



HM REVENUE AND CUSTOMS

Analysis Team

**Child and Working Tax Credits
Statistics**

**Finalised awards
2007-08**

**Supplement on payments in
2007-08**



A National Statistics Publication

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Contact point for enquiries and further information:-

Child and Working Tax Credits Statistics,
HM Revenue and Customs,
Room 2E/07

100 Parliament Street,
London SW1A 2BQ

☎ : 020 - 7147 3083

Fax : 020 - 7147 3119

E-mail : benefitsandcredits.analysis@hmrc.gsi.gov.uk

This issue can be found on the HM Revenue & Customs web site
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Child and Working Tax Credits Statistics

Finalised awards 2007-08

Supplement on payments in 2007-08

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Introduction

The main publication, "Child and Working Tax Credits Statistics. Finalised Awards 2007-08", shows the average number of families with positive¹ entitlements to tax credits awards during 2007-08, the elements from which they benefited, and the levels of their entitlements. The figures are based on "finalised" awards - those based on the families' circumstances and incomes as reported by early April 2009.

These tables show the number of 2007-08 awards, analysed by whether payments etc² for 2007-08 and issued in 2007-08 were lower or higher than the finalised entitlement. Such awards are described as underpaid or overpaid at 5 April 2008, respectively. Note that this is known only after awards are finalised.

How overpayments and underpayments arise

During 2007-08, payments were based on the latest information reported on the family's circumstances (hours worked, number of children, disabilities, childcare costs) and income. Families were encouraged to report any changes when they occurred, and in-year estimates of 2007-08 incomes. Payments were then adjusted so that, as far as possible, the new calculated annual entitlement was paid over by 5 April 2008.

Many Underpayments and some Overpayments are due to no 2007-08 incomes being reported until finalisation in 2008-09. They also arose when claimants failed to report changes of circumstances until after the year end; or when changes (or estimated 2007-08 incomes) reducing entitlement were reported in-year but there was insufficient time to reduce payments in the rest of the year to prevent an overpayment. They could also arise through official error.

Terminated awards

2007-08 awards are described as "Terminated" if the families (a) failed to report by the specified date their actual 2006-07 incomes or other details, (b) according to the latest information, ceased to meet the qualifying conditions for tax credits³ before the start of 2007-08, or (c) failed to return a signed 2007-08 award notice,

The entitlements of such awards are set to zero. The awards are included in the tables if payments for 2007-08 were made during 2007-08, and not fully recovered (and not remitted) in 2007-08; they are by definition overpaid at 5 April 2008.

Repayments of underpayments, and overpayment recovery

Underpayments are repaid as lump sums. Overpayments are recovered by reducing future payments, or directly if there are no current payments. For further details, see the HMRC Code of Practice 26, "What happens when we have paid you too much tax credits?" This also explains remitting overpayments arising from official error.

¹ That is, excluding families for periods when their incomes reduced their awards to zero

² Payments are scored after adding back reductions made to recover earlier overpayments. Other transactions include the in-year direct recovery and remission of 2007-08 overpayments.

³ Responsible for children; or including an adult who was a disabled worker, returned to work in the last year aged 50+, or was aged 25+ and worked for 30+ hours per week.

Disputed overpayments, remissions and recovery suspension

Overpayments remitted due to official error are included in the tables unless remitted by 5 April 2008. The recovery of overpayments can also be suspended pending investigations or decisions; these overpayments are included in the tables even if the suspension was active at 5 April 2008.

Overpayments arising after the year end, and from unposted payments

The data used to compile the main tables exclude (a) manual payments issued in 2007-08 but not posted to customer accounts by 5 April 2009 and (b) payments and other transactions for 2007-08 made after that date .

Aggregates including these transaction, and the equivalent figures for earlier years are shown in the Main Aggregates page of this publication. They are not measures of overpayments at 5 April at the end of each year. Rather, they approximate the sum of the maximum amounts for each award on or after that date. The figures are heavily rounded, reflecting the fact that they are approximate. They fall outside National Statistics.

Small underpayments and overpayments

64 thousand awards were underpaid, and 36 thousand overpaid, by less than £10 (excluding amounts under £1). Many of these amounts arose from rounding within the award calculation and payment. We have judged that users would prefer the figures of underpaid and overpaid awards to exclude these cases.

Families and awards

Tax credits awards are made to single adults or couples. No adult can be in more than one current award; when a couple breaks up, or a single adult becomes part of a couple, the award ceases and either or both adults can apply for new awards.

The main publication shows the average number of benefiting families in 2007-08, which is the same as the number of awards with positive entitlement averaged over the year. These tables cover all 2007-08 awards, so individuals can be represented more than once.

To give some information on families, however, several tables distinguish between (a) families with awards current at 5 April 2008 and (b) other awards. The latter comprises awards terminated, ceased by 5 April 2008, or made only in 2008-09 and backdated.

The coverage of out-of-work families with children

The tables in the main publication include out of work families receiving their child support via Income Support or income-based Jobseeker's Allowance. This publication is restricted to tax credits awards, and so excludes payments, underpayments and overpayments of these benefits.

Geographical analyses

A separate publication gives analyses by region, local authority and parliamentary constituency, of the number of 2007-08 awards with underpayments and overpayments and their values.

Main aggregates

The figures in the top section of the following table relate to underpayments and overpayments in finalised 2007-08 awards at 5 April 2008 as recorded on the tax credits computer system, and the equivalent figures for earlier years. More details are shown in the later tables. The figures of overpayments in the bottom section also take account of certain other transactions. They are approximate, and therefore heavily rounded. No further analysis of these figures appears in the later tables.

	2003-04	2004-05	2005-06	2006-07	2007-08
Underpaid awards¹					
Total ('000)	713	906	886	838	1,292
Aggregate amount underpaid (£ million)	464	556	549	525	798
Overpaid awards¹					
Terminated awards ² ('000)	30	228	254	208	229
Aggregate amount overpaid (£ million)	8	395	378	307	306
Other awards ('000)	1,849	1,730	1,648	1,083	1,105
Aggregate amount overpaid (£ million)	1,923	1,300	1,195	646	635
Total ('000)	1,879	1,958	1,902	1,291	1,334
Aggregate amount overpaid (£ million)	1,931	1,695	1,573	953	941
Transactions excluded from the detailed tables³					
<i>Off-system and late payments increasing overpayments</i>	<i>£0.3bn</i>	<i>£0.1bn</i>	<i>£0.1bn</i>	<i>£0.05bn</i>	<i>£0.1bn</i>
Total overpayments including these transactions³					
<i>Terminated awards²</i>	<i>-</i>	<i>£0.4bn</i>	<i>£0.4bn</i>	<i>£0.3bn</i>	<i>£0.3bn</i>
<i>Other awards</i>	<i>£2.2bn</i>	<i>£1.4bn</i>	<i>£1.2bn</i>	<i>£0.6bn</i>	<i>£0.7bn</i>
<i>Total overpayments</i>	<i>£2.2bn</i>	<i>£1.8bn</i>	<i>£1.7bn</i>	<i>£1.0bn</i>	<i>£1.0bn</i>

¹ Excluding awards underpaid or overpaid by less than £10

² See "Terminated awards" in the Introduction. The main classes of terminated awards are those for which the family failed to report, by the specified date, the actual previous year's income or other details; or the latest information indicates that the family ceased to meet the qualifying conditions for tax credits at a date before the start of the year. The first reason did not apply to 2003-04 awards, and the second reason applied to few such awards with overpayments.

³ See "Overpayments arising after the year end, and from unposted payments" in the Introduction. These figures fall outside National Statistics

Table 1 Finalised 2007-08 awards; aggregate entitlement, payments and whether underpaid or overpaid at 5 April 2008

	No. of Awards (thousands)	Entitlement for 2007-08 (£ million)	Net paid ¹ in 2007-08 (£ million)	Net overpayment at 5 April 2008 (£ million)
Awards underpaid²				
Made after 5 April 2008 and backdated	149	88	-	-88
Other	1,143	4,839	4,129	-710
Total	1,292	4,928	4,129	-798
Awards neither underpaid nor overpaid	4,103	11,795	11,795	-
Awards overpaid²				
Terminated ³	229	-	306	306
Other	1,105	3,151	3,786	635
Total³	1,334	3,151	4,092	941
Total 2007-08 awards made³	6,730	19,874	20,017	143

¹ After adding back reductions to recover 2003-04, 2004-05, 2005-06 and 2006-07 overpayments. Net of repayments and remissions.

² Awards with underpayments or overpayments under £10 are counted as neither underpaid nor overpaid in this publication. See "Small underpayments and overpayments" in the Introduction.

³ Excluding terminated awards with no overpayment at 5 April 2008. See the Introduction.

Table 2 Families with finalised 2007-08 awards underpaid or overpaid at 5 April 2008

	Awards (thousands)	Net overpayment (£ million)
Awards underpaid¹		
Families with awards at 5 April 2008	1,083	-676
Awards made after 5 April 2008 and backdated	149	-88
Awards ceased during 2007-08	60	-34
Total	1,292	-798
Awards overpaid¹		
Terminated awards	229	306
Families with awards at 5 April 2008	799	520
Awards ceased during 2007-08	306	115
Total	1,334	941

¹ See footnote 2 to Table 1

Note. The level of under or overpayment at 5 April 2008 for each award is based on the 2007-08 entitlement calculated from the family's circumstances and income in 2007-08 reported by April 2009.

Table 3 Finalised 2007-08 awards underpaid or overpaid at 5 April 2008, by size of under or overpayment

	Underpaid awards ¹ (thousands)	Underpayment at 5 April 2008 (£ million)	Overpaid awards ¹ (thousands)	Overpayment at 5 April 2008 (£ million)
Band of underpayment or overpayment				
All awards				
Up to £50	193	5	154	5
£50 to £100	155	11	157	12
£100 to £200	198	29	227	33
£200 to £500	302	99	310	101
£500 to £1,000	205	146	221	159
£1,000 to £2,000	149	208	154	218
£2,000 to £5,000	79	230	93	270
Over £5,000	11	70	18	143
Total	1,292	798	1,334	941
Terminated awards				
Up to £50	-	-	4	-
£50 to £100	-	-	10	1
£100 to £200	-	-	28	4
£200 to £500	-	-	47	15
£500 to £1,000	-	-	52	39
£1,000 to £2,000	-	-	43	62
£2,000 to £5,000	-	-	36	103
Over £5,000	-	-	10	82
Total	-	-	229	306
Families with awards at 5 April 2008				
Up to £50	164	5	95	3
£50 to £100	128	9	97	7
£100 to £200	163	24	138	20
£200 to £500	253	83	185	61
£500 to £1,000	172	122	133	95
£1,000 to £2,000	127	178	94	131
£2,000 to £5,000	67	197	50	148
Over £5,000	9	59	8	55
Total	1,083	676	799	520
Other awards²				
Up to £50	30	1	55	2
£50 to £100	27	2	50	4
£100 to £200	35	5	61	9
£200 to £500	49	16	77	25
£500 to £1,000	33	23	36	25
£1,000 to £2,000	22	30	18	25
£2,000 to £5,000	11	33	7	20
Over £5,000	2	11	1	6
Total	208	122	306	115

¹ Excluding awards with underpayments or overpayments under £10. See "Small underpayments and overpayments" in the introduction.

² Backdated awards made after 5th April 2008, or awards ceased by 5 April 2008.

Note. The level of under or overpayment at 5 April 2008 for each award is based on the 2007-08 entitlement calculated from the family's circumstances and income in 2007-08 reported by April 2009.

Table 4 Finalised 2007-08 awards underpaid or overpaid at 5 April 2008, by position on profile at that date (and as assessed at that date)

	Underpaid awards ¹ (thousands)	Underpayment at 5 April 2008 (£ million)	Overpaid awards ¹ (thousands)	Overpayment at 5 April 2008 (£ million)
All families				
Terminated awards ²	-	-	229	306
Positive entitlement at 5/4/08				
Not in work with children	85	64	97	64
In work with children				
WTC and CTC	475	290	277	254
CTC only, more than family element	224	166	156	105
CTC family element	106	84	64	39
CTC, less than family element	48	9	22	4
In work, no children (WTC only)	99	40	56	29
Entitlement at 5/4/08 tapered to zero	47	21	128	25
Awards ceased during 2007-08	60	34	306	115
Awards made after 5/4/08 and backdated	149	88	-	-
Total	1,292	798	1,334	941
Singles				
Terminated awards ²	-	-	117	179
Positive entitlement at 5/4/08				
Not in work with children	47	33	65	42
In work with children				
WTC and CTC	218	103	128	108
CTC only, more than family element	31	16	17	10
CTC family element	7	6	5	3
CTC, less than family element	1	-	-	-
In work, no children (WTC only)	62	22	35	15
Entitlement at 5/4/08 tapered to zero	14	7	30	8
Award ceased during 2007-08	33	16	166	64
Awards made after 5/4/08 and backdated	65	41	-	-
Total	478	244	563	430
Couples				
Terminated awards ²	-	-	113	127
Positive entitlement at 5/4/08				
Not in work with children	38	32	32	22
In work with children				
WTC and CTC	256	187	149	146
CTC only, more than family element	193	150	139	95
CTC family element	99	78	58	35
CTC, less than family element	48	9	21	4
In work, no children (WTC only)	36	19	21	14
Entitlement at 5/4/08 tapered to zero	33	14	97	17
Award ceased during 2007-08	27	18	140	50
Awards made after 5/4/08 and backdated	84	48	-	-
Total	813	554	772	511

¹ Excluding awards with underpayments or overpayments under £10. See "Small underpayments and overpayments" in the introduction.

² Includes awards terminated after 5 April 2008

Note. The level of under or overpayment at 5 April 2008 for each award is based on the 2007-08 entitlement calculated from the family's circumstances and income in 2007-08 reported by April 2009.

Table 5 Finalised 2007-08 awards underpaid or overpaid at 5 April 2008, by band of family income (excludes terminated awards)

	Underpaid awards ¹ (thousands)	Underpayment at 5 April 2008 (£ million)	Overpaid awards ¹ (thousands)	Overpayment at 5 April 2008 (£ million)
2007-08 income band²				
All awards				
Up to £5,000	144	118	155	93
£5,000 to £10,000	299	205	173	93
£10,000 to £15,000	232	169	160	85
£15,000 to £20,000	177	122	130	81
£20,000 to £30,000	211	113	221	140
£30,000 to £40,000	81	30	109	64
£40,000 to £50,000	54	13	36	23
Over £50,000	61	8	49	19
Not known ³	33	21	72	36
Total	1,292	798	1,105	635
Families with awards at 5 April 2008				
Up to £5,000	106	88	90	66
£5,000 to £10,000	257	174	116	67
£10,000 to £15,000	203	148	117	67
£15,000 to £20,000	158	110	104	71
£20,000 to £30,000	185	102	186	130
£30,000 to £40,000	64	26	88	61
£40,000 to £50,000	43	11	28	22
Over £50,000	54	8	46	19
Not known ³	14	9	27	19
Total	1,083	676	799	520
Other awards⁴				
Up to £5,000	38	30	64	27
£5,000 to £10,000	42	30	58	26
£10,000 to £15,000	29	21	43	18
£15,000 to £20,000	20	12	26	10
£20,000 to £30,000	26	11	35	11
£30,000 to £40,000	17	4	21	4
£40,000 to £50,000	11	2	9	1
Over £50,000	6	1	3	1
Not known ³	20	11	46	17
Total	208	122	306	115

¹ Excluding awards with underpayments or overpayments under £10. See "Small underpayments and overpayments" in the Introduction.

² For families not reporting 2007-08 incomes they are assumed to fall into the same bands as in 2006-07 for this table. These include "auto-renewal" families with awards at the family element of CTC, or tapered to zero, and who had to report 2007-08 incomes only if it would affect the entitlement.

³ Comprises families receiving out of work benefits not required to report incomes; and others, apart from "auto-renewal" cases, not reporting their 2007-08 incomes by April 2009, so their 2007-08 entitlement was still calculated using 2006-07 incomes.

⁴ Backdated awards made after 5th April 2008, or awards ceased by 5 April 2008. Based on information reported by 5 April 2009.

Note. The level of under or overpayment at 5 April 2008 for each award is based on the 2007-08 entitlement calculated from the family's circumstances and income in 2007-08 reported by April 2009.

Table 6 Finalised 2007-08 awards underpaid or overpaid at 5 April 2008, by combination of bands of family income in 2006-07 and 2007-08 (excluding terminated awards)

Thousands

	2006-07 income band								Total
	Under £5,000	£5,000 to £10,000	£10,000 to £15,000	£15,000 to £20,000	£20,000 to £30,000	£30,000 to £40,000	£40,000 to £50,000	Over £50,000	
2007-08 income band¹									
All awards									
Under £5,000	736	102	27	9	5	1	-	-	881
£5,000 to £10,000	221	595	86	21	11	2	1	1	938
£10,000 to £15,000	60	155	414	59	26	5	1	1	722
£15,000 to £20,000	18	33	122	280	66	9	2	1	530
£20,000 to £30,000	10	15	39	133	842	63	10	4	1,116
£30,000 to £40,000	2	3	6	12	173	798	36	9	1,038
£40,000 to £50,000	1	1	1	2	28	81	324	31	468
Over £50,000	-	1	1	1	9	31	81	157	281
Not known ²	526	-	-	-	-	-	-	-	526
Total	1,575	904	695	518	1,160	989	456	203	6,500
Awards underpaid at 5 April 2008³									
Under £5,000	62	52	18	7	4	1	-	-	144
£5,000 to £10,000	29	178	63	17	9	2	1	1	299
£10,000 to £15,000	12	30	119	44	21	4	1	1	232
£15,000 to £20,000	5	9	23	83	47	7	2	1	177
£20,000 to £30,000	3	5	11	30	134	22	4	2	211
£30,000 to £40,000	1	1	2	4	21	39	6	6	81
£40,000 to £50,000	-	-	-	1	3	7	20	23	54
Over £50,000	-	-	-	-	1	2	10	48	61
Not known	34	-	-	-	-	-	-	-	33
Total	147	275	238	185	240	84	43	81	1,292
Neither underpaid nor overpaid									
Under £5,000	542	32	6	1	1	-	-	-	582
£5,000 to £10,000	157	302	5	1	-	-	-	-	465
£10,000 to £15,000	39	97	192	2	1	-	-	-	330
£15,000 to £20,000	11	18	73	120	1	-	-	-	223
£20,000 to £30,000	6	8	20	73	547	25	4	1	684
£30,000 to £40,000	-	1	2	6	122	691	26	2	850
£40,000 to £50,000	-	-	-	-	21	65	285	6	377
Over £50,000	-	-	-	-	6	26	66	72	171
Not known ²	419	-	-	-	-	-	-	-	419
Total	1,175	457	299	203	699	807	381	81	4,103
Awards overpaid at 5 April 2008³									
Under £5,000	132	18	3	1	-	-	-	-	155
£5,000 to £10,000	34	116	18	3	1	-	-	-	173
£10,000 to £15,000	9	28	102	14	5	1	-	-	160
£15,000 to £20,000	2	6	25	77	17	2	-	-	130
£20,000 to £30,000	1	2	8	31	161	16	2	1	221
£30,000 to £40,000	1	1	1	3	30	67	4	1	109
£40,000 to £50,000	-	1	1	1	4	9	19	2	36
Over £50,000	-	-	1	1	3	3	5	37	49
Not known ²	73	-	-	-	-	-	-	-	72
Total	253	172	158	130	221	98	31	41	1,105

¹ For some families not reporting 2007-08 incomes they are assumed to fall into the same bands as in 2006-07. These include families with awards at the family element of Child Tax Credit, or tapered to zero, and who had to report 2007-08 incomes only if the change in income was sufficient to affect the size of the award.

² Comprises certain families receiving out of work benefits not required to report incomes, and those not reporting their 2007-08 incomes by April 2009, so their 2007-08 entitlement was still calculated using 2006-07 incomes.

³ Excluding awards with underpayments or overpayments under £10. See "Small underpayments and overpayments" in the Introduction.

Note. The level of under or overpayment at 5 April 2008 for each award is based on the 2007-08 entitlement calculated from the family's circumstances and income in 2007-08 reported by April 2009.

Technical Note

Data source, definition and quality

The figures in the table are derived from a scan of the tax credits computer system, taken in early April 2009. For each 2007-08 award, the scan contained the aggregate of each of (a) 2007-08 entitlement postings up to 5 April 2009, and (b) payments and other transactions for 2007-08 posted up to 5 April 2008 (but including, exceptionally, manual payments for 2007-08 issued in 2007-08 and posted during 2008-09). The sums of the posting amounts taken over all awards were consistent with separate aggregates derived from other scans of the system.

Payments received direct from claimants to settle 2007-08 overpayments identified in-year are included at (b) above if they were posted to accounts by 5 April 2009.

These data in the scan were generally those used to issue payments and award notices to tax credits claimants, and to recover overpayments. A small number of awards were handled clerically, and the computer system may have out of date or incorrect data. Some payments made in 2007-08 were not recorded on the computer system, such as manual payments issued in 2007-08 but not posted to accounts by April 2009. However, the numbers and amounts involved are extremely small.

By definition, the data exclude payments made after 5 April 2008, even if these were the sole cause of, or increased, 2007-08 overpayments as measured at a later date.

Incomes

The incomes in Tables 5 and 6 represent the taxable incomes of the family in the year (net of pension contributions), but excluding the first £300 of most income other than earnings and taxable social security benefits. The 2007-08 income used to taper the award is net of the first £25,000 of any increase over 2006-07. Awards are reduced by a proportion of the excess of this income over the relevant threshold. The incomes shown in Tables 5 and 6 are before deducting either the £25,000 disregard or the threshold.

Terminated awards

Terminated awards were identified as those with no entitlement sub-period in the scan used for the main publication "Child and Working Tax Credits. Finalised awards. 2007-08". Only such awards with positive payment postings are included in the tables.

Table 4

The analysis by position on the profile at 5 April 2008 was derived by linking the data in this scan with another data set giving this information. This second data set covers only a sample of one in ten awards to single adults and one in five awards to couples. The figures in this table are therefore subject to small sampling uncertainty

Appendix: 2003-04 to 2007-08 tax credit elements and thresholds

Annual rate (£), except where specified

	2003-04	2004-05	2005-06	2006-07	2007-08
Child Tax Credit					
Family element	545	545	545	545	545
Family element, baby addition ¹	545	545	545	545	545
Child element ²	1,445	1,625	1,690	1,765	1,845
Disabled child additional element ³	2,155	2,215	2,285	2,350	2,440
Severely disabled child additional element ⁴	865	890	920	945	980
Working Tax Credit					
Basic element	1,525	1,570	1,620	1,665	1,730
Couples and lone parent element	1,500	1,545	1,595	1,640	1,700
30 hour element ⁵	620	640	660	680	705
Disabled worker element	2,040	2,100	2,165	2,225	2,310
Severely disabled adult element	865	890	920	945	980
50+ return to work element ⁶					
16 but less than 30 hours per week	1,045	1,075	1,110	1,140	1,185
at least 30 hours per week	1,565	1,610	1,660	1,705	1,770
Childcare element					
Maximum eligible costs allowed (£ per week)					
Eligible costs incurred for 1 child	135	135	175	175	175
Eligible costs incurred for 2+ children	200	200	300	300	300
<i>Percentage of eligible costs covered</i>	70%	70%	70%	80%	80%
Common features					
First income threshold ⁷	5,060	5,060	5,220	5,220	5,220
<i>First withdrawal rate</i>	37%	37%	37%	37%	37%
Second income threshold ⁸	50,000	50,000	50,000	50,000	50,000
<i>Second withdrawal rate</i>	1 in 15	1 in 15	1 in 15	1 in 15	1 in 15
First income threshold for those entitled to Child Tax Credit only ⁹	13,230	13,480	13,910	14,155	14,495
Income increase disregard	2,500	2,500	2,500	25,000	25,000
Minimum award payable	26	26	26	26	26

¹ Payable to families for any period during which they have one or more children aged under 1.

² Payable for each child up to 31 August after their 16th birthday, and for each young person for any period in which they are aged under 19 and in full-time non-advanced education, or under 18 and in their first 20 weeks of registration with the Careers service or Connexions.

³ Payable in addition to the child element for each disabled child.

⁴ Payable in addition to the disabled child element for each severely disabled child.

⁵ Payable for any period during which normal hours worked (for a couple, summed over the two partners) is at least 30 per week.

⁶ Payable for each qualifying adult for the first 12 months following a return to work after 5 April 2003.

⁷ Income is net of pension contributions, and excludes Child Benefit, Housing benefit, Council tax benefit, maintenance and the first £300 of family income other than from work or benefits. The award is reduced by the excess of income over the first threshold, multiplied by the first withdrawal rate.

⁸ For those entitled to the Child Tax Credit, the award is reduced only down to the family element, plus the baby addition where relevant, less the excess of income over the second threshold multiplied by the second withdrawal rate.

⁹ Those also receiving Income Support, income-based Jobseeker's Allowance or Pension Credit are passported to maximum CTC with no tapering.