

EXAMPLE 4

Once Joyce's second child is born she needs to claim childcare costs of £150 per week. Her first relevant period will be calculated in the same way as Example 2 giving entitlement for those 117 days of £2,195.39. Her second will be calculated as follows:

For the second relevant period 1/8/20– 05/04/21 (248 days)

Step1:

WTC basic		£8.33
WTC lone parent		£5.61
WTC 30 hour		£2.27
CTC child element (first child)		£7.76
CTC child element (second child)		£7.76
CTC family element		£1.50
MAX CREDIT	£33.23 x 248 days	£8,241.04
WTC Childcare element		
(£150 x 52/365 x 248 = £5,299.73 x 70%)		£3,709.81
MAXIMUM CREDITS (incl. childcare)		£11,950.85

Step 2:

Income (£12,500 x 248/365*)		£8,493.15
Less threshold (£6,530 x 248/365**)		£4,436.83
'Excess income'*		£4,056.32
x 41%		
Reduction due to income		£1,663.09 (£1,663.09)
TOTAL for RP 2		£11,950.85 - £1,663.09 £10,287.76

Overall total for 2020-2021

(£2,195.39 + £10,287.76) £12,483.15

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

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