

**EXPLANATORY MEMORANDUM TO THE
SOCIAL SECURITY (TAX CREDITS) AMENDMENT REGULATIONS 2005**

2005 No. 2294

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.
2. **Description**
 - 2.1 This instrument amends the Social (Working Tax Credit and Child Tax Credit) Regulations 2003. This is in connection with the abolition of Income Support (IS) and Jobseekers Allowance (JSA) child allowances, which are replaced by Child Tax Credit (CTC). The amendments ensure that, in the transitional period during which families are waiting to be migrated to CTC, no new awards of those child allowances may be made except to existing IS or JSA claimants who already have an allowance in respect of a child or young person included in their IS or JSA award.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
 - 3.1 None
4. **Legislative Background**
 - 4.1 This instrument amends the Social Security (Working Tax Credit and Child Tax Credit) (Consequential Amendments) Regulations 2003.
 - 4.2 This amendment is being made because circumstances have been identified where the Social Security (Working Tax Credit and Child Tax Credit) (Consequential Amendments) Regulations 2003 do not always operate as intended.
5. **Extent**
 - 5.1 This instrument applies to all of the United Kingdom.
6. **European Convention on Human Rights**
 - 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.
7. **Policy background**
 - 7.1 Child allowances in IS/JSA are being replaced by CTC. Families currently receiving these allowances will be automatically transferred to CTC at a future date, and from April 2004 our policy has been not to award any child allowances with new claims to IS/JSA, but to help families to claim CTC

instead. It is considered sensible to avoid adding to the number of cases that will need to transfer and minimise disruption to families.

7.2 This policy has been stated publicly, is clearly set out in guidance and is understood and accepted by customers and lobby groups. However, the regulations that deliver it need to be amended in order to resolve the problems that have occurred in the following scenarios:

- **Where a CTC award is not made from the correct date:** in some cases CTC has been awarded from a different date from the IS/JSA claim. Jobcentre Plus have procedures in place to pick these up, but they are causing significant numbers of unnecessary accuracy failures and tying up resources;
- **Where the customer refuses to claim CTC:** in a very few cases claimants have simply refused to claim CTC, in spite of being eligible. In these cases the child addition has been paid, contrary to the policy intent. Although the number of cases where this has occurred is extremely small, any increase in numbers could have a significant impact on the migration exercise.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument, as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector has no costs for the business.

9. Contact

Damien Johnson at the Department for Work and Pensions Tel: (01253) 334823 or e-mail: damien.johnson@dwp.gsi.gov.uk can answer any queries regarding the instrument.