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 £1,789.95. Her second will be calculated as follows:

For the second relevant period 1/8/22– 05/04/23 (248 days)

Step1:

WTC basic		£5.68
WTC lone parent		£5.83
WTC 30 hour		£2.36
CTC child element (first child)		£8.05
CTC child element (second child)		£8.05
CTC family element		£1.50
MAX CREDIT	£31.47 x 248 days	£7,804.56
WTC Childcare element		
(£150 x 52/365 x 248 = £5,299.73 x 70%)		£3,709.81
MAXIMUM CREDITS (incl. childcare)		£11,514.37

Step 2:

Income (£14,000 x 248/365*)	£9,512.32
Less threshold (£6,770 x 248/365**)	£4,599.90
'Excess income'*	£4,912.42
x 41%	
Reduction due to income	£2,014.09 (£2,014.09)
TOTAL for RP 2	£11,514.37 - £2,014.09 £9,500.28

Overall total for 2022/23

(£1,789.95 + £9,500.28)	£11,290.23

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

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