

2011 No. 1035

TAX CREDITS

The Tax Credits Up-rating Regulations 2011

Made - - - - *30th March 2011*

Coming into force - - *6th April 2011*

Following a review in the tax year 2010-11 of the amounts specified in section 41(2) of the Tax Credits Act 2002(a), the Treasury have determined that Regulations should be made prescribing increases in some of those amounts.

A draft of these Regulations was laid before Parliament in accordance with section 66(1) and (2) (a) of that Act and approved by resolution of each House of Parliament.

The Treasury make the following Regulations in the exercise of the powers conferred by sections 7(1)(a), 9, 11, 12, 13, 65(1) and 67 of that Act(b).

Citation, commencement, and effect

1.—(1) These Regulations may be cited as the Tax Credits Up-rating Regulations 2011 and come into force on 6th April 2011.

(2) These Regulations have effect in relation to awards of tax credits for the year beginning on 6th April 2011.

Amendment of the Child Tax Credit Regulations

2.—(1) Regulation 7 of the Child Tax Credit Regulations 2002(c) (determination of the maximum rate) is amended as follows.

(2) For paragraph (3) substitute—

“(3) The family element of child tax credit is £545.”.

(3) In paragraph (4)—

- (a) in sub-paragraph (a) for “£5,015” substitute “£5,355”;
- (b) in sub-paragraph (b) for “£6,110” substitute “£6,485”;
- (c) in sub-paragraph (c) for “£2,300” substitute “£2,555”;
- (d) in sub-paragraph (d) for “£5,015” substitute “£5,355”;
- (e) in sub-paragraph (e) for “£6,110” substitute “£6,485”;

(a) 2002 c. 21.

(b) Section 67 is cited for the meaning given to the word “prescribed”.

(c) S.I. 2002/2007; the last relevant amending instrument is S.I.2010/981.

(f) in sub-paragraph (f) for “£2,300” substitute “£2,555”.

Amendment of the Working Tax Credit (Entitlement and Maximum Rate) Regulations

3.—(1) The Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002(a) are amended as follows.

(2) In regulation 20(2) (the childcare percentage) for “80 per cent” substitute “70 per cent”.

(3) For the Table in Schedule 2 (maximum rates of the elements of a working tax credit) substitute the Table set out in the Schedule to these Regulations.

Amendment of the Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002

4.—(1) The Tax Credits (Income Thresholds and Determinations of Rates) Regulations 2002(b) are amended as follows.

(2) In regulation 3(3) (manner in which amounts to be determined for the purposes of section 7(1)(a) of the Act) for “£16,190” substitute “£15,860”.

(3) In regulation 5 (amounts prescribed for section 7(3)(a) and (b) of the Act) for “£25,000” substitute “£10,000”.

(4) In regulation 7(3) (determination of rate of working tax credit), in Step 10, for “80%” substitute “70%”.

(5) In regulation 8(3) (determination of child tax credit)—

(a) in Step 4, for “£16,190” substitute “£15,860”;

(b) in Step 5, for “39%” substitute “41%”;

(c) in Step 8—

(i) for “6.67%” substitute “41%”;

(ii) for “£50,000” substitute “£40,000”;

(d) in Step 9, (finding X for the purposes of Step 8), for “£50,000” substitute “£40,000”.

*Michael Fabricant
Angela Watkinson*

30th March 2011

Two of the Lords Commissioners of Her Majesty’s Treasury

(a) S.I. 2002/2005; relevant amending instruments are S.I. 2006/963 and S.I. 2010/981.

(b) S.I. 2002/2008; relevant amending instruments are S.I. 2006/963, S.I. 2008/796, S.I. 2010/751 and S.I. 2010/981.

SCHEDULE

Regulation 3

Table substituted in Schedule 2 to the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002.

<i>Relevant element of working tax credit</i>	<i>Maximum annual rate</i>
1. Basic element	£1,920
2. Disability element	£2,650
3. 30 hour element	£790
4. Second adult element	£1,950
5. Lone Parent element	£1,950
6. Severe disability element	£1,130
7. 50 plus element—	
(a) in the case of a person who normally undertakes qualifying remunerative work for at least 16 hours but less than 30 hours per week; and	£1,365
(b) in the case of a person who normally undertakes qualifying remunerative work for at least 30 hours per week	£2,030

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 41 of the Tax Credits Act 2002 (c. 21) requires the Treasury, in each tax year, to—

- (e) review the amounts referred to in subsection (2) of that section;
- (f) prepare a report of each review, including a statement of what each of the amounts would be if it had fully retained its value; and
- (g) publish the report and lay a copy of it before each House of Parliament.

The Treasury's report of the review in respect of the tax year 2010-11 was laid before Parliament on 15 February 2011 and published.

In consequence of the review the Treasury have made these Regulations, prescribing increases in certain of the sums required to be reviewed under section 41. These amounts were last amended by the Tax Credits Up-rating Regulations 2010 (S.I. 2010/981).

Regulation 2 amends the Child Tax Credit Regulations 2002 (S.I. 2002/2007). Regulation 7(3) is substituted so that the family element of child tax credit is £545 in all cases. Regulation 7(4) is amended so as to increase the maximum rate of the individual elements of child tax credit.

Regulation 3 amends the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 (S.I. 2002/2005). Regulation 20(2) is amended so as to reduce the childcare element from 80 per cent to 70 per cent of childcare costs and the Table in Schedule 2 (prescribing the maximum rates for the elements of working tax credit other than the child care element) is substituted.

Regulation 4 amends the Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002 (S.I. 2002/2008). Regulation 3(3) is amended so as to increase the first income threshold for those entitled to child tax credit. Regulations 5 (amounts prescribed for section 7(3)(a) and (b) of the Tax Credits Act 2002), 7(3) (determination of rate of working tax credit) and 8(3) (determination of rate of working tax credit) are also amended.

A full Impact Assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

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