

## Payroll

### Working Tax Credits

The government pay families with joint incomes of less than £50,000 a Working Tax Credit (WTC) primarily through the primary wage earner's payroll.

WTC is paid directly to the claimant.

More details of most government tax credits can be found at: -

<http://www.hmrc.gov.uk/taxcredits/forms-and-leaflets/index.htm>

Working Tax Credit is a payment to top up the earnings of low paid working people (whether employed or self-employed), including those who do not have children.

In most cases the employer currently pays WTC as part of wages or salary. The self-employed are paid directly. The 'childcare element' of Working Tax Credit is paid directly to the main carer of the child, or children, along with Child Tax Credit.

Working Tax Credit contains several elements, including additional amounts for: -

- working people with a disability,
- people with a severe disability, and
- the costs of registered or approved child care.

The amount each person receives depends on income.

<b>Element</b>	<b>Annual amount 2008/9 (£)</b>
Basic element (one per single claimant or couple)	1,730
30 hour element (paid in addition to other elements but only one 30 hour element allowed per couple)	705
50+ return to work element (30 or more hours per week) (paid in addition to other elements)	1,700
Child care element, maximum eligible cost for families with child care for one child	£175 per week
Child care element, maximum eligible cost for families with child care for two or more children	£300 per week
Percentage of eligible child care costs covered	70%

To claim WTC there must be a minimum number of hours worked a week.

If the claimant is aged 16 or over and either;

- they or their partner are responsible for a child or young person, **or**
- they have a disability, which puts them at a disadvantage in getting a job.

Then they must work at least 16 hours a week.

If they are part of a couple with children, they are eligible for the 30 hour element if they **jointly** work at least 30 hours a week, provided one of them works at least 16 hours. Childless couples cannot add their hours together to qualify for the 30 hour element.

If they are aged 50 or over and are returning to work on or after 6 April 2003 after claiming one or more of the qualifying out-of-work benefits listed below, for at least the previous six months, they must work at least 16 hours a week.

The qualifying out-of-work benefits are: -

- Income Support
- Jobseeker's Allowance
- Incapacity Benefit
- Severe Disablement Allowance
- State Pension Credit
- A training allowance paid whilst they were undertaking government-run training such as Work-based Learning for Adults or Training for Work.

Employees can also qualify for Working Tax Credit if

- they have been receiving a combination of these benefits for six months or more, or
- They have been awarded National Insurance credits for six months or more.

Employees can still claim Working Tax Credit if they work at a school or college and don't work during school or college holidays.

If they are moving between jobs, employees will remain eligible for Working Tax Credit provided that the gap between jobs is not more than seven days. Where the gap is more than seven days, they may still be eligible for Working Tax Credit but will have to make a new claim based on the circumstances of the new job.