

## Working Tax Credit

Tax Credits are income-related payments, administered by the Inland Revenue Department. They involve 2 types of income-related benefit:

- Child Tax Credit (CTC) - for people who are responsible for children
- Working Tax Credit (WTC) - for people in low paid work

### **Working Tax Credit:**

**WTC** it is a means-tested benefit, paid to low wage earners, to top up their wages, if they meet the qualifying conditions. Entitlement depends on each individual's actual income and personal circumstances, as does the amount of benefit that may be awarded.

**Adults with CF can claim WTC, if they're in employment, depending on their earnings.**

### **WTC Low Income Rules:**

You will only get Working Tax Credit if you have a low enough income. The assessment is based on your annual income, usually for the previous tax year and you will only qualify, for WTC, if this is below a specified limit. Income from most sources will be taken into account:

- Your earnings - it doesn't matter whether you work for an employer or are self-employed.
- Your capital & savings - there is no upper limit to the amount of savings you can have but any income, from these, is taken into account, when your entitlement is assessed. The first £300 a year of income from savings, investments or property is ignored.
- Income from other sources
  - ... If you have a partner, you will be treated as a couple and his/her income will be counted. if you live with your parents, their income will not matter.
  - ... Most benefits that you receive (e.g. Housing Benefit) will be taken into account – except for Disability Living Allowance (DLA) which never counts as income. There are some other exceptions (Maintenance & Child Support, most Statutory Maternity, Paternity or Adoption Pay, all Maternity Allowance).

### **To qualify:**

If you are working and have a low income, there are 4 different ways to qualify for WTC:

1. If you are 16 yrs. old or more AND work at least 16 hrs. a week AND  
... you are responsible for a child or young person
2. If you are 25 yrs. old or more AND work at least 30 hrs. a week.  
(*You don't need to have a child in order to claim but you do have to work enough hours*).
3. If you are 50 yrs. old or more AND work at least 16 hrs. a week AND  
... you started work within the last 3 months AND  
... were getting certain benefits for at least 6 months before starting work.
4. If you are 16 yrs. old or more AND work at least 16 hrs. a week AND meet the disability rules:  
... you have been receiving a qualifying disability benefit AND  
... your disability puts you at a disadvantage in getting a job

### **WTC Disability Conditions:**

- Qualifying Disability Benefits – these include Disability Living Allowance (DLA), Incapacity Benefit, Employment and Support Allowance, Attendance Allowance, Industrial Injuries Disablement Benefit, Statutory Sick Pay, War Pension with constant attendance allowance, Occupational Sick Pay, Income Support or National Insurance credits awarded because you have been unable to work. There are rules about how long you have to have been receiving some of these benefits before you can claim WTC.
- Disability Living Allowance - the rules aren't specific about the actual rate of DLA you receive. What's important is that you either get some level of DLA or you have been claiming some sort of "Sickness Benefit" (i.e. Statutory Sick Pay, Incapacity Benefit or Employment & Support Allowance). If you get the highest rate of the DLA care component, however, you will qualify for a higher rate of Tax Credits under "severe disability" rules.
- Medical evidence - you may be asked for the name of a healthcare professional who can confirm how your disability affects your chances of finding work.

### **Working Tax Credit elements:**

WTC is made up of a number of “elements” used to calculate how much benefit you receive. These include:

- **Basic element:** included in all WTC calculations
- **Couple element:** if you're living with a partner
- **Lone parent element:** if you're single and have a dependant child
- **30-hour element:** if you (and your partner) work at least 30 hrs. a week or you have a dependent child and between you work at least 30 hrs. a week and at least one of you is working for a minimum of 16 hrs.
- **Severe disability element:** if you get DLA highest rate Care Component
- **50-plus element:** if you're 50-plus & start to work at least 16 hrs. a week, and you were getting certain benefits for at least 6 months beforehand
- **Childcare element:** Couples with children must work at least 16 hours between them (24 hours from April 2012). Lone parents or couples where one is “incapacitated” must work for a minimum of 16 hours a week. The tax credit (up to a specified limit) equals 70% of eligible child care costs.

### **To Claim Working Tax Credit:**

Applications are dealt with by the Inland Revenue - ring the Tax Credit Helpline for a claim pack - Form TC600 for your first claim. (Tel: 0845 300 3900 / Textphone: 0845 300 3909).

You can also look at their website - WTC calculations are very complicated and you can use their online calculator, to check of your potential entitlement. You may also be able to submit an application online though - the claim facility is suspended, at times, for updating ([www.taxcredits.inlandrevenue.gov.uk/HomeNew.aspx](http://www.taxcredits.inlandrevenue.gov.uk/HomeNew.aspx)).

You must provide evidence of your/your partner's circumstances - National Insurance number, P60 (P45 if you've just left a job), confirmation of income in the previous tax year, of any capital & savings, bank/building society statements and letters confirming your benefits.

### **Payments, Backdating & Reviews:**

Payments are by cheque, often with your payslip. The amount of benefit actually awarded is on a sliding scale, to top up income, depending on the level of your earnings.

You may be able to get WTC backdated for a maximum of 3 months before the date of your application, if you met the conditions and could have claimed earlier. You do not have to give any reasons why you did not claim earlier - just ask for backdating on your application form.

You will need to report major changes in your income as otherwise you may be overpaid or underpaid tax credit. Any overpayment will have to be repaid and you may have to pay a penalty as well. If you fail to report a change of circumstances within one month of the change or if you deliberately give incorrect/ misleading information, it will be treated as fraud.

### **Working Tax Credit & Health Benefits:**

WTC may entitle you to other Health Benefits (e.g. free prescriptions, hospital travelling expenses, Sure Start Maternity Payment). When it is awarded, you will be advised if you qualify for this help and receive an exemption certificate, usually valid for up to 15 months.

### **Further Information:**

See the Inland Revenue's website for more details of WTC rules: [www.hmrc.gov.uk/taxcredits](http://www.hmrc.gov.uk/taxcredits).

#### **WORKING TAX CREDIT & CYSTIC FIBROSIS:**

People with CF can have difficulty finding work, inspite of anti-discriminatory legislation e.g. if employers who are ill-informed about CF or concerned about sick leave, “overlook” a person with CF, in favour of another candidate. To claim WTC, there are a range of criteria that qualify as having “*a disability that puts you at a disadvantage in getting a job.*” The most relevant of these for people with CF is that “*you cannot normally sustain an 8-hour working day or a 5-day working week, due to a medical condition.*”

Some CF adults, in low-paid jobs, find they are better off working part-time and claiming Tax Credits - i.e. their overall income would be no higher, if working full-time, as they would get less WTC. If you are single and get Tax Credits, then move in with a partner who is employed, their income will count, so you could lose WTC if your joint income is too high.