



HM Revenue
& Customs

A guide to Child Tax Credit and Working Tax Credit


Contents

1	Introduction	Page 3
2	Child Tax Credit	Page 4
3	Working Tax Credit	Page 6
4	Income and capital	Page 18
5	How your tax credits award is worked out	Page 22
6	Help and advice	Page 29
7	Universal Credit and tax credits	Page 31
8	Your rights and obligations	Page 31

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


Ffoniwch 0300 200 1900 i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

More information about Child Tax Credit is on page 4 and Working Tax Credit on page 6.

 To report a change, go to www.gov.uk/changes-affect-tax-credits

1 Introduction

There are two different tax credits, Child Tax Credit and Working Tax Credit. This guide explains in detail what they are.


 Tax credits have been replaced by Universal Credit. You can only make a claim for Child Tax Credit or Working Tax Credit if you already get tax credits. You'll need to update your existing tax credit claim by reporting a change in your circumstances online or in writing.


Child Tax Credit and Working Tax Credit do not affect Child Benefit payments, which we pay separately.

Child Tax Credit supports families with children. This can include children until their 16th birthday and young people aged from 16 to 19 years old.

Working Tax Credit is for working people on a low income. It is based on the hours you work and get paid for, or expect to get paid for. You can claim if you're an employee or you're self-employed. Unpaid work does not count for Working Tax Credit. You may also be able to get help with childcare costs.


Working Tax Credit is paid in addition to any Child Tax Credit you may be entitled to.

 You can no longer get the child element of Child Tax Credit for a third or later child born after 6 April 2017, unless one of the exceptions applies.

 For more information, go to www.gov.uk/hmrc/ctc-exceptions

The disability element of Child Tax Credit and the childcare element of Working Tax Credit will be paid for all eligible children, even if we do not pay the individual child element for that child.

Always report the birth of a child and any changes involving your children or young people as you may be able to get more money.

 Phone the helpline on 0345 300 3900 if you need any more help.

Also read the notes on page 8 about the couple element of Working Tax Credit.

Claiming tax credits as a couple or a single person

It's important that you understand the differences between claiming as a single person and claiming as a couple. If you get this wrong, you could build up an overpayment that you may have to pay back. You may also have to pay a penalty.

You must claim as a couple if you're married, living with someone as if you're married, or in a civil partnership. You should still make a joint claim as a couple even if you're living apart temporarily. For example, one of you is working away.


If you do not have a partner, you should make a single claim based on your circumstances. If you're legally separated or your separation is likely to be permanent, you should make a single claim. For example, you're in the process of getting divorced.

How tax credits are paid

Tax credits are paid directly into a bank or building society.

2 Child Tax Credit


Child Tax Credit

 To report a change, go to www.gov.uk/changes-affect-tax-credits

You can be entitled to Child Tax Credit for a young person aged 16, 17, 18 or 19 who is in full-time non-advanced education.

Full-time non-advanced education will usually be in a school or college but may also include education provided at home, if the child was receiving this education before their 16th birthday and the home schooling had previously been approved or, begins home schooling after their 16th birthday and has been assessed by a local authority as having special educational needs.

By full-time, in this situation, we mean an average of more than 12 hours supervised study a week, during term time, not counting breaks for meals and homework.


 Tax credits have been replaced by Universal Credit. You can only make a claim for Child Tax Credit or Working Tax Credit if you already get tax credits. You'll need to update your existing tax credit claim by reporting a change in your circumstances online or in writing.

Child Tax Credit is a payment to support families with children. You can claim it if you, or your partner, are getting Working Tax Credit and are responsible for at least one child or qualifying young person who usually lives with you. You do not have to be working to claim. If the child or qualifying young person lives with another family for part of the time, you and that other family should decide jointly who is going to claim. If you've both made a claim for Child Tax Credit for the same child or qualifying young person but cannot agree who should get tax credits for them, we'll decide who has the main responsibility. We'll then pay the tax credits to that person.

Deciding who has main responsibility depends on facts such as the number of days they live with you. But this is not the only factor to consider. If you're not sure what to look at, phone our helpline for advice.

If another family makes a claim for the same child or qualifying young person, you may be asked to provide details of why you think you have the main responsibility for them. We'll consider these, together with the details provided by the other person. If you cannot agree between yourselves who should claim, we'll decide who has the main responsibility.

If you do not agree with our decision, you can ask us to look at it again. We call this 'mandatory reconsideration'. Our leaflet WTC/AP, 'What to do if you think your Child Tax Credit or Working Tax Credit is wrong' contains more information on this.

 For more information on mandatory reconsideration, go to GOV.UK and search for WTC/AP.

In England full-time non-advanced education could also take place other than at a school. Here full-time would include a study programme that is delivered to a person for at least 540 hours in any 12 month period. It could also include traineeship, a condensed study programme in England which could last between 6 weeks and 6 months.

We do not mean courses or education provided by an employer or as part of a job contract.

Examples of full-time non-advanced education are:

- GCSEs, A levels and other general academic qualifications of a similar standard, for example, iGCSEs, Pre-U and the International Baccalaureate
- NVQ level 1, 2 or 3
- BTEC National Diploma, National Certificate and 1st Diploma
- National 4 and 5 (Scotland)
- SVQ level 1, 2 or 3
- Scottish Group Awards

Approved training

You can be entitled to Child Tax Credit for a young person aged 16, 17, 18 or 19 who is in approved training which is not provided by a contract of employment

Approved training schemes are:

- Scotland – The Employability Fund and No One Left Behind
- Wales – Foundation Apprenticeships or Traineeships
- Northern Ireland - Training for success or Skills for Life and Work in Northern Ireland

You can usually get Child Tax Credit for a child who lives with you until 31 August after their 16th birthday. After this you can still claim for a qualifying young person as long as they're under 20. This is providing they enrolled in, accepted or started full-time non-advanced education or approved training before age 19.

If the qualifying young person is aged 16 or 17, and has left full-time non-advanced education or approved training, you may be able to get Child Tax Credit for them for up to 20 weeks after they left. To qualify, they need to have registered for work or training with:

- a careers service, Connexions, local authority support service or similar organisation (in Northern Ireland, the Department for Communities or the Education Authority)
- the Ministry of Defence, if they're waiting to join the armed forces
- any corresponding body in a EU member state

You must claim within 3 months of your child leaving education or training.

You cannot get Child Tax Credit for a child or qualifying young person if they're:

- aged 16 or over and are getting Income Support, income-based Jobseeker's Allowance, Employment and Support Allowance or Universal Credit themselves
- aged 16 or over, have left full-time non-advanced education or approved training, stopped being registered with a qualifying body, and then started paid work for 24 hours or more a week
- serving a custodial sentence of more than 4 months imposed by a court

Special rules apply where children are placed with you by the local authority and you're getting public funds for looking after them. For more information, phone the helpline on 0345 300 3900. You should also phone our helpline if a child or qualifying young person has come from abroad and is staying with you for educational purposes.

How Child Tax Credit is made up

Child Tax Credit contains several elements. The value of each is listed below but the amount you get depends on your income.

Element	Annual amount for 2024 to 2025 (£)
Family element (one per family)	545
Child element (paid for each child or qualifying young person)	3,455
Disability element of Child Tax Credit, where the child or qualifying young person is disabled (paid in addition to the child element)	4,170
Disability element of Child Tax Credit, where the child or qualifying young person is severely disabled¹ (paid in addition to the child element)	5,850

¹ Shown as 2 separate elements on your Award Notice - Disability element of £4,170 and Severe Disability element of £1,680 totalling £5,850.

You may get the disabled rate of the disability element of £4,170 for each child or qualifying young person you're responsible for if:

- Disability Living Allowance (DLA)/Child Disability Payment (CDP) or Personal Independence Payment (PIP)/Adult Disability Payment (ADP), is being paid for them or would have been paid but the child or qualifying young person is in hospital
- the child or qualifying young person is certified as severely sight impaired or blind by a consultant ophthalmologist
- the child is no longer certified as severely sight-impaired, or blind, by a consultant ophthalmologist, in the 28 weeks before the date of your claim or renewal

You may get the severely disabled rate of the disability element of £5,850 for each child or qualifying young person you're responsible for if they're paid either:

- DLA/CDP (highest rate care component), or Disability Assistance (highest rate care component) or it would have been paid but the benefit is suspended or the child or qualifying young person is in hospital
- enhanced daily living component of PIP/ADP or it would have been paid but the child or qualifying young person is in hospital
- Armed Forces Independence Payment

Payment

Child Tax Credit will be paid directly to the main carer for all the children in the family. If you're part of a couple, you'll need to tell us which of you is the main carer. If you're a single parent, this will be paid direct to you. You can choose to get payments weekly or every 4 weeks.

Payments will normally be made into a bank or building society.

Child Tax Credit is paid in addition to Child Benefit.

If you're getting another benefit

You're entitled to the maximum amount of Child Tax Credit for your children if you get:

- Income Support
- income-based Jobseeker's Allowance
- income-related Employment and Support Allowance
- Pension Credit


3 Working Tax Credit

Working Tax Credit

i Tax credits have been replaced by Universal Credit. You can only make a claim for Child Tax Credit or Working Tax Credit if you already get tax credits. You'll need to update your existing tax credit claim by reporting a change in your circumstances online or in writing.

Working Tax Credit is for working people on a low income. You can be employed or self-employed, and you do not have to have children to claim. In all cases you have to be either:

- working (whether in employment or self-employment) when you make your claim
- starting paid work within 7 days of making your claim

 To report a change, go to www.gov.uk/changes-affect-tax-credits

You may get more if you have a disability or are responsible for children and have childcare costs.

Working Tax Credit is paid directly to the person who is working.

The childcare element of Working Tax Credit is paid directly to the main carer of the child or children along with Child Tax Credit.

How Working Tax Credit is made up

Working Tax Credit contains several elements, including additional amounts for:

- working people with a disability
- people with a severe disability
- the costs of registered or approved childcare

The maximum value of each element is listed below, but the amount you get depends on your income.

Element	Annual amount for 2024 to 2025 (£)
Basic element (one per single person or couple)	2,435
Couple element ² (paid in addition to basic element but only one couple element allowed per couple)	2,500
Lone parent element (paid in addition to basic element for a single person who is responsible for a child or qualifying young person)	2,500
30-hour element ³ (paid in addition to other elements but only one 30-hour element allowed per couple)	1,015
Disability worker element ¹ (paid in addition to other elements)	3,935
Severe disability element ¹ (paid in addition to other elements)	1,705
Childcare element, maximum eligible cost for families with childcare for one child	175 a week
Childcare element, maximum eligible cost for families with childcare for 2 or more children	300 a week
Percentage of eligible childcare costs covered	70%

Notes

¹ If the claim is a joint claim and you're both entitled to any of these elements, the award will include 2 elements per couple.

² If you're in a couple and one of you is subject to immigration control, and you're not claiming for any children, you will not normally be able to get the couple element. But you still need to make a joint claim.

³ The 30-hour element is available to those working 30 hours or more per week.

Working hours

You usually need to be working a minimum number of hours a week to claim Working Tax Credit.

If you're responsible for a child or qualifying young person and you're not part of a couple, you can claim Working Tax Credit if you:

- are aged 16 or over
- work at least 16 hours a week

Also see pages 11 to 13 about the disability elements.

If you're responsible for a child or qualifying young person and you're part of a couple, you can claim Working Tax Credit if you're both aged 16 or over and:

- you work at least 24 hours a week between you, with one partner working at least 16 hours a week
- one partner works at least 16 hours a week and qualifies for the disability element of Working Tax Credit
- one partner works at least 16 hours a week and is aged 60 or over
- one partner works at least 16 hours a week and the other partner cannot work because they're
 - incapacitated (getting certain benefits because of a disability or ill health)
 - an inpatient in hospital
 - in prison either on remand or serving a custodial sentence
 - entitled to Carer's Allowance or Carer Support Payment

If you're not responsible for a child or qualifying young person you can claim Working Tax Credit if you or your partner are aged:


- 25 or over and work at least 30 hours a week
- 16 or over, work at least 16 hours a week and qualify for the disability element of Working Tax Credit
- over 60 and work at least 16 hours a week

If you're part of a couple with children, you're eligible for the 30-hour element if you jointly work at least 30 hours a week. This is providing one of you works at least 16 hours. Couples without children cannot add their hours together to qualify for the 30-hour element.

You must expect the work to:

- continue for at least 4 weeks after you've made the claim
- be paid, so for example, working as a volunteer where you're not paid does not normally count

You can still claim Working Tax Credit if you work at a school or college and do not work during school or college holidays.

 For more information on how to work out your hours, go to www.gov.uk/claim-tax-credits/working-hours

 If you're self-employed, go to GOV.UK and search for CCM6755.

If you're a foster carer the hours you work as a foster carer may count for tax credits if you're paid by your local authority. If foster caring is your main source of income or your main job you may get Working Tax Credit.

Limits to entitlement

Working Tax Credit may not be available to you, if you're:

- engaged by a charitable organisation, or a volunteer, and get only expenses payments
- working for a local authority, health authority, charitable or voluntary organisation caring for someone who is not a member of your household and where the only payment you get is covered by the Rent a Room Scheme
- engaged on a scheme for which a training allowance is being paid unless the training allowance is taxable as part of your employed or self-employed income
- participating in the Intensive Activity Period or Preparation for Employment Programme, unless the payments you get are taxable as part of your employed or self-employed income

- engaged in an activity where a sports award has been made
- participating in an Employment Zone programme unless you only get disregarded discretionary payments or a training premium
- engaged in work while serving a custodial sentence or remanded in custody
- a student only doing work as part of your course, as any grant or loan that you receive is for maintenance and does not count as payment for work
- a student nurse, as the NHS Bursary and other grants or loans you receive do not count as payment for work

Maternity leave

Most women get Statutory Maternity Pay (SMP) or Maternity Allowance (MA) for the first:

- 26 weeks of ordinary maternity leave
- 13 weeks of any additional maternity leave

This can be followed by up to 13 weeks of unpaid leave.

For the 26 weeks of ordinary maternity leave, and for the first 13 weeks of additional maternity leave, that is, for a total of 39 weeks, whether or not you're getting SMP or MA, you're still treated as being in work and able to claim Working Tax Credit. This is providing you and your partner worked the required number of hours that apply to your circumstances immediately before going on maternity leave. This also applies if you're self-employed.

When the first 39 weeks are over, you continue to be eligible for Working Tax Credit if you begin work again at that point. Any further additional maternity leave does not count as being in work. You must tell us within one month if you do not go back to work after the 39 weeks.

Adoption leave or paternity leave

If you adopt a child you may be eligible for Statutory Adoption Pay (SAP) for the first:

- 26 weeks of ordinary adoption leave
- 13 weeks of any additional adoption leave

New parents may be eligible for 2 weeks ordinary paternity leave and be paid Ordinary Statutory Paternity Pay (OSPP) for those 2 weeks. New parents may be eligible for up to 26 weeks additional paternity leave and be paid Additional Statutory Paternity Pay (ASPP) if your partner has returned to work.

If you're on ordinary adoption leave, ordinary or additional paternity leave, or on the first 13 weeks of any additional adoption leave, whether or not you're getting SAP, OSPP or ASPP, you'll still count as being in work and able to claim Working Tax Credit if you're already getting Child Tax Credit. This is providing you and your partner worked the required number of hours that apply to your circumstances immediately before going on adoption or paternity leave. This also applies if you're self-employed (read 'Working hours' on pages 7 and 8).

Shared Parental Leave

You may be entitled to Shared Parental Leave (SPL) and Statutory Shared Parental Pay (ShPP) if:

- your baby was born on or after 5 April 2015
- you adopted a child on or after 5 April 2015

You can start SPL if you're eligible and you or your partner end their maternity or adoption leave or pay early. The remaining leave will be available as SPL. The remaining pay may be available as ShPP.

You can take SPL in up to 3 separate blocks. You can also share the leave with your partner if they're also eligible. Parents can choose how much of the SPL each of them will take.

SPL and ShPP must be taken between the baby's birth and first birthday (or within one year of adoption). SPL and ShPP are only available in England, Scotland and Wales.

If you're eligible and you or your partner end maternity or adoption leave and pay (or Maternity Allowance) early, then you can take the rest of the:

- 52 weeks of leave (up to a maximum of 50 weeks) as SPL
- 39 weeks of pay (up to a maximum of 37 weeks) as ShPP

A mother must take a minimum of 2 weeks maternity leave following the birth (4 weeks if they work in a factory).

For any period you or your partner are receiving ShPP you're still treated as being in work and able to claim Working Tax Credit. This is providing you and your partner worked the required number of hours that apply to your circumstances immediately before going on SPL. This also applies if you're self-employed.

When your time on SPL is over, you continue to be eligible for Working Tax Credit if you begin working again at that point. Any further leave does not count as being in work. You must tell us within one month if you do not go back to work after this time.

Parental Bereavement Leave

If you've suffered the loss of a child under the age of 18 you may be eligible for 2 weeks Parental Bereavement Leave and be paid Statutory Parental Bereavement Pay (SPBP) for those 2 weeks.

If you're on parental bereavement leave, you'll still count as being in work and able to claim Working Tax Credit. This is providing you and your partner have worked the required number of hours that apply to your circumstances immediately before going on parental bereavement leave. This also applies if you're self-employed.

Sick leave

You'll still count as being in work and can claim Working Tax Credit if you're:

- in receipt of Statutory Sick Pay (SSP) or short-term Incapacity Benefit at the lower rate
- off work for up to 28 weeks because of illness, and are getting either
 - Employment and Support Allowance
 - Income Support paid on the grounds of incapacity for work
 - National Insurance credits on the grounds of incapacity for work or limited capability for work

This is providing you and your partner worked the required number of hours that apply to your circumstances immediately before you started getting any of these benefits. This also applies if you're self-employed (read 'Working hours' on pages 7 and 8).

When the 28 weeks are over, you continue to be eligible for Working Tax Credit if you begin work again at that point. Any further periods of more than 28 weeks do not count as being in work. You must tell us within one month if you do not go back to work after the 28 weeks.

The disability element

If you meet all of the following 3 conditions, you may be able to get the disability element of Working Tax Credit. If you're claiming as a couple and your partner also meets all 3 conditions, you may be able to get 2 disability elements.

Condition 1: You usually work 16 hours or more a week.

Condition 2: You have a disability which puts you at a disadvantage in getting a job.

Details of the disabilities which count to meet this condition relate to a wide range of things, for example:

- sight
- hearing
- communicating with people
- getting around
- using your hands
- reaching with your arms
- mental disabilities
- exhaustion and pain

We may ask you to give us the name of a healthcare professional who can confirm how your disability affects you. For example, a doctor, a district or community nurse, or an occupational therapist.

Condition 3: You currently get, or have been getting, a qualifying sickness or disability benefit.

You'll meet this condition if at least one of the following 4 descriptions applies to you:

- 1 You're getting one of the following qualifying benefits:
 - Attendance Allowance/Pension age disability payment
 - Disability Living Allowance/Personal Independence Payment/ Adult Disability Payment or Armed Forces Independence Payment
 - Industrial Injuries Disablement Benefit (with Constant Attendance Allowance for you)
 - a vehicle provided under the Motability Scheme
 - War Pension (with Constant Attendance Allowance or Mobility Supplement for you)

The 28 weeks does not need to be a single continuous period. You can add together any periods that you got:

- ESA, as long as they were no more than 12 weeks apart
- SSP, as long as they were no more than 8 weeks apart
- SSP with periods that you got ESA, as long as they were no more than 12 weeks apart

The 28 weeks does not need to be a single continuous period. You can add together any periods that you got:

- contribution-based ESA, as long as they were no more than 12 weeks apart
- SSP, as long as they were no more than 8 weeks apart
- SSP with periods that you got contribution-based ESA, this is providing they were no more than 12 weeks apart and you met the contribution conditions for contribution-based ESA on the days that you got SSP

- 2 You have received a sickness or disability benefit for at least one day in the last 6 months. The benefits that count are:
- Employment and Support Allowance (ESA), where you've received this allowance for 28 weeks or more or you received Statutory Sick Pay (SSP) followed by ESA for a combined period of 28 weeks or more
 - Incapacity Benefit at the short-term higher rate or the long-term rate
 - income-based Jobseeker's Allowance*
 - Income Support*
 - Housing Benefit*
 - Severe Disablement Allowance

*This must include a Disability Premium or a Higher Pensioner Premium for you.

- 3 You have been 'training for work' for at least one day in the last 8 weeks.

'Training for work' means attending government-run training such as that provided by the Work Programme in the UK, Work Based Learning for Adults in Wales, Training for Work in Scotland or a course that you attended for 16 hours or more a week to learn an occupational or vocational skill.

In the 8 weeks before you started training for work you must have been getting:

- Incapacity Benefit paid at the short-term higher rate or long-term rate
- Severe Disablement Allowance
- contribution-based ESA for 28 weeks or more
- SSP followed by contribution-based ESA for a combined period of 28 weeks or more

You'll also meet condition 3 if you were entitled to the disability element of WTC in the last 8 weeks because you satisfied condition 2, 3 or 4.

4 All of the following 4 points (4.1 to 4.4) apply to you.

4.1 You've been getting at least one of the benefits in box A or box B for 20 weeks or more, and you got this benefit within the last 8 weeks.

The 20 weeks does not need to be a single continuous period. You can add together any separate periods that you got the benefits or credits in:

- box A, as long as they were no longer than 8 weeks apart
- box B, as long as they were no longer than 12 weeks apart

A

- Statutory Sick Pay
- Occupational Sick Pay
- Incapacity Benefit at the short-term lower rate
- Income Support paid because of incapacity for work
- National Insurance credits awarded because of incapacity for work

B

- Employment and Support Allowance
- National Insurance credits awarded on the grounds of limited capability for work

4.2 Your disability is likely to last for at least 6 months or the rest of your life.

4.3 Your gross earnings (before tax and National Insurance contributions are taken off) are at least 20% less than they were before you had the disability.

4.4 Your gross earnings (before tax and National Insurance contributions are taken off) are at least £15 a week less than they were before you had the disability.

 For more information, go to [GOV.UK](https://www.gov.uk) and search for TC956.

The severe disability element

You or your partner (if you're claiming as a couple) can claim the severe disability element if you get:

- Disability Living Allowance (highest rate care component),
- enhanced daily living component of Personal Independence Payment
- Adult Disability Payment
- Armed Forces Independence Payment
- Attendance Allowance/Pension age disability payment (higher rate)

You do not have to be working to qualify for the severe disability element as long as your partner is working. If you both qualify, you'll get 2 severe disability elements.

Help with the costs of childcare

You may be able to get more Working Tax Credit to help with the cost of registered or approved childcare. This is the childcare element of Working Tax Credit. The childcare element can help with up to 70% of your childcare costs, up to a maximum cost of £175 a week for one child and £300 a week for 2 or more children. This means that the childcare element is worth up to:

- £122.50 a week (70% of £175) for families with one child
- £210.00 a week (70% of £300) for families with 2 or more children

The amount you get will depend on your income and will be paid directly to the main carer along with Child Tax Credit.

To claim the childcare element you must be age 16 or over.

If you're a single parent, you must work 16 hours a week or more.

If you're in a couple, both of you must work 16 hours a week or more. Only one partner needs to work 16 hours a week or more if the other is:

- incapacitated
- an inpatient in hospital
- in prison either on remand or serving a custodial sentence
- entitled to Carer's Allowance or Carer Support Payment

You'll be treated as incapacitated if you get one of the following:

- Disability Living Allowance, Personal Independence Payment, Adult Disability Payment, Armed Forces Independence Payment or Attendance Allowance/Pension age disability payment
- Attendance Allowance
- Severe Disablement Allowance
- Incapacity Benefit at the short-term higher rate or long-term rate
- Industrial Injuries Disablement Benefit (with Constant Attendance Allowance for you)
- War Pension (with Constant Attendance Allowance or mobility supplement for you)
- Housing Benefit with a disability premium or higher pensioner premium
- Council Tax Reduction (sometimes called Council Tax Support) with a disability premium or higher pensioner premium that has been paid since 1 March 2013 and Working Tax Credit has been paid continuously since 1 March 2013
- a vehicle under the Motability Scheme
- contribution-based Employment and Support Allowance (ESA) if you got
 - this allowance for 28 weeks or more
 - Statutory Sick Pay (SSP) followed by contribution-based ESA for a combined period of 28 weeks or more

The 28 weeks does not need to be a single continuous period. You can add together any periods that you got:

- contribution-based ESA as long as they were no more than 12 weeks apart
- SSP as long as they were no more than 8 weeks apart
- SSP with periods that you got contribution-based ESA, as long as they were no more than 12 weeks apart and you met the contribution conditions for contribution-based ESA on the days that you got SSP

You can claim the childcare element for any child up to the Saturday following 1 September after their:

- 15th birthday
- 16th birthday if
 - the child is certified as severely sight impaired or blind by a consultant ophthalmologist
 - the child is no longer certified as severely sight-impaired, or blind, by a consultant ophthalmologist, in the 28 weeks before the date of your claim or renewal
 - you get Disability Living Allowance or Child Disability Payment
 - you get Personal Independence Payment, Adult Disability Payment or Armed Forces Independence Payment for that child

If you're on paid maternity, adoption, paternity or shared parental leave and are still treated as being in work, you can claim the costs for registered or approved childcare you pay for:

- the child you've taken leave to look after
- any other children you're responsible for

This will enable you to settle a new baby or child into childcare before returning to work.


You can claim Working Tax Credit, including the childcare element from the birth or adoption of the child, as long as you and your partner usually worked at least 16 or 24 hours a week, depending on your circumstances, before the maternity, adoption or paternity leave began (read 'Working hours' on pages 7 and 8).

Read page 25 about changes to your childcare. You must tell us about these changes as they may affect how much tax credits we pay you.

What we mean by registered or approved childcare

In England

To get help with childcare costs in England, the childcare you use must be provided in person by:

- a childcare provider, such as a childminder, playscheme, childcare club or nursery and they need to be registered on one of the following
 - Ofsted Early Years Register (EYR) with either Ofsted or an Ofsted registered childminder agency if your child is under 5 years of age
 - Ofsted compulsory part of General Childcare Register (GCR) with either Ofsted or an Ofsted registered childminder agency if your child is aged 5 to 7
 - Ofsted voluntary part of the GCR with either Ofsted or an Ofsted registered childminder agency if your child is aged 8 or over
 - a nanny who provides care in the child's own home – as long as they're registered with Ofsted
 - an activity-based care, such as a sports club – as long as the provider is registered with Ofsted
 - a school, to a child aged 2, 3 or 4 years old, as long as both of the following apply
 - it's provided under the direction of the school's proprietor (either the governing body or the person responsible for managing the school)
 - it takes place on the school premises or other premises that may be inspected as part of an inspection of a school by Ofsted or by the equivalent inspection body appointed by the Secretary of State to inspect certain independent schools (for example, the Independent Schools Inspectorate, Bridge Schools Inspectorate or the Schools Inspection Service)
 - a school, to a child aged between 5 and 15 years old (or 16 if disabled), if all of the following apply
 - it's provided out of school hours
 - it's provided under the direction of the school's proprietor (either the governing body or the person responsible for managing the school)
 - the care is provided on the school premises or on other premises that may be inspected as part of an inspection of a school by Ofsted, or by the equivalent inspection body appointed by the Secretary of State to inspect certain independent schools – an example of 'other premises' could be a village hall used by the school for its childcare activities outside of school hours
 - an approved foster carer registered with Ofsted – but the childcare must be for a child who is not the carer's foster child
 - a care worker or a nurse from a registered domiciliary care agency, looking after your child in your own home
-  For more information about childcare in England, go to www.gov.uk/childcare-tax-credits

In Scotland


To get help with childcare costs in Scotland, your childcare provider must be:

- registered with Social Care and Social Work Improvement Scotland
- a childcare club registered with Social Care and Social Work Improvement Scotland to provide childcare outside of school hours
- registered with a childcare agency, sitter service or nanny agency providing childcare in your child's home

You can also claim help with your childcare costs in Scotland if you use:

- an approved foster carer
- a kinship carer


but the childcare must be for a child who is not the carer's foster or kinship child. The foster carer or kinship carer must be registered with Social Care and Social Work Improvement Scotland as a childminder or a day care provider.

 For more information about childcare in Scotland, go to www.scottishfamilies.gov.uk

In Wales

To get help with childcare costs in Wales, your childcare provider must be:

- registered by the National Assembly for Wales through the Care Inspectorate Wales (CIW)
- employed or engaged under a contract for services to provide care and support, by the provider of domiciliary care support service, under Part 1 of the Regulation and Inspection of Social Care (Wales) Act 2016
- a school that provides childcare outside of school hours and on the school premises
- a local authority that provides childcare outside of school hours
- someone approved by the Approval of Childcare Providers (Wales) Scheme 2021 who provides childcare in the child's home, or if several children are being looked after, in one of the children's homes
- an approved foster carer but the childcare must be for a child who is not the carer's foster child and the foster carer must be
 - registered with the Care Inspectorate Wales if your child is under age 8
 - approved under the Approval of Child Care Providers (Wales) Scheme if the care is in your child's home and your child is under age 16

 For more information about childcare in Wales, go to www.wales.gov.uk and search for childcare

In Northern Ireland

To get help with childcare costs in Northern Ireland, your childcare provider must be:

- registered with a Health and Social Care Trust
- a school that provides childcare outside of school hours, on the school premises
- approved under the Approval of Home Child Care Providers (Northern Ireland) 2006 Scheme, providing childcare in the child's home
- an Education and Library Board that provides childcare outside of school hours


- an approved foster carer, but the childcare must be for a child who is not the carer's foster child, and the foster carer must be
 - registered with a Health and Social Care Trust if your child is under age 12
 - approved under the Approval of Home Child Care Providers (Northern Ireland) 2006 Scheme if the care is in your child's home and your child is under age 16

For more information about childcare in Northern Ireland contact the Early Years Team in your local Health and Social Care Trust.

 Go to www.nidirect.gov.uk/early-years-teams

Crown servants working abroad

If you're a civil servant or a member of the armed forces posted overseas, and your child has gone with you, you may get help with childcare costs if your childcare provider is approved by a Ministry of Defence accreditation scheme abroad.

 For more information, go to GOV.UK and search for WTC5.

Childcare provided by a relative

A relative could be your child's:

- parent
- grandparent
- aunt or uncle
- brother or sister
- step-parent

A person who has entered into a civil partnership is recognised as being able to provide childcare as a parent, grandparent, aunt or uncle, or step-parent.

You cannot get the childcare element of Working Tax Credit if your childcare is provided by a relative even if they're registered or approved. Working Tax Credit is paid in addition to any Child Tax Credit you may be entitled to.


The exception to this is when your relative who's a:

- registered childminder cares for your child, away from your child's own home
- childcare provider approved under a Home Child Care Providers Scheme in Wales or Northern Ireland, cares for your child away from your child's own home, and at least one other child who's not related to them


The relationship can be by blood, half-blood, marriage, civil partnership or affinity. 'Affinity' means a person with a strong relationship to the child, for example, someone in a parental position with their partner's children, including step-parents.


You cannot claim the costs of childcare if it is not registered or approved. Your provider should be able to tell you whether or not they're registered or approved. Some providers have to renew their registration each year. Ask to see their registration or approval certificate to check that it's still valid.


In order to claim the childcare element you must work out your average weekly childcare costs. For more information about how to do this, read our leaflet WTC5, 'Working Tax Credit: help with the costs of childcare'.

 Go to GOV.UK and search for WTC5.

4 Income and capital

 To report a change, go to www.gov.uk/changes-affect-tax-credits

 For more information about what types of income count for tax credits purposes, go to www.gov.uk/guidance/tax-credits-working-out-income

 Tax credits have been replaced by Universal Credit. You can only make a claim for Child Tax Credit or Working Tax Credit if you already get tax credits. You'll need to update your existing tax credit claim by reporting a change in your circumstances online or in writing.

The amount of tax credits you'll get depends on your circumstances, for example:

- how many children or qualifying young persons you're responsible for
- how many hours you work each week
- whether you're disabled
- how much you pay for registered or approved childcare

It also depends on the level of your income. If you're part of a couple, it depends on your joint income.


As Child Tax Credit and Working Tax Credit are annual tax credits, we'll look at your income for a tax year to work out your award, usually the last complete tax year before the year of the tax credits claim.

What income you have to report

For tax credits, we generally take into account your gross earnings figure (this is before Income Tax and National Insurance deductions). There are exceptions, some of which are outlined on the next page.

If you make contributions from your earnings to buy shares in your employers company under a Share Incentive Plan, then those contributions must be added back to your gross pay.

Gross contributions to any HM Revenue and Customs registered pension scheme (such as a personal pension plan or retirement annuity) and gross payments under the Gift Aid scheme should be deducted when you work out your income for a tax credits claim. If you made personal pension or retirement annuity contributions, Gift Aid payments or a trading loss, read TC825, 'Working sheet for tax credits relief for Gift Aid donations, pension contributions and trading losses'.

 Go to GOV.UK and search for TC825.

You should not normally deduct any contributions to an occupational pension scheme or payments under a payroll giving or Give As You Earn scheme. This is because your employer will have already deducted these payments from your gross pay.

We take the full amount of salary and wages into account when we work out how much tax credits to pay, this includes:

- commission
- bonuses
- tips
- gratuities
- profit-related pay
- holiday pay
- Statutory Sick Pay
- some benefits in kind which may be provided by your employer (for example, car and car fuel, allowances for the use of your own car on business, vouchers and credit tokens)

Although Statutory Maternity Pay (SMP), Statutory Paternity Pay (SPP), Statutory Adoption Pay (SAP) and Statutory Parental Bereavement Pay (SPBP) are taxable, you should deduct the actual amount paid up to a maximum of £100 for each week of payment from your income for tax credits purposes.

You should include:

- any earnings from employment outside the UK
- taxable profits from self-employment, including any from outside the UK
- the following taxable social security benefits
 - Carer's Allowance or Carer Support Payment
 - Bereavement Allowance
 - contribution-based Jobseeker's Allowance
 - contribution-based Employment and Support Allowance
 - Income Support paid to a couple and the person getting it was on strike
 - Incapacity Benefit paid after the first 28 weeks of incapacity (at the short-term higher and long-term rates, including any child dependency increases paid with these benefits)
- income-based Jobseeker's Allowance is taxable but is not included as income for tax credits
- an Adult Dependants' Grant paid to students with a spouse, unmarried partner or a dependent adult and in Scotland, any Childs Dependants' Grant

Do not include non-taxable benefits such as:

- Child Benefit
- Attendance Allowance/Pension age disability payment
- Disability Living Allowance/Child Disability Payment or Personal Independence Payment/Adult Disability Payment
- Council Tax Reduction (sometimes called Council Tax Support) or Housing Benefit
- income-related Employment and Support Allowance

We also take into account:


- State Retirement Pensions (including Widowed Parent's Allowance, Widowed Mother's Allowance, Widow's Pension and Industrial Death Benefit) and occupational or personal pensions – but not war pensions, whether paid on grounds of wounds or disability or paid to widows
- most income from savings and investments (for instance, interest from bank and building society accounts, all dividends from UK companies, payments from trusts or the estate of a deceased person in administration) – but not income from certain tax exempt investments, such as, Individual Savings Accounts (ISAs), Personal Equity Plans (PEPs) or non-taxable National Savings products
- rental income from property – but not income which is exempt from Income Tax under the Rent a Room Scheme
- all foreign income, whether or not it was received and taxed in the UK (unless you could not send it to the UK because of exchange controls in the country of origin) – for example, income from investments or property overseas, or social security payments from overseas governments (before deducting overseas tax but after deducting any bank charges or commission when converting foreign currency to pounds)
- miscellaneous income that's taxable such as copyright royalties paid to someone who is not a professional author or composer, which is taxable under Part 5 of the Income Tax (Trading and Other Income) Act 2005

The Rent a Room Scheme lets you earn up to a threshold of £7,500 per year tax-free from letting out furnished accommodation in your home. This is halved if you share the income with your partner or someone else. You can let out as much of your home as you want.

But you should deduct the first £300 from the combined total apart from:

- income from employment
- income from self-employment
- taxable social security benefits
- student dependant's grant
- miscellaneous income

You only need to report other income if it's more than £300 a year in total. If you make a claim as a couple, the £300 limit applies to your joint income, not to each of you separately.

 For help on how to work out your income if you're employed or self-employed, go to www.gov.uk/tax-credits-working-out-income

About capital

When we work out your entitlement to tax credits, we'll not normally include capital. By capital we mean:

- deposits in current and savings accounts at banks and building societies
- most lump-sum payments, the value of the property, shares and other investments

However, in some cases where the Income Tax rules treat capital as income, and tax it as such, you'll be expected to include the taxable amount as income in your tax credits claim. This can happen if, for example, you hold shares in a UK company and the company gives you a stock dividend (new shares) instead of a cash dividend. This is part of what we call 'notional income'.

What 'notional income' means

Besides capital that's treated as income under the Income Tax rules, notional income also includes income that you can be treated as having which you may not in fact have, such as:

- trust income payable to one person but which the Income Tax rules treat as the income of another person – the tax credits rules also treat the income as belonging to that other person (for example, investment income of a child where trust funds have been provided by a parent and the amount exceeds £100)
- income you may have deprived yourself of for the purpose of getting tax credits or more tax credits
- income that would be available to you if you applied for it, for example, a social security benefit. There are some exceptions, for example,
 - a deferred state or personal pension or retirement annuity
 - compensation for personal injury
- if you work or provide a service for free or less than the going rate, you're treated as getting the going rate for the job if the person you're working for or to whom you're providing the service has the means to pay – this does not apply if you're working as a volunteer (for example, helping out in a charity shop or a Citizens Advice Bureau) or you're on an employment or training programme

Tax credits and maintenance payments

We do not take maintenance payments, such as child support or payments under a divorce settlement into account when calculating your tax credits award.

Child Tax Credit and student loans or grants

We do not take student loans or grants to meet the cost of tuition fees, childcare or the Parent's Learning Allowance into account when calculating your tax credits award. But you should tell us if you get an Adult Dependant's Grant for a spouse, unmarried partner or a dependant adult and in Scotland, any Childs Dependant's Grant.

If you're a student nurse or a health profession trainee and you get a bursary under the NHS Bursary Scheme, you do not need to tell us about these payments in your claim.

When you've finished your studies and start work, repayments of student loans are not deductible from income in tax credits claims.

Where you can find details of your income

If you were employed in the tax year 2023 to 2024, details of your earnings will be shown on your:

- P60 tax certificate given to you by your employer after the end of that tax year, or a P45 if you left before 5 April 2024
- pay slips
- P11D certificate (if you got relevant benefits in kind) given to you by your employer – if your employer has 'payrolled' these benefits you'll need to deduct the total cash equivalent from the total of your P60 and P45 income

If you were self-employed in the tax year 2023 to 2024, details of your earnings will be shown on your Self Assessment tax return.

If your tax credits award is renewed automatically and you're in PAYE employment, we'll have used income figures provided to us by your employer. It's important that you check these figures are correct for tax credits. Contact us if you think they're not. Your renewal notes will help.

Trading profits and losses

If you're self-employed, you should tell us the taxable profit calculated in your Self Assessment tax return for 2023 to 2024. However, if you're a farmer, market gardener or a creator of literary or artistic works, averaging relief for fluctuating profits is not allowed in tax credits claims. If you have not yet sent us your Self Assessment tax return for 2023 to 2024, you must estimate your profits for that year.

If your business made a loss in that tax year, for tax credits purposes you can offset that loss against:

- other income you may have for that year
- any income of your spouse or civil partner for that year
- any income of your personal partner (but not your business partner) for that year

You must carry forward any remaining loss (the unused part of the loss after deducting other income for that year), to offset against the profits of the same business in the next tax year. For example, if your business made a loss in 2022 to 2023 and there is some loss remaining after the deduction from other income of 2022 to 2023 the unused part of the 2022 to 2023 loss must be brought forward and deducted from the profits of the same business in the tax year 2023 to 2024.

If you made a trading loss, read TC825, 'Working sheet for tax credits relief for Gift Aid donations, pension contributions and trading losses'.

🔍 Go to GOV.UK and search for TC825.

If you got taxable social security benefits in 2023 to 2024, the Department for Work and Pensions (in Northern Ireland, the Department for Communities) should have sent you a record of the taxable amount of benefit.

If you got other types of income, you should refer to the statements, passbooks or to tax deduction certificates provided by the payer of the income. You should keep these for tax purposes.

5 How your tax credits award is worked out

To work out how much tax credits that you and your partner (if you have one) will get, we:

1. divide each of the elements of Child Tax Credit and Working Tax Credit that your family is entitled to, by the number of days in the tax year – and round this to the nearest penny to give a daily rate
2. multiply the daily rate of each element by the number of days in the relevant period, then add them together to give your family's maximum entitlement
3. look at your income, and your partner's (if you have one) to work out if you'll get tax credits in full or at a reduced rate

We'll send you an award notice which tells you how much tax credits you'll get and when payments will start.

You or your partner will automatically get the full amount of tax credits that you qualify for if you get either:

- Income Support
- income-based Jobseeker's Allowance
- income-related Employment Support Allowance
- Pension Credit

If you're entitled to Child Tax Credit only, you'll get the full amount until your annual income reaches £19,995.

If you're entitled to Working Tax Credit, whether on its own or in addition to Child Tax Credit, and your family's annual income is below the threshold of £7,955, you'll get the maximum amount of all the elements that you qualify for. If your income is over £7,955, the maximum amount is reduced by 41 pence for every pound of income (41%) over the £7,955 (rounded down to the nearest penny).

If your income is over £7,955, your tax credits will be reduced in the following order:

- Working Tax Credit (apart from the childcare element)
- the childcare element of Working Tax Credit
- the child elements of Child Tax Credit
- the family element of Child Tax Credit

What happens once you're getting tax credits

Your tax credits award will initially be based on your current circumstances and your income for the previous tax year.

If your circumstances do not change and there are no significant changes in your income during the year, the initial award will run until the end of the tax year (5 April).

At the end of the tax year, we'll send you a renewal notice that tells you the information we hold about your claim, in particular the circumstances and income we based the award and the amount of tax credits paid to you over the year. You should check this notice carefully and:

- confirm that the details are correct, if we've asked you to
- correct the details if there are changes that you have not previously told us about

You also need to tell us about your income for the year just ended.

To do this, you can:

• go online at www.gov.uk/managetaxcredits

- complete the declaration notice and return it in the envelope provided

Once we have all the details, we'll:

- check whether the amount we paid you was right
- work out your award for the following year, as the renewal notice will also act as your claim for the following year

If your circumstances and income stayed the same throughout the year that has just ended, or if your income in that year was not more than £2,500 higher than the year before that, you should have got the right amount of tax credits for that year.

If your income goes down by £2,500 or less throughout the year, the amounts of tax credits you get will not be affected.

i As your current year payments are provisional and based on your previous years income, you should let us know of any changes to your income as they happen. Waiting until you make your renewal declaration at the end of the year will lead to an overpayment in some cases which you may be asked to repay.

If you only get the family element of Child Tax Credit, or have been getting the full amount of Child Tax Credit because you've been getting Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Pension Credit for the whole award period, you do not have to do anything if your:


- income remains within the range specified in the renewal notice
- circumstances have not changed

This notice will tell you if you need to return it or not.

If you do not have to return the notice, you'll be treated as having automatically made a new claim for the next award.

You can tell us about any of these changes by:

 going online at www.gov.uk/managetaxcredits

 writing to us at
HM Revenue and
Customs
Tax Credit Office
(Change of
circumstances)
BX9 1ER
United Kingdom

What happens if your circumstances or income change

There are some changes that could affect the amount of your tax credits award. They include:

- changes to the number of adults in the household, for example, if you and your partner stop living together or if you've been living on your own and you begin living with someone as a couple
- changes affecting the elements of tax credits you're eligible to, such as
 - the birth or death of a child
 - a child or qualifying young person leaving the household or stopping full-time non-advanced education or approved training
 - stopping using registered or approved childcare
 - changing your usual weekly working hours
 - moving abroad
- you or your partner begin to qualify for a disability element of Working Tax Credit
- you or your partner no longer have a disability which puts you at a disadvantage in getting a job
- a child you're responsible for is certified as severely sight impaired or blind by a consultant ophthalmologist
- Disability Living Allowance/Child Disability Payment or Personal Independence Payment/Adult Disability Payment starts or stops being paid for a child you're responsible for
- the highest rate care component of Disability Living Allowance/Child Disability Payment, or the enhanced daily living component of Personal Independence Payment/Adult Disability Payment, Attendance Allowance/Pension age disability payment starts or stops being paid for you, your partner, or a child you're responsible for
- the higher rate of Attendance Allowance starts or stops being paid for you or your partner
- changes in income between the previous year and the current year

You should keep:

- a record of any changes in circumstances you've told us about
- your new award notice after you've told us about a change of circumstances

Changes in circumstances

You need to tell us about any changes in your circumstances. If you do not, you may be overpaid tax credits or you may not get the full amount you're entitled to. You may also have to pay a penalty of up to £300.

If a change increases the amount of tax credits you receive, it can only be backdated by up to one month. For example, if you had a baby on 12 June but you did not report this until 12 October, your tax credits would only increase from 12 September.

The child element for a young person aged 16, 18 or 19 will automatically stop each year unless you tell us that they're staying in full-time non-advanced education or approved training.


The child element for a young person aged 17 staying in full-time non-advanced education or approved training will automatically continue.

You must tell us within one month if you made a:

- single claim but you're now married, in a civil partnership, or living with someone as if you're married or in a civil partnership
- joint claim (as part of a couple) but are now separated, or one of you dies

You must also tell us within one month if you:

- or your partner stop working
- or your partner stop working more than the relevant minimum of 16 or 30 hours a week (for couples with children 24 hours a week is the combined minimum and one of you must work at least 16 hours a week)
- are laid off
- have been on strike for more than 10 days
- or your partner leave the UK permanently or go abroad for more than 8 weeks (or more than 12 weeks if you go abroad because you're ill or because a member of your family is ill or has died)
- and your partner lose the right to reside in the UK

 For more information, go to www.gov.uk/tax-credits-if-moving-country-or-travelling

You must also tell us within one month if:

- a child or qualifying young person leaves the family and moves to live with someone else – this includes a child or qualifying young person who has been – taken into care or fostered to another family – sentenced to custody or detention for a period of more than 4 months
- a child or qualifying young person dies
- a qualifying young person leaves full-time non-advanced education or approved training before age 20, or stops being registered with a careers service, Connexions, local authority support service or similar organisation (in Northern Ireland, the Department for the Communities or the Education Authority) or the Ministry of Defence if they're waiting to join the armed forces
- a qualifying young person starts to have their training provided under a contract of employment
- a qualifying young person starts to get Income Support, income-based Jobseeker's Allowance, Employment and Support Allowance or Universal Credit themselves
- you told us that your child was continuing in full-time non-advanced education or approved training after 31 August following their 16th birthday, but then did not do so

If you claimed childcare costs, you must tell us the last day your child was cared for by a registered provider if:

- your childcare provider stops being registered or approved
- you stop using a registered or approved childcare provider
- your average weekly childcare costs go down by £10 or more
- your childcare costs fall to zero
- your child stops going to childcare for 4 weeks or more when they would normally have gone
- you start getting help with your childcare from a local authority or any government department – such as early years education grant for 3 to 4 year olds
- you start getting help with your childcare costs through your employer, such as childcare vouchers in return for a reduction in your salary (known as salary sacrifice)
- you no longer qualify for childcare costs as a couple because one of you is now working less than 16 hours a week

You should tell us if your average weekly childcare costs go up by £10 or more or you change to a different registered or approved childcare provider. We'll need to know your new provider's registration or approval number. We may need to contact your childcare provider from time to time to make checks. If we are unable to contact your provider, we may stop paying you the extra Working Tax Credit for your childcare.

Changes to your working hours

You must tell us within one month if:

- you stop working 16 or 30 hours a week (for couples with children, 24 hours a week between you, with at least one of you working 16 hours a week)
- you work at least 30 hours a week and your hours drop to less than 30 (for couples with children, your joint working hours count towards the 30 hours)
- you stop work
- your employer lays you off

You may get Working Tax Credit for 4 weeks from the change if:

- your working hours drop to less than 16 or 30 hours a week (for couples with children 24 hours between you and one of you must work at least 16 hours a week)
- you stop work completely

If your employer lays you off and tells you it's temporary, you're treated as though you're still working for up to 4 weeks from the date your employer lays you off. If there's no work for you after that, you're treated as not working. You'll be entitled to a 'run on' payment of Working Tax Credit for a further 4 weeks before your Working Tax Credit stops.

You can only get Working Tax Credit for up to 8 weeks after your employer lays you off.

Example 1

John Smith is laid off for 4 weeks on 8 January. His employer tells him that he can expect to go back to work on 5 February. John phones the helpline to tell them about this. He also tells them when he expects to go back to work.

On 5 February he goes into work. His employer has no work for John and does not know if he will in the future. John phones the helpline to tell them he's now been laid off indefinitely. He'll continue to get Working Tax Credit up to 5 March.

If your employer lays you off but cannot tell you if you'll go back to work or you'll lose your job

If, during the first 4 weeks that you're laid off, your employer says you:

- are now laid off indefinitely
- have lost your job

you'll be treated as if you've stopped work from the day they told you.

You'll still get Working Tax Credit for 4 more weeks from that date.

Example 2

Anne Jones is laid off on 8 January. Her employer tells her she can expect to go back to work on 1 February. Anne phones the helpline and tells them she's been laid off temporarily. On 26 January her employer tells her that they do not know if she'll be able to go back to work at all. Anne phones the helpline to tell them she's been laid off indefinitely. Anne is treated as though she has stopped work. She'll get Working Tax Credit up to 23 February (4 weeks from 26 January).

Example 3

On 8 January Anita Roberts is told that her employer has to lay her off indefinitely. Her employer does not know if she'll be able to go back to work at all. Anita phones the helpline to tell them she's been laid off indefinitely. Anita will get Working Tax Credit up to 5 February.

You need to tell us straightaway about any changes that may increase your tax credits award such as:

- a new child in the family
- starting to use registered or approved childcare
- your average weekly childcare costs increase by £10 a week or more
- an increase in your working hours (or those of your partner) so you meet the working hours conditions for Working Tax Credit, read page 7

To get any increase backdated from the date your circumstances change, you must tell us within one month.

Changes in income

Your award will initially be based on your income for the previous tax year.

If your income during the current tax year rises by less than £2,500, it will not affect your award and we'll still base it on your income for the previous year. This means that for the current year, you'll get the benefit of a rise in income of up to £2,500 without it reducing your tax credits award. The increased level of your income is not taken into account until the next year, but you should tell us about the increase on or before 6 April to avoid an overpayment of your provisional payments.

If your income goes down by £2,500 or less throughout the year, the amount of tax credits you get will not be affected. If your income in the current year is lower than last year's income by more than £2,500, we'll disregard the first £2,500. For example, if your income last year was £20,000 and this year you expect it to be £15,000 we'll calculate your tax credits award on an income of £17,500. In this case, you may be due more tax credits. You can either:

- tell us about this drop during the year – we'll then adjust your payments to make sure you get the right amount in-year
- wait until we finalise your award and we'll pay you any extra tax credits you're due in a lump sum

We'll check at the end of the year what your income was. If you told us during the year about a fall in your income and it's less than you expected, you'll have to pay back any tax credits you've been overpaid.

If your income increases by more than £2,500, then we'll calculate your final award on your current year's income after disregarding the first £2,500 of the increase. We will, however, use the full amount of income when calculating your award for the following year.

What happens if there are changes in your tax credits award

You should tell us immediately if you think that your income will increase by more than £2,500 in the current tax year. This will help you to avoid building up an overpayment of tax credits which you'll have to pay back after we finalise your award at the end of the year.

If your tax credits award goes up because of a change in circumstances which increases your entitlement, and if you've told us about this during the year, we'll:

- pay any extra tax credits for up to one month before the adjustment was made in a lump sum
- increase your award for the rest of the year

If your income has reduced by more than £2,500 and you tell us about it during the year, we'll pay you any extra tax credits due from the date you tell us about it. If, at the end of the tax year, we find that you were due more tax credits than you were in fact paid because of a change in circumstances or income, we'll pay the extra amount as a lump sum. You should tell us immediately if you think that your income will go down in the current tax year. Your award may not go up this year, but you may get more next year.

If your tax credits award goes down because of a change in circumstances which reduces your entitlement, or an increase of more than £2,500 in your income that you've told us about during the year, we'll reduce your tax credits award for the whole period so that we pay you the right amount for the year overall.

Alternatively, if we've paid you too much in this tax year (or a previous one) we'll automatically reduce your ongoing payments until you pay back the overpaid money.

The amount we reduce your payments by depends on the amount of tax credits you receive. We make our decision based on the information you gave us about your income. The higher your income, the more your tax credits payments are reduced.

Check your award notice to find out if you get tax credits at a reduced rate. If you do, it's shown as 'reduction due to your income' in part 2 of your award notice – 'How we work out your tax credits'.

For those entitled to the maximum tax credits with no reduction due to income, the most we'll take back is 10% of your ongoing payments.

If you're getting Child Tax Credit or Working Tax Credit below the maximum and your total household income is £20,000 or less, the most we'll take back is 25% of your ongoing payments.

If your total household income exceeds £20,000, the most we'll take back is 50% of your ongoing payments.

If you're only getting the family element of Child Tax Credit, we'll take back up to 100% of your ongoing payments.

What happens if you or your partner claim Universal Credit


You will no longer be eligible to tax credits if you or your partner claim Universal Credit. Ordinarily, we will automatically end your tax credits award as instructed by the Department of Work and Pensions (or the Department for Communities in Northern Ireland). You should tell us immediately, if you continue to receive tax credits, when in receipt of Universal Credit.

If you disagree with the level of your tax credits award or with having to pay a penalty

If you think that something on your notice is wrong or missing, then contact us straightaway and we'll try to put it right.

If we cannot resolve your tax credits issue or you disagree with the penalty you've been given and you're not satisfied, you can ask us to look at the decision again. We call this 'mandatory reconsideration'. Normally you have to do this within 30 days of the date of your award notice.


To find out more, read our leaflet WTC/AP, 'What to do if you think your Child Tax Credit or Working Tax Credit is wrong'.

 Go to GOV.UK and search for WTC/AP.

When we've looked at the decision again we'll send you a Mandatory Reconsideration Notice to tell you what we've done. If you're still unhappy with the decision, the Mandatory Reconsideration Notice will include all the information you need to make an appeal to HM Courts and Tribunals Service (HMCTS) in England, Scotland and Wales or The Appeals Service in Northern Ireland. In England, Scotland and Wales, you can appeal direct to an independent tribunal without first requesting a mandatory reconsideration. You might be able to appeal direct in Northern Ireland to the Appeals Service Northern Ireland.

6 Help and advice

Leaving the tax credits system

 To report a change, go to www.gov.uk/changes-affect-tax-credits

There are 3 reasons your tax credits may stop:

1. You phone the helpline on 0345 300 3900 or write to us to tell us that you do not want to claim.

If you do this before 31 July, your claim for the current year will not be renewed.

You may have already got provisional payments for the current year which we'll ask you to pay back.

If you contact us after 31 July, your claim will continue until the end of the tax year but will not be renewed for the next tax year.

2. You get a letter from us telling you that we'll not renew your claim for the next year. This is because the level of your income means that you're not eligible for tax credits payments for the next year.

If you want to renew your claim, you should contact us by the date shown in the letter.

Even though you may not get any payments, you can still renew and continue your claim – if you do, this will protect your claim if your income later reduces and you then become eligible you'll not need to make a new claim, or if you currently qualify for the disability element of Working Tax Credit you may continue to qualify.

Whether you've asked us to stop your claim or we've written to you to tell you that we'll not renew your claim, we'll still send you an end of year notice. You should still provide us with any information requested on the notice so that we can finalise your claim for the year just ended.

3. You make a claim for Universal Credit or you start living with a partner who already gets Universal Credit (you cannot claim tax credits and Universal Credit at the same time), even if you are not entitled to Universal Credit or your entitlement is lower.


Where you claim Universal Credit, we'll send you an in-year notice.


You should still provide us with any information requested on the notice so that we can finalise your claim for the in-year period.


In some cases we may have paid you too much tax credits, this is called an overpayment. This may happen if you tell us that you no longer want to claim tax credits for the new tax year. How we deal with tax credits overpayments is set out in our Code of Practice 26.

 For more information, go to GOV.UK and search for COP26.


What other help you can get


 For more information on other help that might be available, go to www.gov.uk/browse/benefits/families

 For help with health costs, go to www.nhsbsa.nhs.uk and select 'Help with Health Costs'.

 For information about getting extra support if your health condition or personal circumstances make it difficult when you contact HMRC, go to www.gov.uk/get-help-hmrc-extra-support

 If you're struggling to pay your bills you can get free debt advice at www.gov.uk/debt-advice

 For more information about Child Benefit, go to www.gov.uk/child-benefit

 Write to us at:
Child Benefit Office
PO Box 1
NEWCASTLE UPON
TYNE
NE88 1AA

If your income is below a certain level, you may be entitled to support, such as costs for health services, from other government departments, agencies or local authorities. You may need to use your tax credits award notice as proof of your income for these benefits and services.

For information about these benefits and services, you'll need to contact the organisation that provides them.

If you get Housing Benefit, Council Tax Reduction (sometimes called Council Tax Support), your tax credits award may affect the amount of benefits you're entitled to. When you get your award or renewal notice, you should contact your local authority's Housing Benefit, Council Tax Reduction (sometimes called Council Tax Support) office so that they can reassess your case.

Child Benefit

If you're claiming Child Tax Credit because you're responsible for a child or qualifying young person, you may also be entitled to Child Benefit.

If you've not already done so, you should make a claim for Child Benefit.

About Child Benefit

You can claim Child Benefit if you bring up a child or qualifying young person. It's paid for each child or young person that qualifies.

You do not need to be the parent of the child or young person to qualify, but you must be responsible for them.

The child or young person does not need to live with you, but if they live with someone else you can only get Child Benefit if:

- you pay money to bring up the child
- the amount you pay is the same as, or more than, the weekly rate of Child Benefit you get for them
- the person the child lives with is not getting Child Benefit for them

Additional qualifying conditions apply once a child reaches age 16.

When and how to claim Child Benefit

Child Benefit can only be backdated for up to 3 months from the date your claim is received in the Child Benefit Office. To avoid losing money make your claim straightaway.

You should claim Child Benefit as soon as:

- your child is born
- a child or young person that you're responsible for comes to live with you
- you adopt a child who is living with you
- you start to contribute to the cost of looking after a child that you're responsible for and the amount you contribute is the same as, or more than, the weekly amount of Child Benefit

A Child Benefit claim form is available online at www.gov.uk/guidance/claim-child-benefit-for-one-or-more-children

 For more information about Child Benefit, go to www.gov.uk/child-benefit

National Insurance credits for social security benefits

- For advice on National Insurance, including National Insurance credits and Small Earnings Exception, go to www.gov.uk/personal-tax

7 Universal Credit and tax credits

Universal Credit supports people who are on a low income or out of work and has replaced a range of existing benefits, including Working Tax Credit and Child Tax Credit. Eligibility to Universal Credit depends on your personal circumstances.

You may be able to claim:

- Universal Credit if you're under State Pension age (or your partner is)
- Pension Credit if you (and your partner) are over State Pension age

You cannot receive Universal Credit and tax credits payments at the same time.

If you claim Universal Credit your tax credits award will end, even if you're not entitled to Universal Credit. If you're already getting tax credits, you do not need to do anything yet. The Department for Work and Pensions (or the Department for Communities for Northern Ireland) will write to you to tell you when you need to claim Universal Credit, or Pension credit if you're of State Pension age. You should continue to report changes in your circumstances that could affect your tax credits straightaway. If your change of circumstances means you claim Universal Credit, for example, if you lose your job or start living with a partner who already gets Universal Credit, your tax credits payments will stop.

- For more information about Universal Credit, go to www.gov.uk/universal-credit

Tax credits have been replaced by Universal Credit for most people.

- To report a change, go to www.gov.uk/changes-affect-tax-credits

- For more information on claiming:
 - Universal Credit, go to www.gov.uk/universal-credit
 - Pension Credit, go to www.gov.uk/pension-credit

8 Your rights and obligations

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

- For more information, go to www.gov.uk/government/publications/hmrc-charter

If you give us incorrect information, we may charge you a penalty up to £3,000 or we may prosecute you.

Our leaflet WTC7, 'Tax credit penalties' gives more information about penalties. For a copy:

- go to GOV.UK and search for WTC7 or phone the helpline on 0345 300 3900 if you do not have internet access

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

HMRC Customer Services Group
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