

Annual review of certain tax credits monetary amounts under Section 41 of the Tax Credits Act 2002 for the tax year 2023-24

Report required under section 41 of the Tax Credits Act 2002. Laid before Parliament pursuant to Section 41(5) of the Tax Credits Act 2002

Section 41(1) of the Tax Credits Act 2002 (the Act)¹, requires a review, each tax year, of certain monetary amounts set out in section 41(2), to determine whether they have retained their value in relation to prices in the United Kingdom in such manner as the Treasury consider appropriate. A report of that review must be laid before each House of Parliament, stating what each amount would have been, if it had retained its value against prices.

The requirement applies to any monetary amount prescribed under the following provisions:

- The income thresholds at which each tax credit will start to be withdrawn: these are prescribed under section 7(1)(a) and 13(2) of the Act.
- Any thresholds relating to changes in income between the current tax year and the previous tax year as prescribed under section 7(3)(a)-(d).
- The maximum rates for the various elements of child tax credit as prescribed under section 9 and for those of working tax credit under section 11 of the Act.

The overall level of prices as measured by the change in the Consumer Price Index (CPI) from September 2021 to September 2022 was 10.1%.

The table attached shows:

- a) The current rate (2022-23 tax year) of each element/threshold reviewed;
- b) The rate of each element/threshold for the new tax year (2023-24), in line with proposals set out by the Chief Secretary to the Treasury by Written Ministerial Statement published on 17 November 2022²;
- c) The difference between the current rates and the proposed new rates; and
- d) The amount of each element/threshold if the rate had been changed in line with the change in the general level of prices.

¹ Part 1 of the Tax Credits Act 2002 has been repealed by Welfare Reform Act 2012 with effect from 1 February 2019. Part 1 includes section 41. However, by The Welfare Reform Act 2012 (Commencement No 32 and Savings and Transitional Provisions) Order 2019, section 3(1), Part 1 of the TCA 2002 shall be treated as though it is still in force in relation to certain categories of cases. Those categories are set out in full in section 3(2)-(5) and (9) of the 2019 order.

² [Written statements - Written questions, answers and statements - UK Parliament](#)

REPORT REQUIRED UNDER SECTION 41 OF THE TAX CREDITS ACT 2002

Section 11 Tax Credits Act 2002 -The Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002	2022-23 Annual rates (£)	2023-24 Annual rates (£)	Change (£)	Rate if changed in line with prices (£)
Basic Element	2,070	2,280	210	2,280
Couple and Lone Parent Element	2,125	2,340	215	2,340
30-hour Element	860	950	90	950
Disability Element Schedule 2	3,345	3,685	340	3,365
Severe Disability Element Schedule 2	1,445	1,595	150	1,595
Section 9 Tax Credits Act 2002 -The Child Tax Credit Regulations 2002				
Family Element Reg 7(3)	545	545	0	600
Child Element	2,935	3,235	300	3,235
Child or qualifying young person is disabled Reg 7(5)(a)	3,545	3,905	360	3,905
Child or qualifying young person severely disabled Reg 7(5)(b)	4,975	5,480	505	5,480
Sections 7(1) & (3) and 13 Tax Credits Act 2002 – The Tax Credits (Income Thresholds and Determination Rates) Regulations 2002				
Income Disregard Reg 5	2,500	2,500	0	2,755
First Income Threshold Working Tax Credit Reg 3(2) and 7(3)	6,770	7,455	685	7,455
First Income Threshold Child Tax Credit Reg 3(3) and 8(3)	17,005	18,725	1,720	18,725