



Inland
Revenue

Child Tax Credit and Working Tax Credit

An introduction

CHILD TAX CREDIT AND
WORKING TAX CREDIT
WTC1



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This leaflet explains what Child Tax Credit and Working Tax Credit are, who can get them and how to make a claim.

Introduction

Child Tax Credit and Working Tax Credit help to support families with children and working people on low incomes.

Child Tax Credit supports families with children, and some 16 to 18 year olds. You can claim whether or not you are in work. All families with children, with income of up to £58,000 a year (or up to £66,000 a year if there is a child under one year old), can claim the credit in the same way.

Working Tax Credit supports working people (whether employed or self-employed) on low incomes by topping up earnings.

Child Tax Credit and Working Tax Credit **do not affect** Child Benefit payments, which we pay separately.

Who can claim?

To be able to get tax credits you must live in the United Kingdom (that is, England, Scotland, Wales or Northern Ireland).

Some people may get them even if they do not live in the UK. Phone the Helpline (on page 8) for more information if you don't live in the UK but you, or your partner if you have one

- work in the UK
- are a Crown servant working overseas, or
- are receiving UK state pension or contributions-based Jobseeker's Allowance.

If you are single or separated, you make a claim based on your individual circumstances.

If you are

- a married couple living together and not separated, or
- a man and a woman living together as if you are married you must claim together, based on your joint circumstances.

Child Tax Credit

Child Tax Credit supports families with children.

Can I claim?

You can claim Child Tax Credit if you are responsible for at least one child or young person. You do not have to be working to claim.

Child Tax Credit helps to support

- a child until 1 September after their 16th birthday
- a young person aged 16 to 18 in full-time education, up to and including 'A' levels, NVQ level 3 or Scottish Highers
- a young person aged 16 or 17 who
 - has left full-time education but does not have a job or a training place and has signed on with the Careers Service or Connexions Service (Training and Employment Agency in Northern Ireland)
 - is not claiming Income Support or tax credits in his or her own right
 - is not serving a custodial sentence of more than four months.

How much can I claim?

We pay Child Tax Credit on top of Child Benefit and any Working Tax Credit you may be able to get.

The table opposite shows how much money you could get for the tax year 2004-05 (that is, 6 April 2004 to 5 April 2005) if you cannot get Working Tax Credit. You could get higher amounts if you are in work.

The first figure in each column shows the maximum amount available and decreases as your income (or joint income, if you are part of a couple) increases. In general, taxable income such as

- earnings from employment or self-employment
- some social security benefits, and
- income from savings

counts as income in tax credit claims.

The guidance notes that go with the claim form explain in more detail what counts as income.

Gross Annual Joint Income (£)	Child Tax Credit (£)		
	One Child	Two Children	Three Children
Not working	2,175	3,800	5,430
5,000	2,175	3,800	5,430
8,000	2,175	3,800	5,430
10,000	2,175	3,800	5,430
15,000	1,610	3,240	4,865
20,000	545	1,390	3,015
25,000	545	545	1,165
30,000	545	545	545
35,000	545	545	545
40,000	545	545	545
45,000	545	545	545
50,000	545	545	545
55,000	210	210	210
60,000	–	–	–

Note: If you have a child under one year old, you may be entitled to more.

What if I have a new baby?

You will receive a higher rate of Child Tax Credit, which we pay in the year after a child's birth.

How do you pay Child Tax Credit?

We pay Child Tax Credit directly to the main carer for all the children in the family. You can choose whether to get payments weekly or every four weeks.

We normally pay tax credits into a bank or building society account, or a Post Office® card account.

What if I get Income Support or income-based Jobseeker's Allowance?

If you get Income Support or income-based Jobseeker's Allowance you are entitled to the maximum amount of Child Tax Credit for your children.

Working Tax Credit

Working Tax Credit tops up the earnings of working people (employed or self-employed) on low incomes, including those who do not have children. There are extra amounts for

- working households in which someone has a disability, and
- the costs of qualifying childcare.

Can I claim?

If you are responsible for a child or young person you can claim Working Tax Credit if you are aged 16 or over **and** work at least 16 hours a week.

If you don't have children you can claim Working Tax Credit if

- you are aged 25 or over **and** work at least 30 hours a week
- you are aged 16 or over **and** work at least 16 hours a week **and** you have a disability which puts you at a disadvantage in getting a job
- you or your partner are aged 50 or over **and** work at least 16 hours a week **and** are returning to work after claiming qualifying out-of-work benefits.

The detailed rules for people with disabilities and those aged 50 or over returning to work after a period on benefits are in the notes that go with the claim form.

How much can I claim?

We pay Working Tax Credit on top of any Child Tax Credit you may be able to get.

The amount of Working Tax Credit you get is based on your circumstances, for example, how many hours you normally work, and your income (or joint income, if you are part of a couple).

The table below shows how much money you could get for the tax year 2004-05 (that is, 6 April 2004 to 5 April 2005) if you are in work and responsible for at least one child or young person.

Gross Annual Joint Income (£)	Child Tax Credit and Working Tax Credit (£)	
	One child	Two children
5,000 ¹	5,295	6,920
8,000 ²	4,850	6,475
10,000	4,110	5,735
15,000	2,260	3,885
20,000	545	2,035
25,000	545	545
30,000	545	545
35,000	545	545
40,000	545	545
45,000	545	545
50,000	545	545
55,000	210	210
60,000	—	—

¹Those with incomes of £5,000 a year are assumed to work part-time (working between 16 and 30 hours a week).

²In families with an income of £8,000 a year or more, at least one adult is assumed to be working 30 hours or more a week.

Note: If you have a child under one year old, you may be entitled to more.

This table shows how much money you could get if you are in work and **not** responsible for any children or young people.

Gross Annual Joint Income (£)	Working Tax Credit (£)	
	Single person aged 25 or over working 30 hours or more a week	Couple (working adults aged 25 or over) working 30 hours or more a week
7,566 ¹	1,285	2,835
8,000	1,125	2,675
9,000	755	2,305
10,000	385	1,935
11,000	–	1,565
12,000	–	1,195
13,000	–	825
14,000	–	455
15,000	–	85
16,000	–	–

¹Someone aged 25 or over, working 30 hours a week on National Minimum Wage would earn £7,566 a year.

You can receive a higher rate of Working Tax Credit if you (or your partner, if you are part of a couple)

- are aged 50 or over and are returning to work after claiming qualifying out-of-work benefits
- are a working person with a disability which puts you at a disadvantage in getting a job, or
- have a severe disability.

Can I get help with the costs of childcare if I'm working?

You may be able to get extra help with the costs of 'registered' or 'approved' childcare. We call this the **childcare element** within Working Tax Credit. The guidance notes that go with the claim form tells you what 'registered' or 'approved' childcare is.

You can only get the childcare element if you are working at least 16 hours a week. If you are part of a couple, both you and your partner must each work at least 16 hours, unless one of you is unable to work because of incapacity.

The childcare element is worth up to 70p in tax credit for every £1 a week you spend on approved childcare. This is limited to £135 a week if you have one child and £200 a week for two or more children. The maximum childcare element you can get is either

- £94.50 a week ($£135 \times 70\%$) for one child, or
- £140 a week ($£200 \times 70\%$) for two or more children.

If you spend £100 a week, the childcare element is worth up to £70 in tax credit. If you spend £40 a week, the childcare element is worth up to £28.

The childcare element is added to the amount of Working Tax Credit you can get. The final amount will depend on your income (or joint income, if you are part of a couple).

How do you pay Working Tax Credit?

Your employer will normally pay any Working Tax Credit (apart from the childcare element) with your pay. If you are self-employed, we pay it directly to your bank or building society account.

If you are part of a couple and you both work at least 16 hours a week, you can decide who receives the payments of Working Tax Credit.

We pay the childcare element of Working Tax Credit directly to the main carer for all the children in the family, along with Child Tax Credit. Even if you are employed, you will get this element directly from us and not from your employer with your pay.

How do I claim or get more information?

If you think you might be able to claim Child Tax Credit or Working Tax Credit or both, you can go online at www.inlandrevenue.gov.uk/taxcredits to check. If you are due tax credits, you will be able to make your claim online immediately.

If you would like a claim pack sent to you or need further advice about tax credits, you can

- phone our Helpline on **0845 300 3900** (England, Scotland and Wales) or **0845 603 2000** (Northern Ireland)
- textphone the Helpline (for people with hearing or speech difficulties) on **0845 300 3909** (England, Scotland and Wales) or **0845 607 6078** (Northern Ireland)
- visit any Inland Revenue Enquiry Centre.

Our Helplines are open between 8.00am and 8.00pm, seven days a week (except Christmas Day, Boxing Day, New Year's Day and Easter Sunday).

What do I need to make a claim for 2004-05?

You should give us

- your income details (and those of your partner if you have one) for the tax year 2003-04 (that is, from 6 April 2003 to 5 April 2004), and
- your National Insurance number (and that of your partner). It looks like this - AB123456C.

To help you claim, you (and your partner if you have one) should keep any information you have about your income for the tax year 2003-04, including

- the P60 tax certificate your employer gave you after the end of that tax year, and your form P11D or P9D (if you get one)
- any statements your bank or building society send you of taxable interest received in that year, and
- details of your taxable profits or losses for that year, if you were self-employed.

Customer Service

Service Standards

We set ourselves standards of service. Every year we check to see how we have done and we publish the results. If you would like details, please

- visit www.inlandrevenue.gov.uk/servicestandards/, or
- contact us. You will find us in the Phone Book under 'Inland Revenue'.

Putting things right

If we do not live up to your expectations, please let the person dealing with your case know what is wrong. We will work as quickly as possible to settle your complaint. We would not expect a complaint to get beyond this stage. But if you are still unhappy, please ask for your complaint to be referred to the Customer Relations Manager. Ask for our leaflet 'Putting things right. How to complain'. This leaflet is also available online at www.inlandrevenue.gov.uk

Customers with particular needs

We offer a range of facilities for customers with particular needs.

Some of the things we provide are

- wheelchair access to nearly all Inland Revenue Enquiry Centres
- home visits, if you have limited mobility or caring responsibilities and cannot get to one of our Enquiry Centres
- leaflets in large print, Braille and audio
- for people with hearing difficulties
 - BT Tynetalk
 - induction loops
 - sign language interpretation
- help with filling in forms
- services of an interpreter.

For complete details, please

- visit www.inlandrevenue.gov.uk, or
- contact us. You will find us in the Phone Book under 'Inland Revenue'.

Other leaflets

Further information

Copies of our leaflets are available

- online at **www.inlandrevenue.gov.uk**
- by completing the online order form at **www.inlandrevenue.gov.uk/contactus/staustellform.htm**
- by fax on **0845 9000 604**
- by phone on **0845 9000 404** every day from 8.00am to 10.00pm at local rates. Textphone is available for people with hearing or speech difficulties
- from Inland Revenue Enquiry Centres. You will find the address
 - in the Phone Book under 'Inland Revenue'
 - at **www.inlandrevenue.gov.uk/local**

Our commitment to you

We are here to ensure that everyone understands and receives what they are entitled to, and understands and pays what they owe, so that everyone contributes to the UK's needs.

We will

- listen carefully
- answer accurately and respond promptly
- keep your personal and business details confidential
- treat you fairly and with respect
- give you dedicated help if you have particular needs
- make it easy for you to understand your rights and obligations, including
 - what you are entitled to
 - what you must do, and
 - when you must do it
- provide a service in a way that is convenient for you
 - online
 - by phone through our network of Contact Centres and Helplines, or
 - face-to-face in our Enquiry Centres or with our Business Support Teams.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

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