

## EXAMPLE 5

To calculate the income cut off in any given circumstances:

$$(\text{Maximum credits} \times 100/41) + \text{£6,530}$$

For example, a couple with one child and no disabilities or childcare costs will have a cut off of approximately:

	£
WTC basic	3,040
WTC couple	2,045
WTC 30 hour	825
CTC child element	2,830
CTC family element	545

$$\text{TOTAL } 9,285 \times 100/41 = \text{£22,646.34}$$

$$\text{Add threshold } 6,530$$

$$\text{Cut-off point } \text{£29,176.34}$$

Contrast this with a couple who have three children and childcare costs of £290 a week:

	£
WTC basic	3,040
WTC couple	2,045
WTC 30 hour	825
WTC childcare	10,556
CTC child elements x 3	8,490
CTC family element	545

TOTAL       $25,501 \times 100/41 = \text{£ } 62,197.56$

Add threshold      6,530

Cut-off point       $\text{£ } 68,727.56$

Similar calculations can be carried out for CTC only claimants, using the threshold of £16,385 instead of £6,530.