

Working Tax Credit

What you need to know about Working Tax Credit

If you work and are earning a low income – whether you're working for someone or self-employed – you may be entitled to extra money in the form of a benefit called Working Tax Credit to help you make ends meet.

When they were first introduced, the aim of tax credits – which include Working Tax Credit and Child Tax Credit – was to help unemployed people on benefits to return to work. The idea was that if you'd been receiving benefits while you didn't have a job, you could start work without getting into financial difficulties because you'd had all your benefits withdrawn.

Since their introduction, tax credits have proved beneficial to many families. Indeed, experts believe they are partly responsible for one of the biggest improvements in child poverty seen since the Second World War (the number of children living in poverty fell from 35 per cent of the child population in 1998/99 to 19 per cent in 2012/13).

Did you know?

Tax credits replaced Working Families' Tax Credit, Disabled Person's Tax Credit and Children's Tax Credit in April 2003

Working Tax Credit: are you eligible?

Eligibility for Working Tax Credit depends on how old you are, how many hours of paid work you do each week, how much you earn as well as other circumstances such as whether or not you have children, a partner or a disability. You can only make a claim for Working Tax Credit if you're not already claiming Universal Credit or if you don't live in an area where Universal Credit has replaced Working Tax Credit (eventually Universal Credit will replace Working Tax Credit in all areas of the UK).

Age

You must be 16 or older to qualify for Working Tax Credit. But if you don't have any children or you don't have a disability, you must be 25 or older.

Work hours

To qualify for Working Tax Credit you have to be working – and paid for that work – for a minimum of 16 hours a week. This applies if you are aged 60 or older, if you're disabled and receiving a qualifying benefit, or if you're single and responsible for one or more children or young people.

If you're aged between 25 and 59, you must work at least 30 hours a week to claim Working Tax Credit. And if you have a partner with one or more children, you usually have to work at least 24

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hours a week between you, with one of you working for at least 16 hours a week (if only one of you works, they must work at least 24 hours a week).

You can also claim if you work at least 16 hours a week and your partner is a hospital in-patient or in prison, or if they are entitled to Carer's Allowance or they get certain disability benefits.

People who have more than one job should add the hours from both jobs together. On the other hand, if you don't always work for the same number of hours each week, your benefit will be calculated using the average number of hours you work.

Meanwhile, if you work fewer than 16 hours a week, there could be other benefits you may be entitled to, depending on your circumstances. If you're already getting Working Tax Credit there may be other benefits you could get too, again depending on your circumstances. Find out more by using the [entitled to benefits calculator](#).

Disability

Disabled people who are working at least 16 hours a week and getting a low income can get Working Tax Credit if they get certain benefits such as Incapacity Benefit, Disability Living Allowance, Personal Independent Payment, Employment and Support Allowance, Statutory Sick Pay or Attendance Allowance. The amount of time you've been claiming some of these benefits may affect whether or not you can claim Working Tax Credit, plus some of these benefits may stop when you start work.

If your disability makes getting a job difficult, you may be eligible for Working Tax Credit. In this

instance, you may have to provide the name of a doctor or other healthcare professional who can confirm that your disability affects your chances of getting a job.

Wages

Only people who are living on an income below a certain level are eligible for Working Tax Credit, and the less you earn, the more in Working Tax Credit you may receive. For example, if you're a single person aged 25 or older and you don't have any children, the annual household income limit for claiming Working Tax Credit is around £13,000. The limit will be different depending on your circumstances – for instance, if you have dependent children, you're claiming as a couple or your partner has a disability, it will be higher.

Self-employment

If you work for yourself you can only claim Working Tax Credit if your job aims to make a profit, and if it is commercial, regular and organised. This means you're not eligible for Working Tax Credit if:

- You don't work regularly.
- You don't keep proper business records (including invoices and receipts).
- You don't make a profit or you don't have any plans to make one.
- You don't conform to any necessary regulations that apply to your work, such as having a professional licence or insurance.

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Calculating Working Tax Credit

How much Working Tax Credit you can get is based on how many different elements you receive, depending on your circumstances (the maximum annual amounts shown below are based on April 2017 rates):

Basic element

This amount is paid to everyone who qualifies for Working Tax Credit. The maximum annual amount of the basic element of Working Tax Credit is currently £1,960.

Couples and lone parent element

You may receive this element if you're a couple applying together or a single parent (the maximum annual amount is £2,010).

30-hour element

To get this element – which currently is an annual maximum of £810 – you have to work at least 30 hours a week.

Disability element

This element applies to people who are disabled. The maximum annual amount is currently £3,000.

Severe disability element

You could receive up to £1,290 – usually on top of the disability element – if you're severely disabled.

Childcare element

This element is based on how much you pay for childcare, including the amount you pay a registered childminder, an out-of-school club or another approved provider. The most you can

claim in this element is 70 per cent of the maximum eligible weekly childcare costs, which is £175 a week for one child (for which you may receive up to £122.50) and £300 for two or more children (for which you may receive up to £210). If you pay more than this for childcare, you won't be eligible for the childcare element. You must also be working at least 16 hours a week (or 16 hours a week each if you're claiming as a couple) to be eligible for the childcare element.

Because of all the different eligibility criteria and elements, working out how much you'll get in Working Tax Credit can be complicated. To get the maximum amount of tax credits (Working Tax Credit plus, if applicable, Child Tax Credit), your entire household must currently earn £6,420 or less. If you earn more than that, your tax credits will be less than the maximum amount.

One way to get a good idea of how much you may get is to use this [tax credits calculator](#), which gives you an estimate of how much in tax credits you may receive in total.

Applying for Working Tax Credit

There are two ways to order a Working Tax Credit claim form:

- Order a [claim form online](#) (you have to find out if you qualify first, the process takes around five minutes).
- Call the Tax Credit Helpline on 0345 300 3900 and ask for a claim form. You can also call this helpline to update your claim.

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Whether you order a form online or over the phone, it takes about two weeks for it to arrive. When you receive it, you'll have to fill in lots of details about yourself and your income for the previous tax year, including your national insurance number.

If you're applying for Working Tax Credit, it's a good idea to keep as much evidence of your income and other circumstances as possible, including pay slips, P45s and/or P60s, benefits statements, bank and building society statements, plus records of any other tax credits you may be getting, childcare costs and your child's education (according to the government, you should keep all of these records from the past three years).

If you need help filling in your claim form, call the Tax Credit Helpline (0345 300 3900), or pop into your local benefits office or Citizen's Advice.

Remember, you can be fined up to £3,000 if you give false information, even if you do so by mistake.

Once you've completed the form you can use the online [Where's My Reply](#) service to find out how long it will take to be processed.

To keep getting your Working Tax Credits, you must renew your claim every year (the Tax Credit office will write to you with details). It's also important to inform the Tax Credit office if your circumstances change – if you move house, for instance, if your child leaves home or if the amount of money you earn changes (whether you earn more or less money than when you claimed). If you start earning less, you may be entitled to more in Working Tax Credits. But if your wages

increase by more than £2,500 a year, it could mean you'll get less.

How is Working Tax Credit paid?

If your claim is approved, your Working Tax Credit is paid into your bank or building society account every week or four weeks. However, if your circumstances change at all during the course of the year, you should tell the Tax Credit office straight away – otherwise you may end up getting too little or too much (and if you receive too much, you'll have to pay it back).

Working Tax Credit decisions: how to appeal

If HMRC decides you're not entitled to get Working Tax Credit, or if the amount you're awarded is less than you think it should be, there is a course of action you can take.

First, call the Tax Credits Helpline (0345 300 3900) and ask for the decision in question to be explained to you. If you're still not happy, you can formally request for the decision to be reviewed (a process called a mandatory reconsideration). You must make this request within 30 days of the date of the decision by using form WTC/AP. [Download the form](#), complete it and send it off to the Tax Credit Office.

Finally, if you believe the result of the mandatory reconsideration isn't right, you can appeal to the [Social Security and Child Support Tribunal](#) or [Appeals Service](#) if you live in Northern Ireland.

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Useful links

If you are experiencing any of the issues covered in this guide, in the first instance call our free helpline on 0808 801 0550. Our Advisors will listen without judging and will work with you as best they can to achieve a positive outcome. If you prefer you can email: helpline@ltcharity.org.uk. Visit our website: www.licensedtradecharity.org.uk. It's full of useful information about the kind of issues we know people who work in the licensed trade face.

Other sources of information:

Citizens Advice

www.citizensadvice.org.uk

For free practical advice on a wide range of issues, including benefits such as Working Tax Credit.

Gov.uk

www.gov.uk/working-tax-credit/overview

There's also lots more information on Working Tax Credit on this government website.

Turn2us

www.turn2us.org.uk/

Charity providing help with all types of benefits and grants, including Working Tax Credit.