

EXAMPLE 5

To calculate the income cut off in any given circumstances:

$$(\text{Maximum credits} \times 100/41) + \text{£6,770}$$

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

	£
WTC basic	2,070
WTC couple	2,125
WTC 30 hour	860
CTC child element	2,935
CTC family element	545

$$\text{TOTAL } 8,535 \times 100/41 = \text{£20,817.07}$$

$$\text{Add threshold } 6,770$$

$$\text{Cut-off point } \text{£27,587.07}$$

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

	£
WTC basic	2,070
WTC couple	2,125
WTC 30 hour	860
WTC childcare	10,556
CTC child elements x 3	8805
CTC family element	545

TOTAL $24,961.00 \times 100/41 = \text{£ } 60,880.49$

Add threshold 6,770

Cut-off point $\text{£ } 67,650.49$

Similar calculations can be carried out for CTC only claimants, using the threshold of £17,005 instead of £6,770.