**EXAMPLE 2**

Suppose Joyce had a second child on 1 August 2017. From that date her maximum rate would change and therefore a new relevant period starts.

**For the first relevant period (RP) 6/4/17 – 31/7/17 (117 days)**

Step 1:

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 £22.22 x 117 days £2,599.74

Step 2:

Income (£12,500 x 117/365\*) £4,006.84

Less threshold (£6,420 x 117/365\*\*) (£2057.92)

‘Excess income’\* £1,948.92

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 01/8/17 – 05/04/18 (248 days)**

Step 1:

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 £29.84 x 248 days £7,400.32

Step 2:

Income (£12,500 x 248/365\* £8,493.15

Less threshold (£6,420 x 248/365\*\*) £4,362.09

‘Excess income’\* £4,131.06
x 41%
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 2017-2018 (£1,800.69 + £5,706.59) £7,507.28**