.5	2,334.7	1,186.0	5,097.2	
North East	93.7	111.2	55.2	260.1	
North West	221.1	347.8	165.1	734.0	
Yorks & The Humber	185.9	272.6	133.7	592.2	
East Midlands	136.8	200.8	122.4	460.0	
West Midlands	206.4	298.5	148.8	653.7	
East	148.4	212.4	130.6	491.4	
London	270.5	456.1	139.5	866.1	
South East	197.1	272.4	165.5	635.0	
South West	116.7	162.8	125.2	404.7	
Wales	107.0	124.9	74.4	306.4	
Scotland	137.2	166.8	100.3	404.3	
Northern Ireland	79.4	93.0	56.0	228.4	
Foreign and not known	1.2	1.7	1.8	4.7	

¹ Includes foreign and not known. "Foreign and not known" consists of a small proportion of recipient families and children who do not live within England, Scotland, Northern Island or Wales. They may, for instance, be a Crown servant posted overseas, or living in a British Crown Dependency. Due to the small size of this population, we combine them into one group which also consists of those whom, at the time of publication, either have a UK postcode that does not match to a Government Office Region code, or do not have a postcode in the available data.

Definitions

What are tax credits?

Tax credits are a system of financial support for families based on their specific circumstances. The system, introduced in 2003, forms part of wider government policy to provide support to parents returning to work, reduce child poverty and increase financial support for families. The design of the system means that as families' circumstances change, so does (daily) entitlement to tax credits..

Tax credits are based on household circumstances and can be claimed jointly by couples or by single adults. 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 Working Tax Credit and Child Tax Credit, explained below.

Working Tax Credit (WTC)

Provides in-work support for people on low incomes, with or without children. It is available for in-work support to people who are aged at least 16 and either:

- are single, work 16 or more hours a week and are responsible for a child or young person
- are in a couple and are responsible for a child or young person where their combined weekly working hours are at least 24, with one claimant working at least 16 hours
- work 16 or more hours a week 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 job
- Work 16 or more hours a week and are aged 60 or over

Otherwise, it is available for people who are aged 25 and over who work 30 hours a week or more.

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 DLA (Highest Rate Care Component), PIP (Enhanced Daily Living Component) or Attendance Allowance at the highest rate.

Childcare element: for a single parent who works at least 16 hours a week, or couples who either (i) both work at least 16 hours a week or (ii) one of them work at least 16 hours a week but the other is out of work for being in hospital or in prison and who spends money on a registered or approved childcare provider. The childcare element of WTC can support up to 70% of childcare costs up to certain maximum limits.

Further information on childcare cost support can be found from

<https://www.gov.uk/government/publications/working-tax-credit-help-with-the-costs-of-childcare-wtc5>

Child Tax Credit (CTC)

Provides income-related support for children and 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 CTC whether or not the adults are in work.

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. From 6th April 2017, this element is no longer payable to families where all children were born after this date.

Child element: which is paid for each child or qualifying young person the claimant is responsible for. From 6th April 2017, this element is no longer payable in respect of third or subsequent children who were born after this date. Certain exceptions to this rule apply and are set out at <https://www.gov.uk/guidance/child-tax-credit-exceptions-to-the-2-child-limit>.

Disability element: for each child or qualifying young person the claimant is responsible for if Disability Living Allowance (DLA) or Personal Independence Payment (PIP) is payable for the child, or if the child is certified as blind or severely sight impaired.

Severe disability element: for each child or qualifying young person the claimant is responsible for if DLA (Highest Rate Care Component) or PIP (Enhanced Daily Living Component) is payable for the child.

Out-of-work benefit families: 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. The vast majority of these claimants have now moved to tax credits and the remainder will be migrated either to tax credits or Universal Credit.

Tapering

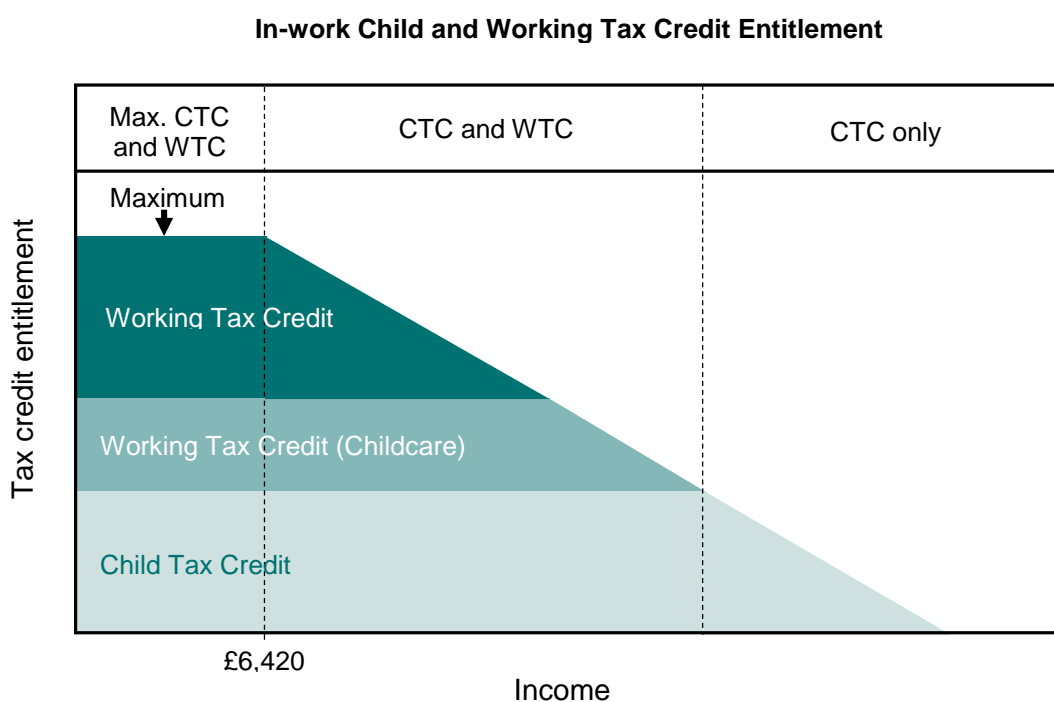
Tapering is the amount of the award that will be reduced when the household income exceeds a given threshold. For example, the income threshold for claimants receiving WTC only and for combined WTC and CTC claimants is £6,420. After this threshold, the taper rate will be 41%. Tapering reduces WTC first and then CTC for claimants who receive both.

Child and Working Tax Credit entitlement

The amount of support an eligible family can receive (known as their entitlement) varies depending on their income and their eligibility for specific tax credit elements. First, a family's maximum possible entitlement is worked out by adding up all the different elements of CTC and WTC that they are eligible for (described on pages 2-4).

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 £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 £16,105 (2017-18). 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 the taxable income of adults within the family. 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. Up to £2,500 of any change in annual income between the previous or current year is disregarded in the calculation. 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 a snapshot of tax credit support based on provisional incomes and other circumstances as reported at the date when the statistics were extracted.

About this publication

What the publication tells us

The provisional awards are based on a 10% sample of data and are currently published in winter and summer. These statistics are as close to real-time as possible and represent the picture as at the beginning of April and December.

Each release consists of two sets of tables: the main tables and the additional geographical tables. As only a sample of data is used, detailed analysis at the sub-geographical levels is not always possible. The statistics in this release include analysis at the following geographical levels:

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

The main publication includes a Country and Region summary, with the geographical publication going to a lower level. This series has been produced bi-annually since the introduction of tax credits in April 2003.

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 latest family circumstances HMRC 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 6th April (the start of the tax year). Over the course of the year, a family's circumstances may or may not change. The provisional award is updated each time a family's circumstances change with the latest set of circumstances and a new provisional award is 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.

Therefore, 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 time snapshot dates. The provisional award data 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 by that date. The actual amount being received at that date can be lower, due to recovery of earlier overpayments.

Which publication should I use?

Generally, if you are interested in the final end of year position, 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. Using 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. The latest finalised award publication can be found using the web link: <https://www.gov.uk/government/collections/personal-tax-credits-statistics>

What information do the tables contain?

CTC and WTC are claimed by individuals, or jointly by couples, whether or not they have children (described as "families" in this publication). These tables cover families who had claimed, and were eligible for, CTC (or the equivalent via benefits) or WTC at 3rd December (the "reference date") and who were recipients at that date.

From April 2007, the tables exclude families whose modelled entitlements are tapered to zero due to their income levels. These families were originally included because they may retrospectively have positive entitlements at finalisation. However, this is no longer likely for the majority of such families. Their numbers have been swelled by families whose youngest children have left full time education, who continue to satisfy the qualifying conditions for WTC, but whose incomes are sufficient to taper the WTC entitlements to zero.

Recent policy changes

In the 2015 Summer Budget, the Government announced that the child element of Child Tax Credit (CTC) would be limited to two children for those born on or after 6 April 2017 unless certain exceptions apply. Prior to 6th April 2017, the child element of CTC was paid for each child or qualifying young person that the claimant (or his or her partner) was responsible for.

The change means that any family with two or more existing children will no longer receive any child element (worth up to £2,780 a year per child in 2017-18) for children born on or after that date. The child element of Child Tax Credit will continue to be paid for all children born before 6th April 2017.

In addition, any family having their first child born on or after 6th April 2017 will not receive the family element (worth up to £545 a year) of Child Tax Credit. The family element was previously paid to all families. From 6 April 2017, it will only be paid where the claimant is responsible for at least one child or qualifying young person born before 6 April 2017.

For further information, please visit:

<https://www.gov.uk/guidance/child-tax-credit-exceptions-to-the-2-child-limit>

Statistics related to this policy can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719458/Two_children_and_exceptions_in_tax_credits_and_Universal_Credit_April_2018.pdf

Universal Credit

Universal Credit (UC) is a payment to help with living costs for those on a low income or out of work. UC was introduced in April 2013 in certain areas of North West England. Since October 2013, it has progressively been rolled out to other areas. Claimants receive a single monthly household payment, paid into a bank account in the same way as a monthly salary and support for housing costs, children and childcare costs are integrated into Universal Credit. Child Tax Credit will be replaced as Universal Credit rolls out.

Further information about Universal Credit, including making a claim, is available online here:

<https://www.gov.uk/universal-credit>

Uses of these statistics and user engagement

Uses of these statistics

The statistics contained in this publication will be of interest for anyone that is looking for the latest possible data on tax credits or detailed up-to-date geographical estimates of the number of families receiving tax credits. Specifically, there are aggregate statistics on the type and level of tax credit support, broken down by categories such as family composition, family income, work status, and geographical area. It may be of interest to academics, think tanks and political parties interested in the twin aims of tax credits - eradicating child poverty and improving work incentives. Equally, it may be of interest to 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 and local authority in the UK. This it will be useful for local authorities and planning organisations in considering the distribution of low income families receiving state support.

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 end of this publication, or from the HMRC 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 by email to the below address. 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.
benefitsandcredits.analysis@hmrc.gov.uk

Revision policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official Statistics and Her Majesty's Revenue and Customs Revisions Policy. The UK Statistics Authority Code of Practice can be found at
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/261365/cop-confidentiality.pdf

There are two types of revisions:

Scheduled revisions

This requires explanation of the handling of scheduled revisions due to the receipt of updated information in the case of each statistical publication.

Unscheduled revision

HMRC aims to avoid the need for unscheduled revisions to publications unless they are absolutely necessary and put systems and processes in place to minimise the number of revisions. Where revisions is necessary due to errors in the statistical process, an explanation along with the nature and extent of revision is also provided. Also, the statistical release and the accompanying tables will be updated and published as soon as is practical.

Disclosure control

To avoid the possible disclosure of information about individual families, including by comparison with other analyses, suppression techniques have been applied where the cell frequencies are less than 3. All the other figures have been individually rounded to the nearest 5. It is therefore very common for rounded components of a rounded figure to not sum to the same figure.

Appendix A: Technical note

Current entitlement

There is a single claim form covering both Child and Working Tax Credit, and entitlement is calculated jointly. Awards run to the end of the tax year, and are based on the element values, thresholds, etc. shown at Appendix B.

An annual award is calculated by summing the various elements to which the family is entitled. Unless the family is receiving Income Support, income-based Jobseeker's Allowance, income-based Employment and Support Allowance or Pension Credit (Guarantee Credit), this sum is reduced if the family's annual income (see below) exceeds the relevant income threshold. The reduction is 41 per cent of the excess over the threshold.

For 2018-19 awards, the initial calculation of a family's entitlement is based on its relevant income in 2017-18 which is reported for the final calculation of the 2017-18 award or on the claim form. Relevant income comprises gross annual taxable income from social security benefits (except pensions) and from employment or self-employment, less pension contributions; plus annual income from savings, property, state and private pensions and other sources (but excluding maintenance) in excess of £300. For claims by couples, entitlement is based on their joint annual income.

Final entitlement for 2018-19 is based on 2017-18 income if that is more than £2,500 lower than the income in 2018-19, or exceeds it by more than £2,500. However, the first £2,500 of a fall in income or the first £2,500 rise in income in 2018-19 is disregarded in calculating the tax credit due for that year. The family can report an estimate of its income in 2018-19 at any time, and the award will be recalculated using this income. After the end of the year, the award is finalised when the 2018-19 income is known.

Changes of circumstance

A family's circumstances (such as number of children, hours worked, childcare costs, and disabilities) can change within the year. To calculate the annual award, the year is then split into the periods between which the family's circumstances changed. Entitlement is calculated for each period, based on the annual values shown in Appendix B but scaled down to the number of days in the period. The rate of entitlement attributed to each case for this publication is that for the period spanning the reference date.

Data sources

The estimates in the tables for in-work families are based on data from a random sample of families with awards at the reference date, extracted from the tax credits computer system on that date.

The estimates for out-of-work families with children are based on data at 3 December 2018. The out-of-work families receiving their child support via DWP are based on scans of the benefits systems. These identified all families with children receiving benefits at August 2008. The estimates are restricted to families that had qualifying children in Child Benefit awards at August 2018 and were not claiming tax credits at 3rd December 2018. Figures are subsequently calibrated to total estimates of the population made by the Department for Work and Pensions. The out-of-work families' claimants' size in Table 2.1 is the combination of estimate for CTC equivalent paid by DWP plus the estimate for out-of-work families receiving CTC at the extraction date based on a random sample from the HMRC core system taken at that date.

As at 3rd December 2018, families receiving equivalent support through DWP benefits account for just over 1% of the total number of out-of-work families benefiting from tax credits.

Weights were given to the sample to gross the total to derive the estimates. Details of weighting is provided in Appendix B.

Appendix B: Sampling method and sampling error

The tables are based on a random sample of families receiving CTC or WTC at the reference date. The sample comprises 10 per cent of such single adults (with or without children) and 20 per cent of such couples. Each figure in the tables is derived by weighting the relevant sample cases by the inverses of these sampling fractions¹.

The figures in the tables are, therefore, estimates, but we know how accurate they are. For example, suppose that there are 100,000 couples with a characteristic. This number is not known, and we are to estimate it via the sample. Each couple is sampled with a chance of 0.2. Statistical theory says that there is a 95 per cent chance that the number sampled will lie between 19,752 and 20,248, and that the resulting estimate will lie between 98,760 and 101,240. At least approximately, then, where an estimate of 100,000 is derived from the sample, the true figure lies between these figures, with a 95 per cent probability. That is, the "95 per cent confidence interval" for the estimate is the estimate itself plus or minus 1,240.

The width of the confidence interval varies with the size of the estimate and the sampling fraction, as shown in the table below. For estimates that comprise a mixture of couples and single adults, the figures will lie between the two sets shown, according to the mix.

Confidence intervals for estimates of recipient families

Estimated value (thousands)	95% confidence interval		As % of the estimate	
	Couples (thousands)	Single adults (thousands)	Couples	Single adults
1	± 0.1	± 0.2	± 12%	± 19%
2	± 0.2	± 0.3	± 8%	± 12%
5	± 0.3	± 0.4	± 6%	± 8%
10	± 0.4	± 0.6	± 4%	± 6%
25	± 0.6	± 0.9	± 2.5%	± 4%
50	± 0.9	± 1.3	± 1.8%	± 2.6%
100	± 1.2	± 1.9	± 1.2%	± 1.9%
250	± 2.0	± 2.9	± 0.8%	± 1.2%
500	± 2.8	± 4.2	± 0.6%	± 0.8%
1,000	± 3.9	± 5.9	± 0.4%	± 0.6%

Sampling uncertainty

As the figures are based on sample, therefore they are subject to sampling uncertainty. Figures based on fewer than 25 cases are shown as "-".

¹ Each case is further weighted so that the overall total equals an independent count of families with awards.

Appendix C: Annual entitlement (£) by tax credit elements and thresholds

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Child Tax Credit										
Family element	545	545	545	545	545	545	545	545	545	545
Family element, baby addition ⁱ	545	545	-	-	-	-	-	-	-	-
Child element ⁱⁱ	2,235	2,300	2,555	2,690	2,720	2,750	2,780	2,780	2,780	2,780
Disabled child additional element ⁱⁱⁱ	2,670	2,715	2,800	2,950	3,015	3,100	3,140	3,140	3,175	3,275
Severely disabled child element ^{iv}	1,075	1,095	1,130	1,190	1,220	1,255	1,275	1,275	1,290	1,325
Working Tax Credit										
Basic element	1,890	1,920	1,920	1,920	1,920	1,940	1,960	1,960	1,960	1,960
Couples and lone parent element	1,860	1,890	1,950	1,950	1,970	1,990	2,010	2,010	2,010	2,010
30 hour element ^v	775	790	790	790	790	800	810	810	810	810
Disabled worker element	2,530	2,570	2,650	2,790	2,855	2,935	2,970	2,970	3,000	3,090
Severely disabled adult element	1,075	1,095	1,130	1,190	1,220	1,255	1,275	1,275	1,290	1,330
50+ return to work payment ^{vi}										
16 but less than 30 hours per week	1,300	1,320	1,365	-	-	-	-	-	-	-
at least 30 hours per week	1,935	1,965	2,030	-	-	-	-	-	-	-
Childcare element										
Maximum eligible costs allowed (£ per week)										
Eligible costs incurred for 1 child	175	175	175	175	175	175	175	175	175	175
Eligible costs incurred for 2+ children	300	300	300	300	300	300	300	300	300	300
Percentage of eligible costs covered	80%	80%	70%	70%	70%	70%	70%	70%	70%	70%
Common features										
First income threshold ^{vii}	6,420	6,420	6,420	6,420	6,420	6,420	6,420	6,420	6,420	6,420
First withdrawal rate	39%	39%	41%	41%	41%	41%	41%	41%	41%	41%
Second income threshold ^{viii}	50,000	50,000	40,000	-	-	-	-	-	-	-
Second withdrawal rate	1 in 15	1 in 15	41%	-	-	-	-	-	-	-
First income threshold for those entitled to CTC only ^{ix}	16,040	16,190	15,860	15,860	15,910	16,010	16,105	16,105	16,105	16,105
Income increase disregard ^x	25,000	25,000	10,000	10,000	5,000	5,000	5,000	2,500	2,500	2,500
Income fall disregard ^x	-	-	-	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Minimum award payable	26	26	26	26	26	26	26	26	26	26

ⁱ Payable to families for any period during which they have one or more children aged under one. Abolished 6 April 2011.

ⁱⁱ 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.

ⁱⁱⁱ Payable in addition to the child element for each disabled child.

^{iv} Payable in addition to the disabled child element for each severely disabled child.

^v Payable for any period during which normal hours worked (for a couple, summed over the two partners) is at least 30 per week.

^{vi} Payable for each qualifying adult for the first 12 months following a return to work. Abolished 6 April 2012.

^{vii} 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.

^{viii} 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 effective 6 April 2012.

^{ix} Those also receiving Income Support, income-based Jobseeker's Allowance or Pension Credit are passported to maximum CTC with no tapering.

^x Introduced from 6 April 2012, this drop in income is disregarded in the calculation of Tax Credit awards.