

2020 No. 298

SOCIAL SECURITY

TAX CREDITS

**The Tax Credits, Child Benefit and Guardian's Allowance Up-
rating Regulations 2020**

Made - - - - *13th March 2020*

Coming into force - - *6th April 2020*

Following a review under section 41(1) of the Tax Credits Act 2002(a) in the tax year 2019-20 of the amounts specified in section 41(2) of that Act, the Treasury have determined that Regulations should be made prescribing increases in those amounts.

Following a review of the sums specified in sections 150(1)(a)(i) and 150(1)(i) of the Social Security Administration Act 1992(b) in the tax year 2019-2020, the Treasury have determined that the general level of prices in Great Britain is greater at the end of the period under review than it was at the beginning. These Regulations make provision under section 150 of the Social Security Administration Act 1992 and make corresponding provision for Northern Ireland in accordance with section 132(1) of the Social Security Administration (Northern Ireland) Act 1992(c).

A draft of these Regulations was laid before Parliament in accordance with section 66(1) and (2)(a) of the Tax Credits Act 2002, sections 150(2) and 190(1) of the Social Security Administration Act 1992, and section 166(10A)(d) of the Social Security Administration (Northern Ireland) Act 1992, and approved by a resolution of each House of Parliament.

The Treasury makes the following Regulations in exercise of the powers conferred by sections 7, 9, 11, 13, 65(1), and 67 of the Tax Credits Act 2002(e), sections 150(2), (5), (9) and (10)(a)(i) of

(a) 2002 c. 21. Section 41 was repealed by Part 1 of Schedule 14 to the Welfare Reform Act 2012 (c. 5) as commenced by S.I. 2019/167 (C.6). However this repeal is subject to the savings provision in article 3 of that instrument under which tax credits continue to subsist for specific categories of claimant.

(b) 1992 c. 5. Section 150(1)(a)(i) was substituted by section 6(2)(a) of the Pensions Act 2007 (c. 22). The sums reviewed under sections 150(1)(a)(i) and 150(1)(i) which are relevant to the making of these Regulations are the weekly rates of guardian's allowance and child benefit respectively.

(c) 1992 c. 8. Section 132(1) was amended by paragraph 9 of Schedule 4 to the Tax Credits Act 2002.

(d) Subsection (10A) was inserted by S.I. 1999/671 and subsequently amended by paragraph 11(3) of Schedule 4 to the Tax Credits Act 2002.

(e) Section 9 was amended by section 13 of the Welfare Reform and Work Act 2016 (c. 7). Sections 7, 9, 11 and 13 were repealed by Part 1 of Schedule 14 to the Welfare Reform Act 2012 as commenced by S.I. 2019/167 (C.6). However this repeal is subject to the savings provision in article 3 of that instrument under which tax credits continue to subsist for specific categories of claimant. Section 67 is cited for the meaning given to the word "prescribed", namely "prescribed by regulations".

the Social Security Administration Act 1992(a), and section 132(1) of the Social Security Administration (Northern Ireland) Act 1992 and now exercisable by them(b).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Tax Credits, Child Benefit and Guardian’s Allowance Up-rating Regulations 2020.

(2) These Regulations come into force on 6th April 2020.

(3) Regulations 2, 3 and 4 have effect in relation to awards of tax credits for the tax year beginning on 6th April 2020 and subsequent tax years.

Amendment of the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002

2. The table in Schedule 2 (maximum rates of the elements of a working tax credit) to the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002(c) is amended as follows—

- (a) in item 1 (basic element), in the second column for “£1,960” substitute “£1,995”;
- (b) in item 2 (disability element), in the second column for “£3,165” substitute “£3,220”;
- (c) in item 3 (30 hour element), in the second column for “£810” substitute “£825”;
- (d) in items 4 (second adult element) and 5 (lone parent element), in the second column for “£2,010” substitute “£2,045”; and
- (e) in item 6 (severe disability element), in the second column for “£1,365” substitute “£1,390”.

Amendment of the Child Tax Credit Regulations 2002

3. Regulation 7 (determination of the maximum rate at which a person or persons may be entitled to child tax credit) of the Child Tax Credit Regulations 2002(d) is amended as follows—

- (a) in paragraphs (4)(c) and (4)(f) for “£2,780” substitute “£2,830”;
- (b) in paragraph (5)(a) for “£3,355” substitute “£3,415”; and
- (c) in paragraph (5)(b) for “£4,715” substitute “£4,800”.

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

4.—(1) The Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002(e) 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 “£6,530”; and
- (b) in paragraph 3 for “£16,105” substitute “£16,385”.

(3) In regulation 7(3) (determination of rate of working tax credit) in Step 4 for “£6,420” substitute “£6,530”.

(a) Section 150(10)(a)(i) was amended by paragraph 21 of Part 5 of Schedule 1 to the Pensions Act 2007.

(b) The functions of the Secretary of State under Part 10 of the Social Security Administration Act 1992 so far as relating to child benefit and guardian’s allowance were transferred to the Treasury by section 49(3) of the Tax Credits Act 2002. The functions of the Department for Social Development (renamed as the Department for Communities by the Departments Act (Northern Ireland) 2016 (c. 5)) in respect of child benefit and guardian’s allowance under section 132 of the Social Security Administration (Northern Ireland) Act 1992 were transferred to the Treasury by section 49(4) of the Tax Credits Act 2002.

(c) S.I. 2002/2005, as amended by S.I. 2013/750, S.I. 2015/567, S.I. 2017/406, and S.I. 2019/252.

(d) S.I. 2002/2007, as amended by S.I. 2017/387, S.I. 2018/344 and S.I. 2019/252. There are other amending instruments but none are relevant.

(e) S.I. 2002/2008, as amended by S.I. 2008/796, S.I. 2012/849, S.I. 2015/451, and S.I. 2016/393.

(4) In regulation 8(3) (determination of rate of child tax credit) in Step 4 for “£16,105” substitute “£16,385”.

Amendment of the Child Benefit (Rates) Regulations 2006

5. Regulation 2 (rate of child benefit) of the Child Benefit (Rates) Regulations 2006(a) is amended as follows—

- (a) in paragraph (1)(a)(enhanced rate) for “£20.70” substitute “£21.05”; and
- (b) in paragraph (1)(b)(other cases) for “£13.70” substitute “£13.95”.

Amendment of Schedule 4 to the Social Security Contributions and Benefits Act 1992

6. In paragraph 5 of Part 3 of Schedule 4 to the Social Security Contributions and Benefits Act 1992(b) (weekly rate of guardian’s allowance) for “£17.60” substitute “£17.90”.

Amendment of Schedule 4 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992

7. In paragraph 5 of Part 3 of Schedule 4 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992(c) (weekly rate of guardian’s allowance) for “£17.60” substitute “£17.90”.

*Rebecca Harris
Maggie Throup*

13th March 2020

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 (S.I. 2002/2005); the Child Tax Credit Regulations 2002 (S.I. 2002/2007); the Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002 (S.I. 2002/2008); the Child Benefit (Rates) Regulations 2006 (S.I. 2006/965); the Social Security Contributions and Benefits Act 1992 (c. 4); and the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7).

Regulation 2 increases the maximum rate of different elements of working tax credit. It increases the basic element from £1,960 to £1,995, the disability element from £3,165 to £3,220, the 30 hour element from £810 to £825, the second adult element and the lone parent element from £2,010 to £2,045, and the severe disability element from £1,365 to £1,390.

Regulation 3 increases the maximum rate of different elements of child tax credit. It increases the individual element for a child or qualifying young person from £2,780 to £2,830, the disability element from £3,355 to £3,415 for a disabled child or qualifying young person and from £4,715 to £4,800 for a severely disabled child or qualifying young person.

Regulation 4 increases the income threshold (the level of household income below which the full award is granted) from £6,420 to £6,530 for working tax credit and from £16,105 to £16,385 for child tax credit. It also amends the formulae to calculate the rates of working tax credit and child tax credit to account for the increase in the income thresholds.

(a) S.I. 2006/965. Regulation 2 was last amended by S.I. 2015/567.
(b) 1992 c. 4. This paragraph was last amended by S.I. 2019/252.
(c) 1992 c. 7. This paragraph was last amended by S.I. 2019/252.

Regulation 5 increases the weekly rate of child benefit from £20.70 to £21.05 (enhanced rate) and from £13.70 to £13.95 (other rate).

Regulations 6 and 7 increase the weekly rate of guardian's allowance from £17.60 to £17.90.

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

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