



Tax Credits

Westminster Family Information Service provides free and confidential information on available childcare, support services and activities for families with children aged 0-19.

Need help towards the general cost of bringing up children and childcare? Contact us to find out what assistance is available.

Whatever the question, whatever your need, contact us on:

020 7641 7929

Monday – Friday between 9:00am – 5:00pm. You can also email us at: fis@westminster.gov.uk

Westminster Family Information Service provides:

Free, impartial information on a wide range of childcare, including out of school clubs, day nurseries, preschools and childminders.

We also hold information on help with paying for childcare, and what to look for in good quality childcare.

Tax Credits

Lots of people who are entitled to claim Tax Credits do not make a claim. If that's you, then you could be missing out. Tax Credits are designed to top up wages for those on low income and help with childcare costs.

This leaflet is designed to help you understand more about Tax Credits.

Child Tax Credit (CTC)

Parents can receive help towards the general cost of bringing up children. This is called Child Tax Credit. It does not matter whether you are working or not – you could still make a claim. CTC is available to people responsible for one or more children or young people under 20 who are studying at A Level or equivalent courses up to Level 3.

There are four potential elements of CTC you may be entitled to:

1 Family Element

The standard family element is currently £545 a year, equivalent to about £10.50 per week. A higher rate is paid to families with children under 1. This amount is available to all families and the amount will not be reduced until the household income reaches £50,000. If you earn more than £50,000 the amount you will receive reduces by £1 for every £15 you earn over £50,000.

2 Child Element

This is an amount paid per child, so a family with five children will be awarded five child elements. There is only space on the form for three children, so more than one form can be used if needed. You could receive up to £2,235 per year depending on what you earn.

3 Disabled Child Element

This is paid per child and is for children who are either paid Disability Living Allowance (DLA), or would have been paid DLA if they were not in hospital, who are registered blind or were taken off the blind register in the last 28 weeks. It is paid in addition to the child element. You could receive up to £2,670 per year depending on what you earn.

4 Severely Disabled Child Element (SDCE)

If you have a child who receives the highest rate care component of DLA, you can claim SDCE as well as the Child Element and Disabled Child Elements. The Severely Disabled Child Element is currently an additional £1,075 per year.

Jane is a single mum who works 30 hours per week and has a gross income of £10,000. She has one child aged 6 and receives £2780 in Child Tax Credits. Jane is also eligible for working tax credits.

Working Tax Credit (WTC)

WTC is available to eligible people who work more than 16 hours per week. Extra help is available for working parents to assist with the cost of registered or approved childcare – this is called the Childcare Element of WTC.

- For more information on registered or approved childcare contact Westminster Family Information Service on **020 7641 7929**.

Childcare Element

Families using registered or approved childcare may be able to get some of the costs back through WTC, depending on how much they earn. You can receive up to 80% of your childcare costs back, but remember you can only claim for £175 per week for one child's childcare or £300 per week for two or more children's childcare.

So if you have one child in childcare costing you £175 per week you could receive up to £140 per week back, or with two or more children in childcare costing you £300 per week you could receive up to £240 per week back.

To be eligible for the Childcare Element of WTC, you must be a:

- **Lone parent** – working 16 hours or more per week

- **Couple** – with both partners working 16 hours or more per week or if one partner is incapacitated, in hospital or in prison the other partner must work 16 hours or more per week.

John and Anne both work over 30 hours per week and have a joint gross income of £33,000 a year. They have two children and their childcare costs are £300.00 per week (£15,600 a year). They receive £12,480 through the childcare element to support their childcare costs.

A claim for WTC or the Childcare Element will be affected by using Childcare Vouchers

You cannot receive the Childcare Element of WTC for childcare costs that are covered by Childcare Vouchers. This applies even if your pay is reduced (salary sacrifice) in order to receive the vouchers.

- If you use Childcare Vouchers you must take the amount of the vouchers away from your total cost of childcare.
- The amount you receive in Childcare Vouchers does not count as income.

It is important to note that generally families who are receiving Tax Credits at a level greater than the Family Element will not gain from the tax and National Insurance savings that can be made from using Childcare Vouchers. Generally families who are receiving Tax Credits at the Family Element or less will gain from using Childcare Vouchers. It is important to check beforehand if you would benefit more from WTC or Childcare Vouchers before taking up either.

You can do this by contacting HMRC on 0845 3667816

How to apply for WTC or CTC

There is one single application form to complete in order to apply for both WTC and CTC. When you fill out your application form you will automatically be applying for both even though you may not be entitled to both. Single people must claim on their own whereas couples must claim as a couple, with both names taken into account.

What is a couple?

A couple is a married couple, a man and a woman 'living together as if they were husband and wife', civil partners or two people of the same sex 'living together as if they were civil partners'. If you are married or in a civil partnership but separated, whether

you are classed as a couple will depend on whether the separation is temporary or permanent. If you are temporarily separated you will still be treated as a couple. If you are permanently separated, you can claim as a single person right away, even if you still live with your ex-partner. If there is a dispute over whether or not are a couple, several factors will be taken into account such as if you share bills, if you have a child together and how you present yourself to the outside world. If someone spends some time with you but is not living with you full time and has another home it is unlikely you will be classed as couple.

Want to find out more?

Call Westminster Family Information Services on 020 7641 7929

To find out what support is available locally phone the Tax Credit Helpline on **0845 300 3900** or see **what information is available on their website at www.hmrc.gov.uk/taxcredits**

Need help or advice to fill out the form?

Visit your local tax office: or contact the **0800 072 0042 (Freephone)**