

HM TREASURY

**Annual review of certain tax credits monetary
amounts under Section 41 Tax Credits Act 2002**

10 February 2010

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**Presented to Parliament by the Treasury, pursuant to Section 41(5) of the Tax
Credits Act 2002**

10 February 2010

Report required under section 41 of the Tax Credits Act 2002

Section 41 of the Tax Credits Act 2002, requires a review, each tax year, of certain monetary amounts that are prescribed in regulations, to see whether they have retained their value in relation to prices. 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- The income thresholds at which each tax credit will start to be withdrawn: these are prescribed under section 7(1)(a) of the Act.
- The income threshold at which the family element of the child tax credit will start to be withdrawn: this is prescribed under section 13(2) of the Act.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).
- The amounts 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 Retail Price Index from September 2008 to September 2009 has fallen by 1.4 per cent. All the monetary amounts therefore have retained and increased their value in relation to the general level of prices in the United Kingdom. The table attached shows:

(a) the current rate (2009-10 tax year) of each element/threshold;

(b) the proposed rate of each element/threshold for the new tax year (2010-11), as announced in the Pre Budget Report (PBR) on 9 December 2009.

(c) the difference between the current rates and the proposed new rates announced in PBR; 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.

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)		2009-10 RATES (£)	2010-11 RATES ANNOUNCED AT PBR (£)	CHANGE (£)	RATE IF CHANGED IN LINE WITH PRICES (£)
Basic Element	Schedule 2	1890	1920	+30	1865
Second Adult Element	Schedule 2	1860	1890	+30	1835
Lone Parent Element	Schedule 2	1860	1890	+30	1835
30 Hour Element	Schedule 2	775	790	+15	765
Disability Element	Schedule 2	2530	2570	+40	2495
Severe Disability Element	Schedule 2	1075	1095	+20	1060
50 + Element (16-29 hours)	Schedule 2	1300	1320	+20	1285
50 + Element (30+hours)	Schedule 2	1935	1965	+30	1910
Section 9 Tax Credits Act 2002 (The Child Tax Credit Regulations 2002)					
Family Element (Normal)	Reg 7(3)(b)	545	545	+0	540
Family Element (Baby Addition)	Reg 7(3)(a)	1090	1090	+0	1080
Child element	Reg 7(4)(c)	2235	2300	+65	2205
Disabled Child element	Reg 7(4)(a)	4905	5015	+110	4840
Severely Disabled Child Element	Reg 7(4)(b)	5980	6110	+130	5900
Disabled young person	Reg7(4)(d)	4905	5015	+110	4840
Severely disabled young person	Reg7(4)(e)	5980	6110	+130	5900
Any other qualifying young person	Reg7(4)(f)	2235	2300	+65	2205
Section 7(1)(a) and 13 Tax Credits Act 2002 (The Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002)					
WTC (First Income Threshold)	Reg 3(2)	6420	6420	+0	6335
CTC (First Income Threshold)	Reg 3(3)	16040	16190	+150	15825
Second Income Threshold	Reg 7 (3)	50000	50000	+0	49300
Income Rise Disregard	Reg (5)	25000	25000	+0	24650