STATUTORY INSTRUMENTS

2021 No. 156

SOCIAL SECURITY

TAX CREDITS

The Tax Credits, Child Benefit and Guardian's Allowance Up-rating Regulations 2021

Made - - - - 15th February 2021

Coming into force in accordance with regulation 1(2) and (3)

Following a review under section 41(1) of the Tax Credits Act 2002(**a**) in the tax year 2020-21 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 section 150(1)(a)(i) and 150(1)(i) of the Social Security Administration Act 1992(**b**) in the tax year 2020-2021, 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 make 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**), section 150(2), (5), (9) and (10)(a)(i) of the

(**a**) 2002 c.21. Section 41 was repealed by Part I of Schedule 14 to the Welfare Reform Act 2012 (c.5) as commenced by S.I 2019/167 (C.6).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. Although the basic element of Working Tax Credit was temporarily increased by virtue of section 77(1) of the Coronavirus Act 2020 (c.7), section 77(2) of that Act provides that the increased rate does not apply for the purpose of carrying out the annual review of Tax Credits.

(**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. 1996/671 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 (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 certain categories of claimant. Section 67 is cited for the meaning given to the word "prescribed", namely "prescribed by regulations".

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 2021.

(2) This regulation and regulations 2, 3 and 4 come into force on 6th April 2021.

(3) Regulations 5, 6 and 7 come into force on 12th April 2021.

(4) Regulations 2, 3 and 4 have effect in relation to awards of tax credits for the tax year beginning on 6th April 2021 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 "£1,995" substitute "£2,005";

(b) in item 2 (disability element), in the second column for "£3,220" substitute "£3,240";

(c) in item 3 (30 hour element), in the second column for "£825" substitute "£830";

(d) in items 4 (second adult element) and 5 (lone parent element), in the second column for "£2,045" substitute "£2,060"; and

(e) in item 6 (severe disability element), in the second column for "£1,390" substitute "£1,400".

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 paragraph (4)(c) and (4)(f) for "£2,830" substitute "£2,845";

(b) in paragraph (5)—

(i) in sub-paragraph (a) for "£3,415" substitute "£3,435"; and

(ii) in sub-paragraph (b) for "£4,800" substitute "£4,825".

(**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 and 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, S.I. 2019/252, S.I. 2020/298 and section 77(1) of the Coronavirus Act 2020 (c.7).

(**d**) S.I. 2002/2007, as amended by S.I. 2017/387, S.I. 2018/344, S.I. 2019/252 and S.I. 2020/298. There are other amending instruments but none are relevant.

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(**a**) 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 "£6,530" substitute "£6,565"; and

(b) in paragraph (3) for "£16,385" substitute "£16,480".

(3) In regulation 7(3) (determination of rate of working tax credit) in Step 4 for "£6,530" substitute "£6,565".

(4) In regulation 8(3) (determination of rate of child tax credit) in Step 4 for "£16,385" substitute "£16,480".

Amendment of the Child Benefit (Rates) Regulations 2006

5. Regulation 2(1) (rate of child benefit) of the Child Benefit (Rates) Regulations 2006(**b**) is amended as follows—

(a) in sub-paragraph (a) (enhanced rate) for "£21.05" substitute "£21.15"; and

(b) in sub-paragraph (b) (other cases) for "£13.95" substitute "£14.00".

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(**c**) (weekly rate of guardian's allowance) for "£17.90" substitute "£18.00".

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(**d**) (weekly rate of guardian's allowance) for "£17.90" substitute "£18.00".

David Rutley
Maggie Throup

15th February 2021 — 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 £1,995 to £2,005, the disability element from £3,220 to £3,240, the 30 hour

(**a**) S.I. 2002/2008, as amended by S.I. 2008/796, S.I. 2012/849, S.I. 2015/451, S.I. 2016/393 and S.I. 2020/298.
(**b**) S.I. 2006/965. Regulation 2 was last amended by S.I. 2020/298.
(**c**) 1992 c.4. This paragraph was last amended by S.I. 2020/298.
(**d**) 1992 c.7. This paragraph was last amended by S.I. 2020/298.

element from £825 to £830, the second adult element and the lone parent element from £2,045 to £2,060, and the severe disability element from £1,390 to £1,400.

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 £2,830 to £2,845, the disability element from £3,415 to £3,435 for a disabled child or qualifying young person and from £4,800 to £4,825 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 £6,530 to £6,565 for working tax credit and from £16,385 to £16,480 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.

Regulation 5 increases the weekly rate of child benefit from £21.05 to £21.15 (enhanced rate) and from £13.95 to £14.00 (other rate).

Regulations 6 and 7 increase the weekly rate of guardian's allowance from £17.90 to £18.00.

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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