Draft Regulations laid before Parliament under section 66(1) of the Tax Credits Act 2002, for approval by a resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2013 No.

TAX CREDITS

The Tax Credits Up-rating, etc. Regulations 2013

Made - - - -	***
Coming into force - -	*6th April 2013*

Following a review in the tax year 2012-13 of the amounts specified in section 41(2) of the Tax Credits Act 2002(**a**), the Treasury have determined that Regulations should be made prescribing increases in some of those amounts.

A draft of these Regulations was laid before Parliament in accordance with section 66(1) and (2)(a) of that Act and approved by a resolution of each House of Parliament.

The Treasury make the following Regulations in the exercise of the powers conferred by sections 7(1)(a), 7(3), 9, 11, 13, 65(1) and 67 of that Act(**b**).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Tax Credits Up-rating, etc. Regulations 2013 and come into force on 6th April 2013.

(2) These Regulations have effect in relation to awards of tax credits for the tax year beginning on 6th April 2013 and subsequent tax years.

Amendment of the Child Tax Credit Regulations 2002

2.—(1) Regulation 7 of the Child Tax Credit Regulations 2002(**c**) (determination of the maximum rate) is amended as follows.

(2) In paragraph (4)—

(a) in sub-paragraph (a) for "£5,640" substitute "£5,735";

(b) in sub-paragraph (b) for "£6,830" substitute "£6,955";

(c) in sub-paragraph (c) for "£2,690" substitute "£2,720";

(d) in sub-paragraph (d) for "£5,640" substitute "£5,735";

(e) in sub-paragraph (e) for "£6,830" substitute "£6,955";

(f) in sub-paragraph (f) for "£2,690" substitute "£2,720".

(**a**) 2002 c. 21.
(**b**) Section 67 provides that "prescribed" means "prescribed by regulations".
(**c**) S.I. 2002/2007; the last relevant amending instrument is S.I. 2012/849.

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

3.—(1) The Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002(**a**) are amended as follows.

(2) For the table in Schedule 2 (maximum rates of the elements of a working tax credit) substitute—

"*Relevant element of working tax credit*	*Maximum annual rate*
1. Basic element	£1,920
2. Disability element	£2,855
3. 30 hour element	£790
4. Second adult element	£1,970
5. Lone parent element	£1,970
6. Severe disability element	£1,220"

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(**b**) are amended as follows.

(2) In regulation 3(3) (manner in which amounts to be determined for the purposes of section 7(1)(a) of the Act) for "£15,860" substitute "£15,910";

(3) In regulation 5(a) (amounts prescribed for the purposes of section 7(3) of the Act) for "£10,000" substitute "£5,000";

(4) In regulation 8(3) (determination of rate of child tax credit) in Step 4 for "£15,860" substitute "£15,910".

Name
Name
Date Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 41 of the Tax Credits Act 2002 (c. 21) requires the Treasury, in each tax year, to—

(a) review the amounts referred to in subsection (2) of that section;

(b) prepare a report of each review, including a statement of what each amount would be if it had fully retained its value; and

(c) publish the report and lay a copy of it before each House of Parliament.

The Treasury's report of the review in respect of the tax year 2012-13 was laid before Parliament on DATE and published.

In consequence of the review the Treasury have made these Regulations, which come into force on 6th April 2013 and have effect in relation to awards of tax credits for the year beginning on 6th April 2013 and subsequent tax years, prescribing increases in certain of the sums required to be reviewed under section 41. These amounts were last amended by the Tax Credits Up-rating Regulations 2012 (S.I. 2012/849).

(**a**) S.I. 2002/2005; the last relevant amending instrument is S.I. 2012/849.
(**b**) S.I. 2002/2008; relevant amending instruments are S.I. 2010/751 and S.I. 2010/981.

Regulation 2 amends regulation 7(4) of the Child Tax Credit Regulations 2002 (S.I. 2002/2007) so as to increase the maximum rates of the individual elements of child tax credit.

Regulation 3 substitutes a new table in Schedule 2 (prescribing the maximum rates for the elements of working tax credit other than the child care element) of the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 (S.I. 2002/2005).

Regulation 4 amends the Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002 (S.I. 2002/2008). Paragraph (2) amends regulation 3(3) of S.I. 2002/2008 (amounts prescribed for the purposes of section 7(3) of the Act) to increase the first income threshold for those entitled to child tax credit only to £15,910. Paragraph (3) amends regulation 5(a) of S.I. 2002/2008 (manner in which amounts to be determined for the purposes of section 7(1)(a) of the Act) to reduce the income disregard from £10,000 to £5,000 for increases in income. Paragraph (4) amends regulation 8(3) of S.I. 2002/2008 (determination of rate of child tax credit) to substitute the sum in the formula in step 4 to reflect the increase in the first income threshold for those entitled to child tax credit only made by paragraph (2).

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

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