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For full details please see our website at  
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The information in this leaflet is a general description only and specific advice should always be obtained before taking any action.

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**Henderson Black & Co**

CHARTERED ACCOUNTANTS

**TAX CREDITS**

ANSTRUTHER  
CUPAR  
ST ANDREWS



## TAX CREDITS

### **Background:**

The present tax credits came into effect on 7 April 2003 and replaced the former working families' tax credits, disabled persons' tax credits and children's tax credits.

The present tax credits are made up of two main elements, the working tax credit (WTC) and the child tax credit (CTC).

Tax credits are administered and paid by HM Revenue & Customs and are non-taxable.

### **Claims for Tax Credits:**

To obtain the tax credits, a Tax Credits claim form TC600 requires to be completed. This form requires details of a couple's income, if they are married or living together as husband and wife. This claim must be made within 3 months of entitlement, or else some of the credits will be lost.

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### **Basic Rules:**

The entitlement to CTC arises from being responsible for, for at least part of the tax year, at least one child who is:

- ◆ The claimant's own child, stepchild or adopted child, or someone else's child who the claimant maintains and
- ◆ Under 16 at the start of the tax year, or under 19 and in full-time education.

For a claimant to be responsible for a child, the child must live with him or her.

The entitlement to WTC arises when someone is working at the date of claim, or will start working within 7 days of the claim and the claimant is:

- Aged 16 or over, working at least 16 hours per week and have a child that they or their partner are responsible for, or have a disability, or
- Aged 25 or over and working at least 30 hours per week, or

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- Aged 50 or over, no longer claiming benefits and working at least 16 hours per week

The work must be expected to continue for at least 4 weeks.

Working includes being self-employed.

### **Childcare:**

An additional amount may be paid with the CTC payments in respect of actual expenditure on eligible childcare provided by a registered childminder or accredited organisation (nursery, playscheme, etc.).

### **Changes in circumstances:**

Claimants must tell the Inland Revenue immediately about changes in circumstances, such as:

- Significant changes in income
- Becoming or ceasing to be part of a couple
- Significant changes in hours worked, or cessation of employment
- Child leaving education, or no longer living with claimant.
- Birth or death of child
- Changes in childcare costs

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