Student Development and Well-being



STUDENTS AND SOCIAL SECURITY BENEFITS

Child and Working Tax Credit

April 2016 - March 2017

Liverpool Hope University
Student Support & Well-being

Liverpool Hope University





Child Tax Credits

If you are responsible for one or more children you are entitled to claim Child Tax Credits. You do not have to be in work to be eligible. Students whose only income is from student support payments should receive the full level of entitlement as the income threshold for receipt of the full amount of Child Tax Credit is £16,105 and only taxable income is counted. Any student income apart from the Adult Dependants Grant is not counted as taxable income and the Adult Dependants Grant is currently £2,668, well below the income threshold.

If you have a partner you will be assessed on your combined income and the threshold for receipt of Child and Working Tax Credit is reduced to £6,420 if you are entitled to Working Tax Credit. You will get the full amount of Child Tax Credit if you receive Income Support, Job Seekers Allowance and Employment and Support Allowance, or have taxable income below £6,420.

If you have a child with a disability

There is an extra amount of Child Tax Credit available as a disability/severe disability element (depending on the rate of DLA in place) which you can claim if you have a disabled child who is receiving at least the lower rate of Disability Living Allowance. This increases the amount of Tax Credit you receive.





Working Tax Credit

Working Tax Credit is paid to people in low paid work to help with living costs and any childcare costs associated with their work. Income is assessed by the Inland Revenue on an annual basis and is usually based on income earned during the previous tax year. Working Tax Credit is paid within your wages whilst any childcare element is paid directly to the main carer's bank account.

As with Child Tax Credit, student status does not affect your entitlement to Working Tax Credit and if you are a student you can apply for both Child and Working Tax Credits provided you meet the eligibility conditions. Please note, however, that you cannot receive both the Higher Education Childcare Grant from Student Finance England and the Working Tax Credit childcare element for childcare costs.

It is usually better to claim your childcare costs from the student support system via the Childcare Grant from Student Finance England if you are eligible. This is because the Childcare Grant considers and pays a maximum of 85% childcare costs, whereas the childcare element of Working Tax Credit can only pay up to 70%. Once Universal Credit is rolled out, the percentage of childcare costs claimable will be 85%, in line with the amount of Childcare Grant.

The main criteria for Working Tax Credit include:

- You must be 16 or over, have children and (for lone parents) are working at least 16 hours per week, or
- You are 16 or over, have children and (for couples) are working at least 24 hours per week with one member working at least 16 hours, or
- You are a member of a couple, one is working at least 16 hours per week and the other person is incapacitated or in prison or hospital
- You are 16 or over, have a disability that puts you at a disadvantage of getting a job and are working at least 16 hours per week and qualify for a disabled workers element, or
- You are over 25 and working 30 hours per week, or
- You are over 60 and are working more than 16 hours per week





and

- You have a low income.

What you receive depends on the outcome of a means-test assessed on your income.

Claiming Tax Credits

You must claim Tax Credits in writing on Form TC 600 unless you are renewing your claim. You can obtain forms from Revenue Enquiry Centres, advice centres and Jobcentre Plus.

The Inland Revenue operates a Tax Credit Helpline service that can issue claim forms and answer questions about tax credits on 0345 300 3900 (text phone 0345 300 3909). You can also make a claim online at the Revenue website (www.inlandrevenue.gov.uk/taxcredits). You can claim up to one month's backdated benefit.

An award of Tax Credits can be made on the basis of an online claim without you having to sign any document. The amount of Tax Credit to which you are entitled depends on your income over a tax year. Claims are normally assessed on the complete taxable income from the previous year, unless your income is likely to be £2,500 lower, or £2,500 higher in the current year. If your income increases by at least £2,500 in the current tax year you are required to inform the Inland Revenue so that your Tax Credit entitlement can be reassessed. If your income drops by more than £2,500 during the tax year you can request a reassessment on the reduced income.

Renewal Awards

At the end of the tax year in which you claimed Child Tax Credits you (and your partner) receive a 'Final Notice' from HMRC asking you to confirm that your income and/or household circumstances are as stated for the previous tax year. This is known as the Annual Review and you need to reply and complete the Annual Review form (TC 603R) within a strict time limit.

Unless you have an ongoing award of the family element of Child Tax Credit or a nil award, you should also receive an Annual Declaration Form (TC 603 D). You should





check that all the information about your circumstances contained on the form is correct, such as number and age of children, your income and whether you live with a partner etc.

If you receive this form you should always complete and return it by the date specified (this will usually be 30th July). If you do this your renewal claim will be backdated to 7th April 2016. If you return your form after this date but you have 'good cause' for returning the form late you should state your reasons and consideration will be given for backdating.

N.B. Your income can decrease by up to £2,500 compared with the previous year or increase by up to £2,500 without it affecting your final entitlement.

Tax Credits and Other Benefits

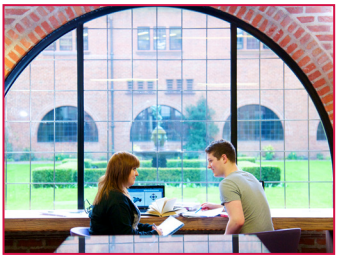
Tax Credits are treated as income in full for the calculation of some means–tested benefits such as Housing and Council Tax Benefit and all aspects of Tax Credits are counted in full, including the disability element. Tax Credits can act as a gateway to certain health benefits such as free prescriptions, dental treatment, and eye tests etc (see separate leaflet on health benefits).

When calculating income for Tax Credits purposes it is generally taxable Social Security benefits that are taken into account.

Student funds

In general, most of the student grants and loans are ignored in the Tax Credit assessment with the exception of the Adult Dependants Grant. For student fund assessment purposes Tax Credits are only taken into account as income when paid to the student's partner. It is therefore important to request payments to be made to the student where possible. Remember, Child Tax Credit and the childcare element of Working Tax Credits are normally paid to the main carer of the child.





Payments

If you make a single claim, the Inland Revenue generally pays Child Tax Credit and the Childcare element straight into a bank account and the Working Tax Credit into your wages via your employer. With joint claims, Child Tax Credit and the Childcare Element is paid to whoever is the main carer of the children and Working Tax Credit is paid to the person in the couple who is engaged in full-time paid work.

If both members of the couple are engaged in full-time work they can choose which member receives the Tax Credit. Self-employed couples can choose which account the Working Tax Credit is paid to direct from the Inland Revenue.

Universal Credit

Universal Credit is a new benefit which was introduced from October 2013 in ten pilot areas for single jobseekers without dependants. It is expected to extend to new claims for other benefits and fully replace most means-tested benefits by 2021. It will eventually replace Housing Benefit, Tax Credits, Income Support, Income Related Employment and Support Allowance and Job Seekers Allowance.

Further help

If you require any further advice or assistance in relation to a welfare benefits issue, help is available by contacting the Liverpool Hope Students' Union Advice Service.

Liverpool Hope Students' Union
Lecture Theatre Complex Foyer, Hope Park Campus

T: 0151 291 3708
E: suadvice@hope.ac.uk









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