

TAX CREDITS UPDATE

What's next for
Child and Working
Tax Credit

Spring 2004

Renewing your claim – *what you need to know*

Welcome to the second issue of Tax Credits Update – a newsletter which keeps you up to date with all the latest news from the Inland Revenue about claiming Child and Working Tax Credit.

With the time approaching to renew your claim for 2004-05, this issue of Tax Credits Update tells you everything you'll need to know.

We explain what will happen next and show you examples of other people who will be renewing their claims and how they will go about it.

You don't need to contact us now as we will write to you again before July 2004 to explain exactly what you have to do. And don't worry, your payments will not stop after 5 April – you'll automatically continue to get payments while your award is renewed. If your circumstances change in the meantime, please contact us as soon as possible in the usual way.

Why do I need to renew my claim?

The current tax credits year runs from 6 April 2003 to 5 April 2004. After 5 April, you will need to renew your claim for 2004-05. We will also need to finalise your 2003-04 award and make sure you received the correct amount. There's no reason to worry that your payments will stop after 5 April – you'll automatically continue to receive payments while we renew your award. We will be sending out Annual Review Packs in stages between April and July, so don't worry if you don't receive yours straight away. And you won't lose out, whenever you receive your Pack, because you will continue to receive payments throughout the renewals process. Make sure when you get your Pack it doesn't get lost or forgotten.

The payments we make from April while you are renewing your claim may not take account of any overpayments, and therefore may differ from what you receive in March. And remember to tell us if your circumstances change so that your award is as up to date as possible. See the back page for more advice on changes you should tell us about and a full list of our contact details.

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What happens next

1

You do not need to do anything now. Wait for your Annual Review Pack to arrive in the post between April and July 2004. It will contain everything you need including a step by step guide. If you had more than one tax credit award in 2003-04, for example an individual award and an award jointly with your partner, you will receive more than one Pack between April and July 2004.

2

Even if an award you received ended before 5 April 2004, you will still get an Annual Review Pack and we will need to finalise your 2003-04 award.

3

From April, you should get together the documents you'll need to work out your income for 2003-04, like: your last payslip for 2003-04, self employment details, bank or building society details and anything else that may be relevant.

4

When you get your Pack, read the instructions carefully. Our examples in this newsletter will also help.

5

When we write to you, we'll tell you if you need to fill out any forms and when you'll need to return them. If you do, the next step is to give us the information we need and wait for your details to be processed - we'll aim to do this within 30 working days. You can also go online at www.inlandrevenue.gov.uk/taxcredits to renew your claim. We'll send you a statement to finalise your 2003-04 award, which will tell you whether the amount we paid you during the year was correct. We'll also send you an award notice (the amount due to you) for 2004-05 if you are renewing your claim.



John is a gardener and his wife Sandra is a cleaner. They have 2 children - Kate, 4, and Ben, 16 months. Between them they earn £12,000 a year, so they have been receiving Child Tax Credit and Working Tax Credit.

John and Sandra have kept us informed of any changes in their circumstances. Sandra's hours increased by 2 hours a week during the year, so we've included this change in the details we will send them.

They'll need to provide details of their income for 2003-04 on the form we'll send them, and return it in the envelope provided.

Within 6 weeks, they will each receive details of their joint award (the amount due to them) for 2004-05, at the new rate for that year. They will also receive a final award notice for 2003-04 confirming that the amount paid was correct.



Colin, a teacher, earns £30,000 a year and Estelle is a nurse earning £19,000. Their son Darrell is 6 and they have been receiving £545 Child Tax Credit.

They must check that the details on the forms we'll send them and the information about their award during the year are correct. Their personal circumstances have not changed significantly although Estelle has received a £700 a year pay rise. As their income still falls within the overall band shown on their forms, and because they receive only the £545 family element, they do not need to tell us about this change.

They should simply put the form in a safe place. Their award will be continued at the same rate for 2004-05.

Ian and Meena have 2 children - David and Megan. Until they separated last year, Ian received Working Tax Credit and Meena received Child Tax Credit. Meena later contacted us to tell us about the separation and that the children are living with her and Ian told us of his new address.

Meena was advised to make a fresh claim for Child Tax Credit as a lone parent, which she did.

When her forms arrive, she will need to check that the details are correct and that we have the right information about her circumstances during her award. If they are correct, she will fill in the form to give details of her income for the tax year and return it in the envelope provided.

When we have processed the information, Meena will receive details of her tax credits award (the amount due to her) for 2004-05 at the new rate for that year. She will also get a final award notice for 2003-04. In this case, Meena was underpaid, so the outstanding amount will be paid into her account.

By July 2004, Meena will receive the forms for the time when she and Ian were claiming as a couple. She must give the same income figures as she did before. Up to 30 working days later, Meena will receive another final award notice for 2003-04 showing that she and Ian received the correct amount of tax credits for that period. Ian will also need to complete the forms we'll send and will receive a final award notice of his own.



Don't forget to tell us if your circumstances change

As you'll already know, the tax credits you're claiming are based on your family circumstances and income. If any of your circumstances change, your entitlement may change too. And if we don't know about a change, the forms which you will be receiving in your tax credits Annual Review Pack will not have up to date details on them.

So, for example, if there's a change in your working hours or the number of children you are responsible for, it's very important you tell us because it might affect the amount of money you receive. Check the notes with your award notice to see what changes you need to tell us about, for example, changes in income. And remember, you must tell us within 3 months if:

- You stop paying for child care you have claimed for, or your costs go up or down by at least £10 a week
- You were claiming as an individual but are now living with your partner
- You were living with your partner but have now split up
- You or your partner leave the UK permanently or are away from the UK for at least 8 weeks (12 weeks if you go or remain abroad due to illness, or a member of your family is ill or has died)

Also, if you move house, please tell us about your change of address as soon as possible to ensure that we know where to contact you and where to send your Annual Review Pack. If we can't send your Pack, we may have to suspend your payments until you contact us.

Getting in touch with us

Please let us know about any change of circumstances now. And remember, you don't need to contact us about renewing your claim, simply wait for your Pack to arrive between April and July 2004.

If you have access to the Internet, you can now tell us online about any change in your circumstances. Visit our website at www.inlandrevenue.gov.uk/taxcredits to register for Tax Credits Online.

The Helpline numbers are shown below. There are also numbers for people with speech or hearing difficulties who use a textphone.

If you live in Great Britain

Phone 0845 300 3900
Textphone 0845 300 3909

If you live in Northern Ireland

Phone 0845 603 2000
Textphone 0845 607 6078

The Tax Credits Helpline is open from 8am to 8pm, every day including weekends (except Christmas Day, Boxing Day, New Year's Day and Easter Sunday).

You can write to us at the addresses below:

If you live in Great Britain

Inland Revenue, Tax Credit Office,
PRESTON, PR1 0SB.

If you live in Northern Ireland

Inland Revenue, Tax Credit Office,
Dorchester House,
52-58 Great Victoria Street,
BELFAST, BT2 7WF.

You will need to quote your National Insurance number, and your partner's if you have claimed jointly.