

revenue benefits

EXAMPLE 2

Suppose Joyce had a second child on 1 August 2016. From that date her maximum rate would change and therefore a new relevant period starts.

For the first relevant period (RP) 6/4/16 – 31/7/16 (117 days)

	£	£
WTC basic	5.37	
WTC lone parent	5.51	
WTC 30 hour	2.22	
CTC child element	7.62	
CTC family element	1.50	
MAXIMUM CREDITS	22.22x 117 days	2599.74
Income	4006.84	
12,500 x 117/365*		
Less threshold	(2057.92)	
6,420 x 117/365**		
'Excess income'*	1948.92	
	x 41%	
Reduction due to income	799.05	(799.05)
TOTAL for RP 1	(£2,599.74 - £799.05)	1,800.69

For the second relevant period 01/8/16 – 05/04/17 (248 days)

	£	£
WTC basic	5.37	
WTC lone parent	5.51	
WTC 30 hour	2.22	
CTC child element (first child)	7.62	
CTC child element (second child)	7.62	
CTC family element	1.50	
MAXIMUM CREDITS	29.84x 248 days	7,400.32

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Income	8493.15	
12,500 x 248/365*		
Less threshold	4362.09	
6,420 x 248/365**		
'Excess income'*	<u>4131.06</u>	
	x 41%	
	<u> </u>	
Reduction due to income	1,693.73	(1,693.73)
TOTAL for RP 2	(£7,400.32 - £1,693.73)	5,706.59
Overall total for 2016-2017	(1,800.69+5,706.59)	7,507.28

* - Income and 'excess income' is rounded down to the nearest penny

** - The threshold is rounded up to the nearest penny