

Draft Regulations laid before Parliament under section 66(1) and (2)(a) of the Tax Credits Act 2002, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2015 No.

TAX CREDITS

**The Tax Credits (Income Thresholds and Determination
of Rates) (Amendment) Regulations 2015**

Made - - - - *****
Coming into force - - *6th April 2016*

A draft of these Regulations was laid before Parliament in accordance with section 66(1) and (2)(a) of the Tax Credits Act 2002⁽¹⁾ and approved by a resolution of each House of Parliament.

The Treasury make the following Regulations in exercise of the powers conferred by sections 7(1) and (3), 13(2), 65(1) and 67(2) of that Act.

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Tax Credits (Income Thresholds and Determination of Rates) (Amendment) Regulations 2015 and come into force on 6th April 2016.

(2) These Regulations have effect in relation to awards of tax credits for the tax year beginning on 6th April 2016 and subsequent tax years.

Amendment of the Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002

2.—(1) The Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002⁽³⁾ are amended as follows.

(2) In regulation 3 (manner in which amounts to be determined for the purposes of section 7(1) (a) of the Act)—

(a) in paragraph (2), for “£6,420” substitute “£3,850”; and

(b) in paragraph (3), for “£16,105” substitute “£12,125”.

(3) In paragraph (a) of regulation 5 (amounts prescribed for the purposes of section 7(3) of the Act) for “£5,000” substitute “£2,500”.

(1) 2002 c.21.

(2) Section 67 provides that “prescribed” means “prescribed by regulations”.

(3) S.I. 2002/2008; other relevant amending instruments are S.I. 2008/796, S.I. 2012/849, S.I. 2013/750 and S.I. 2015/451.

- (4) In regulation 7(3) (determination of rate of working tax credit)—
 - (a) in Step 4, for “£6,420” substitute “£3,850”; and
 - (b) in Step 5, for “41%” substitute “48%”.
- (5) In regulation 8(3) (determination of rate of child tax credit)—
 - (a) in Step 4, for “£16,105” substitute “£12,125”; and
 - (b) in Step 5, for “41%” substitute “48%”.

Date

Name
Name
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made by the Treasury under sections 7 and 13 of the Tax Credits Act 2002 (c. 21) and effect changes to certain thresholds and taper rates of tax credits.

Regulation 2 amends the Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002 (S.I. 2002/2008) so that the income threshold for those entitled to working tax credit and child tax credit is decreased, the income rise disregard is decreased and the taper rate at which tax credits are withdrawn is increased.

A full impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.