

**EXPLANATORY MEMORANDUM TO**  
**THE CHILD TAX CREDIT (AMENDMENT) REGULATIONS 2006**

**2006 No. 222**

**1. Introduction**

This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) and is to be laid before Parliament by Command of Her Majesty.

**2. Description**

These Regulations amend the Child Tax Credit Regulations 2002. They extend the prescribed conditions for a qualifying young person for child tax credit purposes. The amendments enable a young person aged 16 to 19 years on a training course provided under specified training programmes is such a person. The amendments also provide that a qualifying young person who reaches age 19 continues to be such a person until he either completes his course of full-time, non-advanced education or training course or he reaches age 20, whichever event occurs first.

Further amendments made to Child Tax Credit Regulations 2002 provide for interruptions to courses of full-time, non-advanced education or training to be disregarded in specific circumstances and for other minor changes.

**3. Matters of Special Interest to the Joint Committee on Statutory Instruments**

None.

**4. Legislative Background**

Section 8(1) of the Tax Credit Act 2002 provides that entitlement of a person by whom a claim is made is dependent on them being responsible for one or more children or qualifying young persons. Under section 8(3) of the Act a person is a child if they have not yet attained age 16. Section 8(4) provides that a person, who is not a child, is a qualifying young person if they have not attained such age greater than 16 as is prescribed and they satisfy prescribed conditions. Under section 65 of the Act, the power to prescribe the conditions required by section 8(4) is exercisable by HM Treasury. The prescribed age limit and conditions for a qualifying young person are set out in regulation 5 of the Child Tax Credit Regulations 2002 (SI 2002/2007).

Regulation 5(2) as originally drafted provides that a person is a qualifying young person if he satisfies the two conditions set out in regulations 5(3) and 5(4). Regulation 5(3) sets out the first condition by reference to the activity the young person must be undertaking and regulation 5(4) sets out the second condition by reference to circumstances that must not apply to the young person. Under regulation 5(3) a person satisfies the first condition if they are receiving full-time education that is not advanced education or education provided by virtue of the young person's employment or any office he holds. This approach is extended by the changes contained in the amendments.

## **5. Extent**

This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

These regulations are subject to annulment and do not amend primary legislation. Accordingly, a statement that the instrument is compatible with the Convention rights is not required.

## **7. Policy Background**

### **7.1 Amendment to the meaning of “qualifying young person”**

- 7.1.1 Regulation 4 makes amendments to regulation 5 of the Child Tax Credit Regulations 2002. Regulation 5(1) currently provides that a person ceases to be a qualifying young person when they reach age 19. However, where young people have their compulsory education interrupted by illness, or if they have been in care, or they undertake a third year of further education, the effect of this provision is to terminate child tax credit support to their families or their carer before they complete their course. This loss of support can place a strain on the household incomes, especially in low-income families, leading to young people giving up courses before they are completed in order to find employment.
- 7.1.2 Regulation 4(2) and (3) of the Amendment Regulations will replace the reference to age 19 in regulation 5(1) with age 20. Consequently, a young person who has not finished their course of full-time education or approved training when they reach age 19 will continue to be a qualifying young person until they either complete their course or they reach age 20.
- 7.1.3 Regulation 4(4)(c) of the Amendment Regulations inserts regulation 5(3)(ab) so that a young person will also meet the first condition if they are undertaking approved training. Again the approved training must not be provided to the young person by virtue of their employment or any office they hold.
- 7.1.4 A young person who has ceased education may also satisfy the first condition set out in regulation 5(3) of the Child Tax Credit Regulations if they are under age 18 provided they have registered with the Connexions or careers services. The effect of regulation 4(4)(d) of the Amendment Regulations is that a young person who has ceased approved training will satisfy the first condition if they are under age 18 and are registered with the Connexions or careers services.
- 7.1.5 Under regulation 4(5) a person receiving full-time, non advanced education or undertaking approved training after the age of 19 will satisfy the first condition prescribed by regulation 5(3) of the current regulations only if they have started their course of full-time education or approved training

before they turned 19.

- 7.1.6 Regulation 4(7) inserts a new provision in regulation 5 that will enable interruptions to courses of full-time education or approved training to be disregarded in specific circumstances. In determining whether a person is undertaking a course of full-time education or approved training periods of up to 6 months duration will be disregarded where it is reasonable in the opinion of the Board to do so. Where the interruption is attributable to illness or disability and it is reasonable in the opinion of the Board to do so interruptions of more than 6 months will be disregarded.

## **7.2 Other Changes**

- 7.2.1 The Amendment Regulations also make consequential and minor amendments to the Child Tax Credit Regulations.
- 7.2.2 Regulation 1(2) provides that a person who reaches 19 before 6<sup>th</sup> April 2006 and who has ceased therefore to be a qualifying young person, will not be considered a qualifying young person regardless of the amendments made by this Statutory Instrument.
- 7.2.3 Regulation 3(1) inserts a definition of “approved training” in regulation 2 of the Child Tax Credit Regulations 2002. The definition defines approved training by reference to the definition of the term set out in regulation 1(2) of the Child Benefit (General) Regulations 2005. The Child Benefit definition defines approved training by reference to a list of training programmes arranged by the Government.
- 7.2.4 Regulation 3(5) amends the definition of a “qualifying young person” in regulation 2(1) to reflect the amendment made in regulation 5(1) whereby a person will cease to be a qualifying young person at age 20.
- 7.2.5 Regulation 3(3) is a transitional provision applying to the period between the Child Tax Credit Regulations coming in to force on 6th April 2006 and the Child Benefit (General) Regulations coming in to force on 10th April 2006. The provision will allow for the definition of approved training in the Child Tax Credit Regulations to be read as if the Child Benefit (General) Regulations were in force during that period.
- 7.2.6 Regulation 3(5) amends the definition of “the Board” to reflect the creation of Her Majesty’s Revenue and Customs on 18<sup>th</sup> April 2005 so that “the board” now refers to the Commissioners for HM Revenue and Customs.
- 7.2.7 Regulation 3(6) removed the definition of a “relevant training programme” as the previous references to this term are removed from the Child Tax Credit Regulations as amended by this Statutory Instrument.

## **8. Impact**

A regulatory impact assessment has not been prepared for this Statutory Instrument as it has no impact on businesses, charities or voluntary bodies.

## **9. Contact**

The Lead Official is

Jenny Fox

HMRC Benefits and Credits Group

1/E12 100 Parliament Street

Tel: 02071472503

Email: [jenny.fox@hmrc.gsi.gov.uk](mailto:jenny.fox@hmrc.gsi.gov.uk)