
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe the conditions of entitlement for the elements of working tax credit introduced by the Tax Credits Act 2002 (c.21) (“the Act”).

Regulation 1 provides for the citation, commencement and effect of the Regulations and regulation 2 for interpretation.

Working tax credit must, by virtue of section 11 of the Act, include a basic element and a disability element. Other elements may be prescribed in accordance with that section. Regulation 3 prescribes six additional elements: a 30 hour element, a second adult element, a lone parent element, a child care element, a severe disability element and a 50 plus element. Regulation 3(2) imposes a requirement that, in order to be entitled to the other elements, a claimant must first be entitled to the basic element.

Regulation 4 specifies the normal conditions of entitlement to the basic element. The principal requirements are that the claimant is working at the date of claim (or expects to do so within 7 days of the claim), satisfies the second condition imposed by regulation 4(1) as to the number of hours worked per week, the work is expected to last for at least 4 weeks from the date of claim, or the starting date if later and the work is done for payment or in the expectation of payment.

Regulation 5 provides a modification of the requirement as to the number of hours of qualifying remunerative work in the case of a woman to whom statutory maternity pay or maternity allowance is payable.

Regulation 6 provides a modification of the requirement as to the number of hours of qualifying remunerative work in relation to periods when statutory sick pay is payable or, in the case of a self-employed worker, would have been payable if his earnings and hours of work would have qualified him for statutory sick pay in the week before the claim for working tax credit was made if he had been engaged under a contract of service and his earnings had been derived under that contract.

Regulation 7 provides for the disregard of periods of customary holiday in reckoning whether the hours of work requirements are met in the case of people working at schools or other educational establishments with a recognisable cycle of work.

Regulation 8 provides a special rule in respect of those with short gaps between jobs so as to allow them to claim during the gap.

Regulation 9 prescribes the conditions of entitlement to the disability element and introduces Schedule 1, Part 1 of which prescribes the disabilities from which a claimant must be suffering in order to be entitled. Part 2 of the Schedule prescribes a condition which may be satisfied instead in the case of a person making an initial claim.

Regulation 10 prescribes the conditions of entitlement to the 30 hour element.

Regulation 11 prescribes the conditions of entitlement to the second adult element.

Regulation 12 prescribes the conditions of entitlement to the lone parent element.

Regulations 13 and 14 prescribe the conditions of entitlement to the child care element.

Regulation 15 prescribes the method of calculating the amount of relevant child care charges and regulation 16 the situations in which a change of circumstances give rise to a recalculation of the child care element.

Regulation 17 prescribes the conditions of entitlement to the severe disability element and regulation 18 those relating to the 50 plus element.

Regulation 19 prescribes a special rule in relation to working tax credit payable by reference to responsibility for a child or qualifying young person where the child or qualifying young person dies. Working tax credit continues to be payable for the period for which child tax credit is payable under regulation 6 of the Child Tax Credit Regulations 2002.

Changes to legislation: There are currently no known outstanding effects for the The Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002. (See end of Document for details)

Regulation 20(1) and Schedule 2 prescribe the maximum rate for the various elements of working tax credit, other than the child care element. Regulation 20(2) and (3) prescribe the maximum rate for the child care element.

A regulatory impact assessment in respect of the effects of the Act has been prepared and placed in the Library of both Houses of Parliament and is available on the Inland Revenue website (www.inlandrevenue.gov.uk).

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