

# 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 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 Incapacity Benefit, Disability Living Allowance, 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 benefit you receive. What's important is that you are *either* getting some level of DLA *or* that you have been claiming some sort of "Sickness Benefit" (i.e. Statutory Sick Pay, Incapacity Benefit *or* Employment & Support Allowance).
- 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.

### **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 as it allows you to do a more detailed check of your possible entitlement. You may also be able to submit an application - the online claim facility is suspended, at times, for updating ([www.taxcredits.inlandrevenue.gov.uk/HomeNew.aspx](http://www.taxcredits.inlandrevenue.gov.uk/HomeNew.aspx)).

### **Application Process:**

The application form asks for lots of information and evidence about your personal circumstances (and your partner's, if you have one) - national insurance number, P60 (or P45 if you've just left a job), confirmation of your income for the previous tax year, your capital, bank/building society statements about your savings and letters to confirm 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:**

Tax Credits may allow you to qualify for free prescriptions and other Health Benefits (e.g. hospital travelling expenses), if your income is assessed as low enough. When your WTC is first awarded, you should receive a letter to advise you if you will be entitled to this help.

### **Further Information:**

The Inland Revenue's website gives general information about qualifying rules [www.hmrc.gov.uk/taxcredits](http://www.hmrc.gov.uk/taxcredits). The tax credit calculation is very complicated and you can use their online calculator, to get some idea of how much you might receive.

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

People with CF can qualify for WTC as they may be at a disadvantage when looking for work, in spite of anti-discriminatory legislation. If there's lots of applicants going after the same job, for example, employers have many candidates to choose from and may "overlook" a person with CF – e.g. if they're concerned about sick leave and ill-informed about CF.

Some adults with CF, in low-paid jobs, find that they may actually be better off, if they work part-time and claim WTC. If they worked full-time, their overall income might be no higher, as they would qualify for less help. These people are more likely to be living with their parents, or their own, however, when they are awarded Tax Credits. They often lose their entitlement to WTC when they change to living with a partner who is in employment. The disadvantage of WTC is that joint income counts so fewer couples may qualify.