

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 £1,797.02. Her second will be calculated as follows:

For the second relevant period 1/8/19– 05/04/20 (249 days – leap year)

Step1:

WTC basic	£5.36	
WTC lone parent	£5.50	
WTC 30 hour	£2.22	
CTC child element (first child)	£7.60	
CTC child element (second child)	£7.60	
CTC family element	£1.49	
MAX CREDIT	£29.77 x 249 days	£7,412.73
WTC Childcare element	(£150 x 52/366 x 249 = £5,306.56 x 70%)	£3,714.59
MAXIMUM CREDITS (incl. childcare)		£11,127.32

Step 2:

Income (£12,500 x 249/366*)	£8,504.09	
Less threshold (£6,420 x 249/366**)	£4,367.71	
'Excess income'*	£4,136.38	
x 41%		
Reduction due to income	£1,695.91	(£1,695.91)
TOTAL for RP 2	£11,127.32 - £1,695.91	£9,431.41
Overall total for 2019-2020	(£1,797.02 + £9,431.41)	£11,228.43

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

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