Welcome to the first issue of Tax Credits Update – a newsletter which will help to keep you up to date with all the latest news from the Inland Revenue about Child Tax Credit and Working Tax Credit.

In this first issue, we’d like to remind you how important it is that you tell us about any changes in your circumstances. Why? Well, as you may remember from when you filled in the claim form, all the details you gave us about your family and income let us calculate the money that you’re now receiving. But, of course, if any of these details change, your entitlement may change too.

Jill and Michael Skinner have been married for ten years, and have one child, Rachel. They’re expecting the birth of their second child, a boy, in December.

Jill says: Michael lays cable for one of the Cable TV networks. I work on the deli in our local supermarket. Together we have a joint income of just over £30,000. However, I’ve decided to become a full-time mum when the baby is born.

Our friend Jenny happened to ask whether we would be updating our tax credits claim. We’d presumed that, with Michael earning £23,000 a year, we wouldn’t be entitled to anything further. But thanks to Jenny, we’ll be receiving an additional £545 for the first year of the baby’s life – that’ll certainly help us to keep the little chap in nappies!
Changes you must tell us about straight away

These are the ones you have to tell us about within three months. If you don’t, you could have to pay a penalty. These changes are those most likely to have a big effect on your tax credits award – because they bring one award to an end and you need to make a fresh claim or because the amounts at stake could be large. You must tell us within three months if:

- You and your partner made a joint claim and you stop living together, or your partner dies
- You start to live with a new partner as a couple and either of you has been claiming tax credits separately
- You or your partner leaves the UK permanently or goes abroad for more than 8 weeks (12 weeks if you go or remain abroad due to illness, or a member of your family is ill or has died)
- You stop paying child care costs or they reduce by £10 a week or more for at least 4 weeks in a row

Other changes you’ll need to let us know about

There are other changes that may affect your award, which it is in your interests to tell us about promptly. Remember, if your award increases, the increase cannot be backdated for more than three months. And if your award goes down, the change takes effect from the date the change happened. So a delay in contacting us could mean that you don’t receive all the money you could have, or that you are paid too much and have to pay it back. You should tell us if:

- Your employment circumstances change
- Your income goes up or down by more than the limits on your award notice
- The number of hours you work changes
- You leave an employer who is paying your Working Tax Credit
- You stop working the necessary minimum weekly hours to qualify for Working Tax Credit (16 or 30 hours a week depending on your circumstances)
- The number of children you are responsible for changes
- You have a child aged 16 or over in full-time education and
  - The child leaves before they reach 19
  - The child starts claiming tax credits or certain social security benefits in their own right
  - The child stops full-time education but registers with a Careers Service, Connexions Service or equivalent
- Your child care arrangements change
- You start paying an approved child care provider
- Your child care costs rise by £10 a week or more for 4 weeks or more
- You change your child care provider
- You, your partner’s or your child’s disability circumstances change, e.g. you start to have, or no longer have, a disability which puts you at a disadvantage in getting a job, or you start or stop receiving Disability Living Allowance
- You start, or stop receiving certain benefits like Income Support, income-based Jobseeker’s Allowance, or any element of Pension Credit
- You or your partner or a child named on the claim, change address

Don’t forget

As soon as your circumstances change, your tax credit award could change too. So, to make sure you get the right tax credits for your new circumstances, you will need to update your award. In most cases, you will not have to fill in a brand new claim form. Simply complete the form on the reverse of the enclosed letter, or if the change you are telling us about is not on the form, use the tax credits online service at www.inlandrevenue.gov.uk/taxcredits. If you don’t have access to the Internet, call the Tax Credits Helpline and our advisers will help you.

Tax credits awards are not finalised until after the end of the year so even if your circumstances don’t change, please make sure you keep your award notice safe with other important documents like your National Insurance number, passport or birth certificate, until it’s time to finalise your award from April 2004. If you have received more than one award notice you will need to keep them all.

Are your family and friends claiming as well?

If you know of any friends or family who haven’t claimed tax credits, they could be missing out. Maybe they didn’t make a claim because they thought they wouldn’t be eligible for tax credits. Or perhaps they somehow missed the TV and radio commercials, newspaper advertisements and mailings. But as the table below shows, they could be missing out on money which could be theirs. You could help them by passing on this newsletter for them to read.

Did you know?

- 5.8 million families are now benefiting from tax credits
- Tax credits is money that you have earned – through working, bringing up your children or both
- You don’t have to have children to claim Working Tax Credit
- You may receive extra credit if you have a disability that puts you at a disadvantage in getting a job
- 9 out of 10 families with children are eligible for Child Tax Credit
- Families with children can have joint incomes of up to £58,000 and still be eligible. A surprising fact for many
- Parents with children under 1 may be entitled to more Child Tax Credit

What can you get from April 2003

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>One child</th>
<th>Two children</th>
<th>Three children</th>
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<tbody>
<tr>
<td>(£)</td>
<td>No child care</td>
<td>£70 a week child care costs</td>
<td>Maximum child care</td>
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<tr>
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<td>1,990</td>
<td>1,990</td>
<td>1,990</td>
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<td>60,000</td>
<td>1,500</td>
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<td>8,000</td>
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</table>

1 Includes child and family premiums for Income Support/Jobseeker’s Allowance paid at Child Tax Credit rates for the period 2003/04 - 2004/05
2 Those with incomes of £5,000 a year are assumed to work part time (working between 16 and 30 hours a week). In families with income of £8,000 a year or more, at least 1 adult is assumed to be working 30 or more hours a week.
3 To qualify for help with child care costs, you, and your partner; if you have one, must work at least 16 hours a week. You will also need to use an approved child care provider (one who is registered with a local authority or OFSTED). You can receive help towards child care costs of up to £135 a week for one child, or £200 a week for two or more children.

General notes:
All adults without children are assumed to be aged between 25 and pension age.

Additional elements may also be available for families with a disabled worker or disabled child, a child under 1 year old or someone aged 50 or over returning to work after a period of unemployment.
Alan and Soma Thompson have been married for four years and their daughters Fleur and Ivanna are 3 and 8 years old. Soma says:

Alan works in a bank and earns £11,000 a year. We were able to get by on his income and so I stayed at home, but I really wanted to go back to my old job working in a bookshop. As Fleur and Ivanna became old enough to be looked after by a childminder, I decided to work 2 days a week to earn £4,500 a year.

One day I overheard a conversation between two customers. One of them said that after having a baby, she decided to go back to work, which actually increased her tax credit award. I phoned the Inland Revenue to find out about someone in my situation. It turned out that, as our childminder is registered, we were eligible for the child care element of the Working Tax Credit and so we are entitled to an additional £1,248 a year. I was thrilled because the child care element together with my income, increased our weekly family income by £110. So I’m happy that the girls are being well looked after and even happier that I can afford to go back to work.

Extra help

As you’re already claiming tax credits, you could also be entitled to financial help from other organisations with things like health costs, legal assistance and home improvement. Our free leaflet WTCS will give you more details. Visit our website at www.inlandrevenue.gov.uk or you can get a copy from some local libraries and advice centres or your local Inland Revenue Enquiry Centre.

Getting in touch with us

If you have any questions or queries about any aspect of claiming tax credits or about changes in your circumstances, you can find out more by visiting www.inlandrevenue.gov.uk/taxcredits

If you have access to the Internet, you can now tell us about any changes in your circumstances online by visiting our website at: www.inlandrevenue.gov.uk/taxcredits

The Helpline numbers are shown below. There are also numbers for people with speech or hearing difficulties who use a textphone.

If you live in Great Britain
Phone 0845 300 3900
Textphone 0845 300 3909

If you live in Northern Ireland
Phone 0845 603 2000
Textphone 0845 607 6078

The Tax Credits Helpline is open from 8am to 8pm, every day including weekends (except Christmas Day, Boxing Day, New Year’s Day and Easter Sunday). Please make sure that you use the correct number.

You can write to us at the addresses below:

If you live in Great Britain
Inland Revenue, Tax Credit Office,
PRESTON, PR1 0GB.

If you live in Northern Ireland
Inland Revenue, Tax Credit Office,
Dorchester House,
52-58 Great Victoria Street,
BELFAST, BT2 7WF.

You will also need to quote your National Insurance number, and your partner’s if you have claimed jointly.