

revenue benefits

EXAMPLE 1

Using daily rates

Joyce is a lone parent who works 35 hours a week. Her income for 2015/16 was £12,500 and she expects her 2016/17 income to be similar. Her tax credits for 2016/17 are calculated on a daily basis as:

	£	
WTC basic	5.37 x 365	
WTC lone parent	5.51 x 365	
WTC 30 hour	2.22 x 365	
CTC child element	7.62 x 365	
CTC family element	1.50 x 365	
MAXIMUM CREDITS	22.22 x 365 days	8110.30
Income	12,500	
Less threshold	6,420	
'Excess income'	<u>6,080</u>	
	x 41%	
Reduction due to income	<u>2,492.80</u>	(2,492.80)
TOTAL TAX CREDITS	(£8,110.30 – 2,492.80)	5,617.50

Using annual rates

WTC basic		1960
WTC lone parent		2010
WTC 30 hour		810
CTC child element		2780
CTC family element		545
MAXIMUM CREDITS		8105
Income	12,500	
Less threshold	6,420	
'Excess income'	<u>6,080</u>	
	x 41%	
Reduction due to income	<u>2,492.80</u>	(2,492.80)
TOTAL TAX CREDITS	(£8,105 - £2,492.80)	5,612.12