
EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 41 of the Tax Credits Act 2002 (c. 21) requires the Treasury, in each tax year to—

- (a) review the amounts referred to in subsection (2) of that section,
- (b) prepare a report of each review; including a statement of what each of the amounts would be if it had fully retained its value; and
- (c) publish the report and lay a copy of it before each House of Parliament.

The Treasury's report of the review in respect of the tax year 2003-04 was published and laid before Parliament on 23rd February 2004.

In consequence of the review the Treasury have made these Regulations, prescribing increases in certain of the sums required to be reviewed under section 41.

Regulation 1 provides for the citation, commencement and effect of these Regulations, and defines some terms used in them.

Regulation 2 amends regulation 7(4) of the Child Tax Credit Regulations 2002 (S.I.2002/2007), increasing the maximum rate of the individual element of a child tax credit.

Regulation 3 and the Schedule amend Schedule 2 to the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 (S.I. 2002/2005) by substituting a new Table prescribing the maximum rates for the elements of working tax credit other than the child care element.

Regulation 4 increases the first income threshold for those entitled to child tax credit in regulation 3(3) of the Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002 (S.I. 2002/2008).

These Regulations impose no new costs on business.