Tax Credits Update

Don't miss out

Tax credits are now worth more, so you could be entitled to more money. Renew now to find out how much you'll receive.
We recently sent you a renewal pack and if you have already renewed, thank you. If you haven’t received your pack, please call our Helpline immediately.

Once you have your pack, don’t put off dealing with it. Renewing is very easy to do and everything is explained in the ‘read this first’ section in your pack.

Some of you will only need to check your details and keep your documents in a safe place. Others will need to update their details and send the form back to us. If you need any further help, check the notes in your pack or call our Helpline.

Don’t worry if you haven’t got your final income details for the year to 5 April 2005 yet. You can give us an estimate for now and confirm the actual figure later.

If you have claimed more than once in 2004-05, you will get more than one renewal pack. If so, each individual pack will need to be dealt with and the forms sent back.

If you are registered for Tax Credits Online you can renew your claim online now. Once you’ve received your renewal pack, log in to the service and select ‘Renew My Award’. Don’t worry if you are not registered for Tax Credits Online. Just go to www.hmrc.gov.uk/taxcredits

Once you’ve renewed, you don’t need to do anything else. We’ll aim to get back to you within 30 working days. We’ll send you an award notice showing your final tax credits entitlement for the year 2004/05, and an award notice showing your initial award for the current year 2005/06. The deadline for renewal is 30 September 2005, but don’t wait until then. Please do it now.

When you provide information, please be accurate as we make checks against other data. In fact, false information can interrupt your payments.

Don’t miss out – renew as soon as possible

Remember – your payments will stop if you don’t renew

Call our Helpline if you have any questions

Convenient, easy, quick – payment direct to your bank account

Did you know that we can pay your tax credits directly into your bank account? It’s a more straightforward and convenient way to receive your tax credits payments – and unlike a cheque, it can’t get lost in the post or stolen. Just call the Tax Credits Helpline and we’ll change your payment method straight away.
Changes in circumstances

Your handy, cut-off-and-keep guide

You need to keep us up-to-date throughout the year, so tell us immediately if any of the following happen to you:

- Changes to your job details - e.g. you leave a job or your hours change
- Changes to your income
- Changes to the number of children you are responsible for
- Changes to childcare arrangements*
- If your child is no longer in full-time education
- Changes to your household circumstances*
- If you go abroad for 8 weeks or more*
- If a disability affects your family
- Changes to the benefits you receive
- Changes to your address

*If you don’t let us know you could receive a penalty. It’s best to tell us immediately but you do have 3 months to let us know.

Changes? Let us know

You need to tell us about any changes to your circumstances as soon as they happen, as they could affect the amount of tax credits you receive. Below, we’ve highlighted a few examples of changes we need to know about.

Income gone up?
If you don’t report an increase in income you could be spending tax credits you are not entitled to.
You may have received a pay rise and/or promotion. Perhaps you’ve changed from part-time to full-time employment, or increased your working hours. Any of these changes could result in overpayment of tax credits. Here’s an example. Mike and Paula’s household income is £15,000 a year, and their annual award is £4,192.40. Paula starts a part-time job bringing their joint income up to £20,000 a year. This means they are entitled to less tax credits. But they do not report this change for 9 months.

Total owed after 9 months
£1,160

Therefore weekly tax credits reduced from:
£80.70 to £20.20 per week (for 34 weeks)

Income gone down?
You could be entitled to more money. Tell us immediately about any changes (e.g. you change from working full-time to part-time).

Changes to your household circumstances*
You must make a joint claim if you’re living with someone as a couple. Similarly, if you’re making a joint claim and stop living with your partner, you’ll need to make a new claim.

If you move abroad*
If you or your partner emigrate then this will stop your tax credits claim. Your claim may also be affected if you go abroad for more than 8 weeks (12 weeks if you need to go abroad due to an illness or bereavement).

Changes to your childcare costs*
For example, if you’re claiming tax credits for your childcare costs and you stop paying for childcare, or your average weekly childcare costs reduce by £10 or more, tell us.
Important news if you receive Working Tax Credit payments through your employer

At the moment, you may receive Working Tax Credit through your employer, with your pay. Between 7 November 2005 and 31 March 2006, this method of payment is being phased out. At some point between those dates, you will stop receiving Working Tax Credit payments in your pay packet and start receiving them directly from HM Revenue & Customs instead.

This change only affects the way you're paid, not the amount. So don't worry. You don't need to do anything right now. Here are a few important things to remember:

- At the moment, you don't need to do anything
- You will not lose money as a result of the change
- In November, we will write to you to explain in more detail what is happening
- Before we start making direct payments, we will send you an amended award notice showing how often we are going to pay your Working Tax Credit. This will be every four weeks, unless you have told us you would like to be paid weekly
- We will make payment to you directly into the bank, building society or Post Office card account you have told us about. (If you have not provided us with account details or if you wish to use a different account, we will ask you to contact us)
- Your employer will also be writing to you later in the year with further details

Good news if you use childcare

More help with childcare costs

The cost of childcare, on which you can claim tax credits, has gone up from £135 to £175 per week for one child – and from £200 to £300 per week for two children or more.

We can now help you towards the cost of employing nannies or au pairs

Provided they are registered with the Childcare Approval Scheme (CAS) in England and you meet the other qualifying conditions, you are now eligible to receive Working Tax Credit to help with the cost.

For advice on how to register your childcarer with the CAS visit www.childcareapprovalscheme.co.uk

Childcare vouchers are now tax free

Employer provided childcare vouchers are now free from tax and national insurance, up to the value of £50 a week. They could help you depending on your circumstances. (You cannot claim tax credits for any childcare costs met by these vouchers.)

If you use a childcare provider or if you change providers, remember to update us with their name, address and telephone details. We can then contact them to ensure they're registered or approved and that our information is correct. To tell us about a change to your childcare provider, call our Helpline now.
New law affecting same sex couples

Currently, same sex couples are not entitled to claim tax credits jointly but instead have to make separate claims, based on their individual circumstances and income. From 5 December 2005, the Civil Partnership Act comes into force, allowing same sex couples to form a civil partnership and thus have their relationship legally recognised. This Act means that same sex couples will be required to make joint tax credits claims, whether or not they have entered into a civil partnership.

As of 5 December, if you are claiming tax credits as a single person but are living with a same sex partner as a couple, or you start living with a same sex partner as a couple sometime after that date, you MUST by law report your circumstances to HM Revenue & Customs. The longer you leave it to tell us, the longer you may be receiving more than you are entitled to. And if you don’t tell us within 3 months, you will not only have to pay back the overpayment but may also have to pay a penalty.

If you or your partner receive income-related social security benefits (Income Support, income-based Jobseeker’s Allowance, Pension Credit, Housing Benefit and Council Tax Benefit) as well as tax credits, you must also tell the Department for Work and Pensions (in Northern Ireland, the Department for Social Development) or Local Authority about your circumstances.

Remember. Tell us about any changes to your circumstances as soon as they happen. They could affect the amount of tax credits you receive.

☑ Call the Helpline to report your change and update your claim

☑ Changes and updates can also be done when you register online at www.hmrc.gov.uk/taxcredits

Tax Credit Helpline (GB)
0845 300 3900

Tax Credit Helpline (N. Ireland)
0845 603 2000

www.hmrc.gov.uk/taxcredits
A better deal for your partner with the New Deal scheme

The New Deal scheme now offers partners of Working Tax Credit claimants more help with getting back to work. Our personal advisors can help them to learn new skills, get training and find and apply for jobs. We can even help with expenses when they attend a job interview and advise on issues such as how to identify a registered childcarer.

To find out more, call 0845 606 2626 or textphone 0845 606 0680. Alternatively, visit www.newdeal.gov.uk or www.jobcentreplus.gov.uk Details can also be found at your local Jobcentre or Jobcentre Plus Office.

Help is never far away

Online
For more information on tax credits visit www.hmrc.gov.uk/taxcredits

In person
If you would like to speak to someone in person about tax credits, please visit one of our Enquiry Centres. The address and telephone number are in your telephone directory. (Please note this will be listed as Inland Revenue Enquiry Centre.)

By phone
(GB) 0845 300 3900
(N. Ireland) 0845 603 2000
The Tax Credits Helpline is open from 8am to 8pm every day including weekends. The only exceptions are Christmas Day, Boxing Day, New Year’s Day and Easter Sunday.

By textphone
(GB) 0845 300 3909
(N. Ireland) 0845 607 6078

By post
HM Revenue & Customs, Tax Credit Office, PRESTON, PR1 0SB.

You will need to quote your National Insurance number and your partner’s if you claim jointly.