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FACTSHEET

A Guide to Child Tax Credit and Working Tax Credit

Child Tax Credit and Working Tax Credit are government initiatives to support families with children and working people on low incomes. All families with children, with an income of up to £58,000 a year (or up to £66,000 a year if there is a child under one year old), will be able to claim some Child Tax Credit, whether or not they are working. The Working Tax Credit will support working people on low wages by topping up wages and includes a childcare element which can pay up to 80% of childcare costs.

Child Benefit will continue to be paid as is not affected by tax credits.

Am I eligible?

- To qualify for tax credits you usually need to be resident in the UK.
- If you are single (or separated), you make a claim based on your own circumstances.
- If you are living together as a married couple or as if you are married you must claim together, based on your joint circumstances.
- If your family receives Income Support, income based Jobseeker's allowance, income related Employment and Support Allowance or Pension Credits you will automatically receive the full amount of Child Tax Credit

To receive any of the tax credits you need to fill in a single claim form.

Child Tax Credit

Child Tax Credit is a payment to support families with children.

Who can claim?

You can claim Child Tax Credit if you are responsible for:

- One or more children until 1st September following his or her 16th birthday
- a young person aged 16 -19 who is in full time education, up to 'A' Level or equivalent, or on a course of approved training (full time means they're taught or supervised for more than an average of 12 hours a week)
- If your child is aged between 16 and 17, and they're not in full time education or approved training, you may still be able to claim tax credits for them for up to 20 weeks if they have signed up with the Careers Service, Connexions Service or the Ministry of Defence (the 20 weeks start from the date they left the education or training)

You do not have to be working to claim.

How much can I claim?

Child Tax Credit will be paid in addition to Child Benefit and any Working Tax Credit. The amount you receive depends on your family income. In general, income which is taxable will count as income, including earnings, some Social Security benefits, and interest from savings.

You will receive a higher rate of Child Tax Credit in the year following the birth of a new baby.

Child Tax Credit will be paid directly to the person who is mainly responsible for caring for the children in the family, through their own bank account. If you do not have a bank account, you may be able to open an Introductory Account at most local banks or post

office. These do not offer credit facilities, but allow money to be paid in and taken out, providing there are sufficient funds.

Working Tax Credit

Working Tax Credit is a payment to top up earnings of working people on low incomes, both those who are employed and self-employed. This includes people who do not have children. There are extra amounts for working households where someone has a disability.

Who can claim?

If you are responsible for a child or young person you can claim if you are:

- Aged 16 or over and work at least 16 hours a week

If you do not have children, you can claim if you are:

- Aged 25 or over and work at least 30 hours a week
- Aged 16 or over with a disability and work at least 16 hours a week
- Aged 50 or over and work at least 16 hours a week and are returning to work after time spent on out-of-work benefits

How much can I claim?

The amount of Working Tax Credit you are entitled to will depend on your circumstances, such as how much you earn as a family, and how many hours you work. Amounts do not increase with the number of children you have. This is taken care of through the Child Tax Credit.

There is no limit on how much money you can have in savings, though income from savings (interest) will count towards your total income.

Help with childcare costs

As part of the Working Tax Credit you may qualify for extra help towards the cost of registered or approved childcare. This is called the **child care element** of the Working Tax Credit.

The childcare element is worth up to 80% of eligible childcare costs up to a maximum of £175 per week for families who pay for childcare for one child and £300 per week for families who pay for two or more children. In real terms you would be able to claim a maximum of £140 per week for one child and a maximum of £240 per week for two or more children. The amount you get will depend on your family income.

The child care element of the Working Tax Credit will be paid direct to the main carer of the children, along with the Child Tax Credit.

To claim the Childcare Element

- You and your partner (if you live together) must each work for 16 hours or more per week, **or**
- If you are a lone parent, you must work for 16 hours or more per week, **or**
- You are one of a couple where one partner is working 16 hours or more per week and the other is incapacitated and you care for children of qualifying age and pay for childcare.



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Eligible childcare

This means childcare from a registered or approved provider.

- **Ofsted Registered providers.** This includes childminders, day nurseries, playgroups, out of school clubs and some holiday play care.
- **Voluntary part of Ofsted Childcare Register.** Providers or groups previously exempt from registration who are running for more than two hours can opt to go on the voluntary register and are therefore classed as eligible care. This includes nannies and home childcarers, childcare providers for children aged 8 and over, or activity based groups. This register has now replaced the Childcare Approval Scheme (CAS).

Please note:

You will not be able to claim for a relative who takes care of your child unless they are a registered provider and also cares for children other than close relatives at the same time. A play scheme must be registered to be able to claim childcare – some schemes are ineligible so it is advisable to check.

How to claim Tax Credits

You can check your eligibility to Tax Credits and make a claim at the HM Revenue and Customs website:

www.hmrc.gov.uk/taxcredits/index.htm

The tax credit helpline can give you more information. You can call them on 0845 300 3900, or textphone 0845 300 3909. Lines are open from 8.00am to 8.00pm seven days a week except Christmas Day, Boxing Day and New Year's Day. Calls are charged at local rate.

You can also get a Tax Credit claim form and advice on eligibility locally from:

- HM Revenue and Customs offices
- Job Centres
- Department for Work and Pensions
- Citizens Advice Bureaux
- Post Office (claim forms only)

Other Information:

- Maintenance payments will not be taken into account in the calculation of your income when CTC/WTC is calculated. This means that if you are in receipt of maintenance you will be able to keep it in addition to your WTC.
- Child benefit will continue to be paid and is not affected by CTC/WTC.
- All credits will be based on annual income for the preceding tax year and will run for a full year. A review is conducted by HM Revenue and Customs at the end of each year and adjustments may be made to take into account any change in circumstances within the year that have not been accounted for during the year.
- However tax credits are responsive to change during the year and you should inform HM Revenue and Customs of any change in circumstance.
- Childcare providers will not need to endorse the childcare element, however all claims for childcare will be checked with the provider by HM Revenue and Customs.
- People with disabilities can receive a higher rate of Working Tax Credit.

- People aged 50 and over, returning to work for at least 16 hours after time spent on qualifying out of work benefits can receive a higher rate of WTC.

Useful Contacts and Information

Sheffield Information Link (SIL)

Tel (0114) 275 6699 (out of hours answerphone) ● Textphone 0114 249 4939

11 Leopold Street, Sheffield, S1 2GY

Mon, Tues, Thurs 9.30am – 5.30pm; Weds 9.30am – 6.00pm; Fri 9.30am – 4.00pm.

Email: info@sheffinfoolink.org.uk

For information and guidance on finding childcare and children's services in Sheffield. SIL produces a range of useful factsheets, including one on Children & Young People's Rights; these can be viewed on our website: www.sheffinfoolink.org.uk

SIGN Information Service

Tel (0114) 266 9476 (out of hours answerphone)

Ryegate Children's Centre, Tapton Crescent Road, Sheffield, S10 5DD.

Monday – Friday 10.00am – 1.00pm, drop in and phone service

Email: sign@sheffinfoolink.org.uk

Free information on significant health needs, disabilities and special educational needs for children, young people and their families.

SCOOP AID

(0114) 253 7670

Arbourthorne Lodge, Guilford Avenue, Norfolk Park, Sheffield, S2 2PL

Email: info@scoopaid.org.uk

Website: www.scoopaid.org.uk/

Scoop aid provides specialist independent advice and support for lone parents in Sheffield and can help with benefit calculations and fast-track forms.

Sheffield Advice Link

08451 232350

Email: advice@salink.co.uk

Website: www.sheffieldadvicelink.org.uk

For contact details of local advice centres and citizen's advice bureaux.

Warm Front

If you claim Working Tax Credit and own your own home (this includes having a mortgage) or rent it from a private landlord, you can apply for a grant worth up to £2,700 or £4,000 if your home needs oil central heating from the Warm Front Team. Warm Front, a government funded initiative, can pay for energy efficiency improvements such as loft and cavity wall insulation and, in some cases, extra heating. Householders receiving disability or other income related benefits may also qualify.

Call the Warm Front Team on 0800 072 9006 or email bec@eaga.com to find out if you are eligible for a grant. The call is free and lines are open Monday to Friday, 8.00am – 5.00pm.



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