



**HM Revenue
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KAI Benefits & Credits

**Child and Working Tax Credits
Statistics**

**Finalised annual awards
2009-10**

**Supplement on payments in
2009-10**



A National Statistics Publication

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This issue, and issues back to 2003/04, can be found on the HMRC website:

<http://www.hmrc.gov.uk/stats/personal-tax-credits/menu.htm>

The next issue, for 2010/11, will be published in May 2012. The exact date will be announced in due course.

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Child and Working Tax Credits Statistics

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Introduction

What are tax credits?

Tax credits are a flexible system of financial support designed to deliver support as and when a family needs it, tailored to their specific circumstances. They are part of wider government policy to provide support to parents returning to work, reduce child poverty and increase financial support for all families. The flexibility of the design of the system means that as families' circumstances change, so (daily) entitlement to tax credits changes. This means tax credits can respond quickly to families' changing circumstances, providing support to those that need them most.

Tax credits are based on household circumstances and can be claimed jointly by members of a couple, or by singles. Entitlement is based on the following factors:

- age
- income
- hours worked
- number and age of children
- childcare costs
- disabilities

For further information about who can claim please refer to the HMRC website:

<http://www.hmrc.gov.uk/taxcredits/index.htm>

Tax Credits are made up of:

Child Tax Credit (CTC)

Brings together income-related support for children and for qualifying young people aged 16-19 who are in full time non-advanced education or approved training, into a single tax credit, payable to the main carer. Families can claim whether or not the adults are in-work.

Working Tax Credit (WTC)

Provides in-work support for people on low incomes, with or without children. It extends eligibility to in-work support to people who work 16 hours or more a week and;

- are aged at least 16 and are responsible for a child or young person,
- are aged at least 16 and are receiving or have recently received a qualifying sickness or disability related benefit and have a disability that puts them at a disadvantage of getting a job, or
- are over 50 and going back to work after being on a qualifying out-of-work benefit for at least six months.

Otherwise it is extended to people who are aged 25 and over who work 30 hours a week or more.

CTC is made up of the following elements,

- **Family element:** which is the basic element for families responsible for one or more children or qualifying young people, with a higher rate of family element known as the baby element to families with one or more children under one year old
- **Child element:** which is paid for each child or qualifying young person the claimant is responsible for
- **Disability element:** for each child or qualifying young person the claimant is responsible for if they get Disability Living Allowance for the child
- **Severe disability element:** for each child or qualifying young person the claimant is responsible for if they get Disability Living Allowance (Highest Care Component) for the child

Some out-of-work families with children do not receive CTC but instead receive the equivalent amount via child and related allowances in Income Support or income-based Jobseeker's Allowance (IS/JSA). These families are included in the figures, generally together with out-of-work families receiving CTC. In due course, they will be "migrated" to HMRC and paid via the tax credits system.

WTC is made up of the following elements,

- **Basic element:** which is paid to any working person who meets the basic eligibility conditions
- **Lone Parent element:** for lone parents
- **Second adult element:** for couples
- **30 hour element:** for individuals who work at least 30 hours a week, couples where one person works at least 30 hours a week or couples who have a child and work a total of 30 hours or more a week between them where one of them works at least 16 hours a week.
- **Disability element:** for people who work at least 16 hours a week and who have a disability that puts them at a disadvantage in getting a job and who are receiving or have recently received a qualifying sickness or disability related benefit
- **Severe disability element:** for people who are in receipt of Disability Living Allowance (Highest Care Component) or Attendance Allowance at the highest rate.
- **50 plus element:** for people aged 50 or over who are starting work for at least 16 hours a week after being on qualifying out-of-work benefits for at least 6 months
- **Childcare element:** for single people who work at least 16 hours a week or couples who both work at least 16 hours a week and who spend money on registered or approved childcare

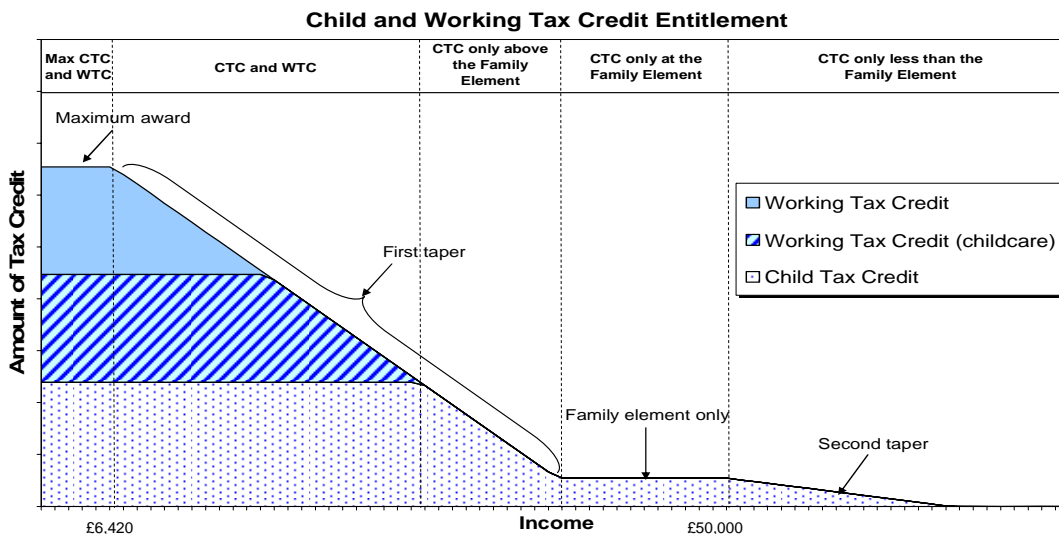
Tapering: is the amount of the award that will be reduced when the household income exceeds a given threshold. Tapering reduces WTC first, then CTC, then finally the Family Element

The amount of support an eligible family can receive (known as their *entitlement*) varies depending on their income and which tax credit elements they are eligible for. First, a family's maximum possible entitlement is worked out by adding up all the different elements of CTC and WTC they are eligible for (described on page 2).

A household's actual entitlement is then determined by tapering this maximum amount according to different thresholds. As demonstrated within the diagram below, in 2009-10 families eligible for the WTC received the full entitlement until their annual household income reached £6,420, after which the amount of tax credits they received was reduced by 39 pence (the 'first taper') for each additional £1 they earned beyond this threshold.

Once the WTC and child element have tapered out, there is a plateau (termed 'family element only') as the family element of the CTC does not begin to be tapered until annual household income exceeds £50,000 (2009-10), over which entitlement to tax credits is reduced by 6.67 per cent of income (the 'second taper') above that threshold.

If a household is out-of-work and therefore eligible for the CTC only, they will receive the full entitlement until their annual household income reaches £16,040 (2009-10). After this point, the amount of tax credits they receive is again reduced by 39 pence for each additional £1 of income beyond this threshold (note that this is not shown on the diagram below).



Because of the range of possible eligibilities and interactions between the elements, both the maximum award and the shape of the above award profile will be different for every family with different circumstances.

Tax Credits are based on household income. The income used to calculate the award is based on the families' income from the previous tax year, or on their most recently reported circumstances in-year. A family's tax credits award is provisional until finalised at the end of the year, when it is checked against their final income for the year. This publication relates to the finalised position of tax credit support.

What does this publication tell me?

The finalised awards are currently published in May around one year following completion of the entitlement year in question. The delay in publication is the result of the finalisation process built into the Tax Credits system. Most families have until *July 31st* following the end of the entitlement year to renew their award reporting their finalised income for the year in question. However, families that report income from Self-Assessment (e.g., the self-employed) have until *January 31st* of the following year to finalise their income. As a result, the full picture is not known until at least February the year after the entitlement year ends and consequently publication is delayed until May. These are National Statistics and the month of publication is pre-announced a year in advance in each publication.

Each release consists of four publications: the main publication, a supplementary payments publication, and the accompanying geographical publications. The statistics in this release include analysis at

- Country and English Government Office Region (GOR);
- Local Authority (LA);
- Westminster Parliamentary Constituency; and
- Scottish Parliamentary Constituency;

This series has been produced annually since the introduction of Tax Credits in April 2003.

Small Area Statistics

Estimates are also provided in a separate publication at Lower Super Output Area and Data Zone for England, Scotland and Wales. These statistics are available

here: <http://www.hmrc.gov.uk/stats/personal-tax-credits/ctc-small-areas.htm>

The small area statistics are based on the finalised award position, but using a family's circumstances as at 31st August rather than as an average across the year. This ensures that the statistics are directly comparable to other published small area statistics, such as Child Benefit.

Who might be interested?

The statistics contained in this publication will be of interest for anyone that is looking for the most comprehensive data on Tax Credits. Specifically, there are aggregate statistics on who is getting what level of tax credits support and the amount of that support, as well as breakdowns of both by various sub-categories - e.g., family composition, family income, work status, and geographical analyses. It may be of interest to academics, think-tanks, political parties interested in the twin aims of Tax Credits: eradicating child poverty and improving work incentives. Equally it may be of interest for people considering wider questions on government support systems and/or others designing benefit systems. Finally, the geographical analyses might be of interest at the more local level, giving some indication of the level of government support in each Government Office Region/Local Authority level.

Which publication should I use?

If you are interested in looking at the level of tax credits support or are content with less timely tax credit population statistics, use this finalised awards data publication. If you are more concerned with getting the latest up-to-date information about tax credit claimants, that may not align exactly with finalised data further down the line, use the provisional awards data. Sticking to the finalised award data will also mean the figures will align with other published data on Tax Credits such as information in HMRC's Departmental Accounts.

Provisional awards vs. finalised awards

It is important to recognise that the finalised awards statistics are not a revision of the provisional statistics. The provisional numbers relate to the caseload position at a snapshot point in time, based on the family circumstances we have been informed of by each family prior to that particular time. The finalised awards relate to the complete retrospective picture for the year, based on a finalised view of family incomes and circumstances. The caseload population will be different between the two publications as a result of HMRC knowing the complete finalised picture of the award.

At the start of the year, the tax credit award will be a provisional award reflecting the reported circumstances as at April 6th (the start of the tax year). Over the course of the year, a family's circumstances may or may not change. As and when a family's circumstances change, the provisional award is updated each time with the latest set of circumstances and a new provisional award re-calculated. It is only at finalisation (usually four to nine months after the end of the tax year) that the family's circumstances for the whole year are known and a finalised award can be calculated. As a result, the finalised award statistics are not available until around 12 months after the end of the entitlement year in question. Given this lag in availability of data, there is some value in looking at a snapshot of families' circumstances at any given time to give some indication of the level of support one might expect to see subsequently at finalisation.

To illustrate the difference, let us look at a family that has one change of circumstance throughout the year, moving from in-work to out-of-work in January of any one year:



The snapshot data looking at the provisional award in December will model entitlement for the whole year on the basis that the family is in-work for the whole year (since we do not know about the move out-of-work at that time). It is not until finalisation - and thereby in the finalised award data publication - that the family's entitlement will be modelled on the basis of 9 months in-work and 3 months out-of-work.

So the figures for provisional awards are more up to date, but are subject to retrospective change. The sizes of these changes can be seen by comparing the data for selected dates in finalised awards with data published earlier on provisional awards at the same snapshot dates. The provisional award data tables classify families according to the levels of their entitlement at the reference date, modelled from data on their circumstances and their latest annual incomes reported and processed by that date. The actual amount being received at that date can be lower, due to the recovery of earlier overpayments. The tables describe as "recipients" all families with positive modelled entitlement, though in some cases the payments are reduced to zero. For more details, see the Technical Note.

What information do the tables contain?

These tables show the number of 2009-10 awards, analysed by whether payments etc¹ for 2009-10 and issued in 2009-10 were lower or higher than the finalised entitlement. Such awards are described as underpaid or overpaid at 5 April 2010, respectively. Note that this is known only after awards are finalised.

Tables 1 and 2 show the high level number of awards and amount over and underpaid by type of award for 2009-10. Table 3 provides a breakdown by level of over and underpayment by type of award.

To produce the analysis for Table 4 we have matched to other sample data to provide the profile of the award (i.e. WTC and CTC, CTC only), this table shows the number and amounts of over and underpayments by family type and the award profile position.

The last two tables, Tables 5 and 6, go into further detail about the levels of income reported for 2009-10 and in Table 5 the number and amount of over and underpayments is provided broken down by the 2009-10 income band. Table 6 provides a comparison between the reported incomes in 2008-09 and 2009-10 for the entire tax credits population in 2009-10.

Geographical analyses

A separate publication gives analyses by region, local authority and parliamentary constituency, of the number of 2009-10 awards with underpayments and overpayments and their values.

¹ Payments are scored after adding back reductions made to recover earlier overpayments. Other transactions include the in-year direct recovery and remission of 2009-10 overpayments.

User Engagement

Bespoke analysis of tax credits data is possible although there may be a charge depending on the level of complexity and the resources required to produce. If you would like to discuss your requirements, to comment on the current publications, or for further information about the tax credits statistics please use the contact information at the beginning of this publication, or from the HMRC website:

http://www.hmrc.gov.uk/stats/update_calendar/enquiry_2.htm

We are committed to improving the official statistics we publish. We want to encourage and promote user engagement, so we can improve our statistical outputs.

We would welcome any views you have using the link to the feedback form below. We will undertake to review user comments on a quarterly basis and use this information to influence the development of our official statistics. We will summarise and publish user comments at regular intervals.

<http://www.hmrc.gov.uk/stats/user-engagement.htm>

National Statistics Review

We will be carrying out a formal review of our National Statistics publications, covering both Tax Credits (provisional and finalised) and Child Benefit.

It is likely that the 12-week consultation period will start in May 2011, a link to the questionnaire will be sent to current and potential users of our statistics, as well as being made available on a number of appropriate websites, including HMRC, ONS and NeSS.

If you would like to receive notification when the consultation begins, then please contact us using the details at the front of this publication.

Main aggregates

The figures in the top section of the following table relate to underpayments and overpayments in finalised 2009-10 awards at 5 April 2010 as recorded on the tax credits computer system, and the equivalent figures for 2003-04 to 2008-09. 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 awards	2004-05 awards	2005-06 awards	2006-07 awards	2007-08 awards	2008-09 awards	2009-10 awards
Underpaid awards¹							
Total number ('000)	713	906	886	838	1,292	1,489	1,601
Aggregate amount underpaid (£ million)	464	556	549	525	798	992	1,024
Overpaid awards¹							
Terminated awards ² ('000)	30	228	254	208	229	209	185
Aggregate amount overpaid (£ million)	8	395	378	307	306	279	261
Other awards ('000)	1,849	1,730	1,648	1,083	1,105	1,097	1,267
Aggregate amount overpaid (£ million)	1,923	1,300	1,195	646	635	638	969
Total number of overpaid awards ('000)	1,879	1,958	1,902	1,291	1,334	1,306	1,453
Total aggregate amount overpaid (£ million)	1,931	1,695	1,573	953	941	917	1,230
<i>Transactions excluded from the detailed tables³</i>							
<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>	<i>£0.05bn</i>	<i>£0.1bn</i>
<i>Total overpayments including these transactions³</i>							
<i>Terminated awards²</i>	<i>-</i>	<i>£0.4bn</i>	<i>£0.4bn</i>	<i>£0.3bn</i>	<i>£0.3bn</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>£0.7bn</i>	<i>£1.0bn</i>
Total overpayments	£2.2bn	£1.8bn	£1.7bn	£1.0bn	£1.0bn	£1.0bn	£1.3bn

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 Appendix A. These figures fall outside National Statistics

Table 1 Finalised 2009-10 awards; aggregate entitlement, payments and whether underpaid or overpaid at 5 April 2010

	No. of Awards (thousands)	Entitlement ⁴ for 2009-10 (£ million)	Net paid ¹ in 2009-10 (£ million)	Net overpayment at 5 April 2010 (£ million)
Awards underpaid²				
Made after 5 April 2010 and backdated	158	94	-	-94
Other	1,442	6,791	5,861	-930
Total awards underpaid²	1,601	6,884	5,861	-1,024
Awards neither underpaid nor overpaid	4,209	15,220	15,220	-
Awards overpaid²				
Terminated ³	185	-	261	261
Other	1,267	4,332	5,301	969
Total awards overpaid³	1,453	4,332	5,562	1,230
Total 2009-10 awards made³	7,262	26,437	26,642	206

¹ After adding back reductions to recover 2003-04 to 2008-09 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 Appendix A.

³ Excluding terminated awards with no overpayment at 5 April 2010. See Appendix A.

⁴ Different total 2009-10 entitlement figure to table 1.2 of 'Child and Working Tax Credits Finalised annual awards'. This is because this publication excludes out-of-work families receiving child support through DWP benefits, plus negligible timing differences in the running of each system scan.

Table 2 Families with finalised 2009-10 awards underpaid or overpaid at 5 April 2010

	Awards (thousands)	Net overpayment (£ million)
Awards underpaid¹		
Families with awards at 5 April 2010	1,367	-891
Awards made after 5 April 2010 and backdated	158	-94
Awards ceased during 2009-10	75	-39
Total awards underpaid¹	1,601	-1,024
Awards overpaid¹		
Terminated awards	185	261
Families with awards at 5 April 2010	912	804
Awards ceased during 2009-10	355	165
Total awards overpaid¹	1,453	1,230

¹ See footnote 2 to Table 1

Note. The level of under or overpayment at 5 April 2010 for each award is based on the 2009-10 entitlement calculated from the family's circumstances and income in 2009-10 reported by April 2011.

Table 3 Finalised 2009-10 awards underpaid or overpaid at 5 April 2010, by size of under or overpayment

Band of underpayment or overpayment	Underpaid awards¹ (thousands)	Underpayment at 5 April 2010 (£ million)	Overpaid awards¹ (thousands)	Overpayment at 5 April 2010 (£ million)
Terminated awards				
Up to £50	-	-	3	-
£50 to £100	-	-	9	1
£100 to £200	-	-	26	4
£200 to £500	-	-	35	11
£500 to £1,000	-	-	44	35
£1,000 to £2,000	-	-	33	48
£2,000 to £5,000	-	-	26	77
Over £5,000	-	-	9	85
Total terminated awards	-	-	185	261
Families with awards at 5 April 2010				
Up to £50	194	5	95	3
£50 to £100	154	11	98	7
£100 to £200	203	30	131	19
£200 to £500	318	105	198	66
£500 to £1,000	224	159	153	109
£1,000 to £2,000	173	244	130	182
£2,000 to £5,000	91	264	88	260
Over £5,000	11	73	20	157
Total families with awards at 5 April 2010	1,367	891	912	804
Other awards²				
Up to £50	30	1	53	2
£50 to £100	30	2	53	4
£100 to £200	40	6	72	10
£200 to £500	56	18	92	29
£500 to £1,000	40	29	45	32
£1,000 to £2,000	25	34	25	35
£2,000 to £5,000	11	32	13	38
Over £5,000	2	11	2	16
Total other awards²	233	133	355	165
All awards				
Up to £50	223	6	151	5
£50 to £100	184	14	160	12
£100 to £200	243	36	229	34
£200 to £500	374	123	326	107
£500 to £1,000	264	188	242	176
£1,000 to £2,000	198	278	188	265
£2,000 to £5,000	102	295	127	375
Over £5,000	13	84	32	258
Total all awards	1,601	1,024	1,453	1,230

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

² Awards not made, or ceased, by 5 April 2010.

Note. The level of under or overpayment at 5 April 2010 for each award is based on the 2009-10 entitlement calculated from the family's circumstances and income in 2009-10 reported by April 2011.

Table 4 Finalised 2009-10 awards underpaid or overpaid at 5 April 2010, by position on profile at that date (and as assessed at that date)

	Underpaid awards ¹ (thousands)	Underpayment at 5 April 2010 (£ million)	Overpaid awards ¹ (thousands)	Overpayment at 5 April 2010 (£ million)
Singles				
Terminated awards ²	-	-	107	180
Positive entitlement at 5/4/10				
Not in work with children	47	30	86	83
In work with children				
<i>WTC and CTC</i>	235	109	152	195
<i>CTC only, more than family element</i>	37	21	18	13
<i>CTC only, family element</i>	6	5	6	4
<i>CTC only, less than family element</i>	1	-	-	-
In work, no children (WTC only)	101	35	52	36
Entitlement at 5/4/10 but tapered to zero	14	8	30	11
Award ceased during 2009-10	40	18	205	99
Awards made after 5/4/10 and backdated	74	44	-	-
Total singles	555	271	656	621
Couples				
Terminated awards ²	-	-	78	81
Positive entitlement at 5/4/10				
Not in work with children	56	51	43	39
In work with children				
<i>WTC and CTC</i>	336	261	181	214
<i>CTC only, more than family element</i>	264	223	144	118
<i>CTC only, family element</i>	106	81	54	38
<i>CTC only, less than family element</i>	65	13	22	5
In work, no children (WTC only)	58	33	31	28
Entitlement at 5/4/10 but tapered to zero	41	20	93	20
Award ceased during 2009-10	35	21	150	66
Awards made after 5/4/10 and backdated	85	49	-	-
Total couples	1,045	753	797	609
All families				
Terminated awards ²	-	-	185	261
Positive entitlement at 5/4/10				
Not in work with children	103	82	130	122
In work with children				
<i>WTC and CTC</i>	571	370	333	409
<i>CTC only, more than family element</i>	301	244	162	131
<i>CTC only, family element</i>	112	86	60	42
<i>CTC only, less than family element</i>	66	13	22	5
In work, no children (WTC only)	159	68	83	63
Entitlement at 5/4/10 but tapered to zero	55	28	122	30
Awards ceased during 2009-10	75	39	355	165
Awards made after 5/4/10 and backdated	158	94	-	-
Total all families	1,601	1,024	1,453	1,230

¹ Excluding awards with underpayments or overpayments under £10. See "Small underpayments and overpayments" in Appendix A.² Includes awards terminated after 5 April 2010

Note. The level of under or overpayment at 5 April 2010 for each award is based on the 2009-10 entitlement calculated from the family's circumstances and income in 2009-10 reported by April 2011.

Table 5 Finalised 2009-10 awards underpaid or overpaid at 5 April 2010, by band of family income

2009-10 income band²	Underpaid awards¹ (thousands)	Underpayment at 5 April 2010 (£ million)	Overpaid awards¹ (thousands)	Overpayment at 5 April 2010 (£ million)
Families with awards at 5 April 2010				
Up to £5,000	93	73	115	123
£5,000 to £10,000	300	215	128	120
£10,000 to £15,000	275	202	141	107
£15,000 to £20,000	203	159	115	97
£20,000 to £30,000	263	164	195	174
£30,000 to £40,000	90	41	103	90
£40,000 to £50,000	61	17	34	32
Over £50,000	70	10	46	23
Not known ³	12	9	34	38
Total families with awards at 5 April 2010	1,367	891	912	804
Other awards⁴				
Up to £5,000	39	27	80	43
£5,000 to £10,000	53	37	73	39
£10,000 to £15,000	35	24	49	23
£15,000 to £20,000	22	15	28	14
£20,000 to £30,000	28	12	36	15
£30,000 to £40,000	17	4	22	5
£40,000 to £50,000	11	2	9	2
Over £50,000	6	1	3	1
Not known ³	22	12	54	25
Total other awards⁴	233	133	355	165
All awards				
Up to £5,000	133	100	195	166
£5,000 to £10,000	353	252	201	159
£10,000 to £15,000	311	226	190	130
£15,000 to £20,000	224	174	144	111
£20,000 to £30,000	291	176	231	188
£30,000 to £40,000	107	45	126	95
£40,000 to £50,000	72	19	43	33
Over £50,000	77	11	49	24
Not known ³	34	21	89	63
Total all awards	1,601	1,024	1,267	969

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

² For families not reporting 2009-10 incomes they are assumed to fall into the same bands as in 2008-09 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 2009-10 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 2009-10 incomes by April 2011, so their 2009-10 entitlement was still calculated using 2008-09 incomes.

⁴ Awards not made, or ceased, by 5 April 2010. Based on information reported by 5 April 2011.

Note. The level of under or overpayment at 5 April 2010 for each award is based on the 2009-10 entitlement calculated from the family's circumstances and income in 2009-10 reported by April 2010.

Table 6 Finalised 2009-10 awards underpaid or overpaid at 5 April 2010, by combination of bands of family income in 2008-09 and 2009-10

Thousands

2009-10 income band ¹	2008-09 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	
Awards underpaid at 5 April 2010³									
Under £5,000	54	38	21	9	6	2	1	1	133
£5,000 to £10,000	21	194	88	27	16	5	1	1	353
£10,000 to £15,000	9	32	168	59	32	8	2	2	311
£15,000 to £20,000	3	8	24	106	65	13	3	2	224
£20,000 to £30,000	2	4	10	27	190	45	8	5	291
£30,000 to £40,000	1	1	2	4	23	56	10	11	107
£40,000 to £50,000	-	-	-	1	3	7	25	37	72
Over £50,000	-	-	-	-	1	2	10	64	77
Not known	33	-	-	-	-	-	-	-	34
Total awards underpaid at 5 April 2010³	123	276	314	232	336	136	59	121	1,601
Neither underpaid nor overpaid									
Under £5,000	667	64	11	3	2	-	-	-	749
£5,000 to £10,000	162	389	9	2	2	-	-	-	565
£10,000 to £15,000	34	95	220	3	1	-	-	-	354
£15,000 to £20,000	9	17	64	122	2	-	-	-	214
£20,000 to £30,000	4	7	17	57	379	20	4	1	489
£30,000 to £40,000	-	-	2	5	69	692	28	3	800
£40,000 to £50,000	-	-	-	-	10	40	340	9	399
Over £50,000	-	-	-	-	2	15	34	76	128
Not known ²	511	-	-	-	-	-	-	-	511
Total neither underpaid nor overpaid	1,388	572	323	193	467	769	407	89	4,209
Awards overpaid at 5 April 2010³									
Under £5,000	157	30	6	1	1	-	-	-	195
£5,000 to £10,000	37	132	22	6	3	1	-	-	201
£10,000 to £15,000	8	28	121	21	10	2	1	-	-
£15,000 to £20,000	2	5	24	82	25	5	1	1	144
£20,000 to £30,000	1	2	7	24	160	29	6	2	231
£30,000 to £40,000	1	1	1	2	25	83	10	3	126
£40,000 to £50,000	-	-	1	1	3	9	25	3	43
Over £50,000	-	-	1	1	2	3	4	39	49
Not known ²	89	-	-	-	-	-	-	-	89
Total awards overpaid at 5 April 2010³	296	198	182	137	228	131	47	49	1,267
All awards									
Under £5,000	878	132	38	14	10	2	1	1	1,076
£5,000 to £10,000	221	714	119	35	21	5	1	1	1,118
£10,000 to £15,000	51	155	509	82	43	10	3	2	855
£15,000 to £20,000	14	31	113	310	91	18	4	2	583
£20,000 to £30,000	7	13	34	108	728	94	18	8	1,010
£30,000 to £40,000	2	2	5	10	116	830	49	17	1,032
£40,000 to £50,000	-	-	1	2	16	56	390	50	516
Over £50,000	-	-	1	1	5	20	48	178	253
Not known ²	634	-	-	-	-	-	-	-	634
Total all awards	1,808	1,047	819	562	1,031	1,036	514	259	7,077

¹ For some families not reporting 2009-10 incomes they are assumed to fall into the same bands as in 2008-09. These include families with awards at the family element of Child Tax Credit, or tapered to zero, and who had to report 2009-10 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 2009-10 incomes by April 2011, so their 2009-10 entitlement was still calculated using 2009-09 incomes.

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

Note. The level of under or overpayment at 5 April 2010 for each award is based on the 2009-10 entitlement calculated from the family's circumstances and income in 2009-10 reported by April 2011.

Appendix A: 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 2011. For each 2009-10 award, the scan contained the aggregate of each of (a) 2009-10 entitlement postings up to 5 April 2011, and (b) payments and other transactions for 2009-10 posted up to 5 April 2010 (but including, exceptionally, manual payments for 2009-10 issued in 2009-10 and posted during 2010-11). 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 2009-10 overpayments identified in-year are included at (b) above if they were posted to accounts by 5 April 2010.

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 2009-10 were not recorded on the computer system, such as manual payments issued in 2009-10 but not posted to accounts by April 2011. However, the numbers and amounts involved are extremely small.

By definition, the data exclude payments made after 5 April 2010, even if these were the sole cause of, or increased, 2009-10 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 2009-10 income used to taper the award is net of the first £25,000 of any increase over 2008-09. 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. 2009-10". Only such awards with positive payment postings are included in the tables.

Table 4

The analysis by position on the profile at 5 April 2010 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

How overpayments and underpayments arise

During 2009-10, 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 2009-10 incomes. Payments were then adjusted so that, as far as possible, the new calculated annual entitlement was paid over by 5 April 2010.

Most underpayments and overpayments arose through no 2009-10 incomes being reported until finalisation in 2010-11¹. They also arose when claimants failed to report changes of circumstances until after the year end; or when changes (or estimated 2009-10 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

2009-10 awards are described as "Terminated" if the families (a) failed to report by the specified date their actual 2008-09 incomes or other details, (b) according to the latest information, ceased to meet the qualifying conditions for tax credits² before the start of 2009-10, or (c) failed to return a signed 2009-10 award notice,

The entitlements of such awards are set to zero. The awards are included in the tables if payments for 2009-10 were made during 2009-10, and not fully recovered (and not remitted) in 2009-10; they are by definition overpaid at 5 April 2010.

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.

Disputed overpayments, remissions and recovery suspension

Overpayments remitted due to official error are included in the tables unless remitted by 5 April 2010. 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 2010.

Overpayments arising after the year end, and from unposted payments

The data used to compile the main tables exclude (a) manual payments issued in 2009-10 but not posted to customer accounts by 5 April 2011 and (b) payments and other transactions for 2009-10 made after that date.

Aggregates including these transaction, and the equivalent figures for 2003-04 to 2008-09, 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.

¹ Initial awards were based on 2008-09 incomes. The first £25,000 of any increase in income between then and 2009-10 was however disregarded.

² 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.

Small underpayments and overpayments

72 thousand awards were underpaid, and 31 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 2009-10, which is the same as the number of awards with positive entitlement averaged over the year. These tables cover all 2009-10 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 2010 and (b) other awards. The latter comprises awards terminated, ceased by 5 April 2010, or made only in 2010-11 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.

Appendix B: CTC and WTC elements and thresholds

	Annual rate (£), except where specified						
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Child Tax Credit							
Family element	545	545	545	545	545	545	545
Family element, baby addition ¹	545	545	545	545	545	545	545
Child element ²	1,445	1,625	1,690	1,765	1,845	2,085	2,235
Disabled child additional element ³	2,155	2,215	2,285	2,350	2,440	2,540	2,670
Severely disabled child additional element ⁴	865	890	920	945	980	1,020	1,075
Working Tax Credit							
Basic element	1,525	1,570	1,620	1,665	1,730	1,800	1,890
Couples and lone parent element	1,500	1,545	1,595	1,640	1,700	1,770	1,860
30 hour element ⁵	620	640	660	680	705	735	775
Disabled worker element	2,040	2,100	2,165	2,225	2,310	2,405	2,530
Severely disabled adult element	865	890	920	945	980	1,020	1,076
50+ return to work payment ⁶							
16 but less than 30 hours per week	1,045	1,075	1,110	1,140	1,185	1,235	1,300
at least 30 hours per week	1,565	1,610	1,660	1,705	1,770	1,840	1,935
Childcare element							
Maximum eligible costs allowed (£ per week)							
Eligible costs incurred for 1 child	135	135	175	175	175	175	175
Eligible costs incurred for 2+ children	200	200	300	300	300	300	300
Percentage of eligible costs covered	70%	70%	70%	80%	80%	80%	80%
Common features							
First income threshold ⁷	5,060	5,060	5,220	5,220	5,220	6,420	6,420
First withdrawal rate	37%	37%	37%	37%	37%	39%	39%
Second income threshold ⁸	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Second withdrawal rate	1 in 15	1 in 15	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	15,575	16,040
Income increase disregard	2,500	2,500	2,500	25,000	25,000	25,000	25,000
Minimum award payable	26	26	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 20 (under 19 to 2005-06) and in full-time non-advanced education, or under 19 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.