



INLAND REVENUE
Analysis and Research

Working Families' Tax Credit Statistics

Summary Statistics

**United Kingdom
February 2003**

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Introduction

Working Families' Tax Credit (WFTC) was a tax credit available to families with at least one adult in remunerative work for at least 16 hours per week, and who were responsible for at least one child under 16 (under 19 if in full-time education up to A-level or equivalent standard). It was payable to two-parent and one-parent families.

WFTC replaced Family Credit (FC) from 5 October 1999. Time series of the number of families receiving WFTC and FC are also shown, but for dates before November 1997 figures are available only for such cases dealt with by the Great Britain office (that is, excluding cases dealt with by the Northern Ireland office).

The figures for February 2003 are derived from an analysis of all awards current at 28 February 2003. They are based on an extract taken about three months later.

Special note

Numbers of recipients

Awards of WFTC covered 26 weeks. For awards terminating before December 2002, recipients could apply for renewal awards, and the number of recipients increased to the extent that the number with new awards exceeded the number not renewing.

To ensure a smooth transition to Child Tax Credit and Working Tax Credit at April 2003, all WFTC awards terminating from Monday 2 December 2002 were automatically extended to 7 April 2003, without any reassessment of the applicants' circumstances or incomes. This meant that the growth in the number of recipients after 2 December 2002 equalled the number of new awards, without any offsetting numbers falling out of receipt. This explains the larger than normal growth in the number of recipients between November 2002 and February 2003 shown in Table 1.

Detailed tables

The WFTC Quarterly Enquiries, which were produced for reference dates up to November 2002, contained detailed tables analysing recipients in terms of their family composition, income etc near the start of the current award.

With the automatic extension of awards, for an increasing number of recipients the latest available data about the family was that reported near the start of the previous award, not the current award. Analyses of recipients similar to those published in the Quarterly Enquiries would therefore be partly based on out of date data, and the tables would be inconsistent with those published earlier. This publication therefore contains updates of only Tables 1.1 and 1.2 from the previous Quarterly Enquiries.

Tables 1 & 2

These tables show back quarterly series for the number of recipients of Family Credit and Working Families' Tax Credit, and their average weekly awards.

For dates up to August 1999, the awards are of Family Credit.

For November 1999 and February 2000, the recipient families are a mixture of Family Credit and Working Families' Tax Credit recipients. Family Credit recipients are those with awards starting up to 30 September 1999 and still current at the reference date.

From May 2000, all the awards are of Working Families' Tax Credit.

From May 2001, the figures initially published for each reference date have been based on extracts covering all awards current at the reference date according to data available three months later. They are consistent with the figures published in the geographical publications with the same reference dates.

For earlier dates the figures were estimates based on data for a 5 per cent sample of all awards in Great Britain, and all awards in Northern Ireland, again extracted about three months later.

To provide consistent estimates over the change of source, figures for May 2001 were compiled on both bases. The differences are due to sampling error in the sample estimates (see Appendix A).

The final figures, shown here for months up to November 2002, are slightly different to those initially published. They take into account awards made, disallowances and changes to termination dates that occurred after the data for the initially published figures were extracted. The sizes of the changes are estimated by analysing the 5 per cent sample of all awards (all awards in Northern Ireland) extracted six months after the reference date.

Table 1: FC/WFTC recipients by family type, May 1988 - February 2003.

| | <i>United Kingdom; thousands</i> | | | | | |
|---|----------------------------------|--------------|------------------------------|--------------|------------------------------|--------------|
| | All cases | | Couples | | Lone parents | |
| | GB office¹ | Total | GB office¹ | Total | GB office¹ | Total |
| Based on 5 per cent sample for Great Britain² | | | | | | |
| May-88 | 261.0 | - | 187.4 | - | 73.6 | - |
| May-89 | 303.0 | - | 188.6 | - | 114.4 | - |
| May-90 | 315.2 | - | 193.3 | - | 121.9 | - |
| May-91 | 346.6 | - | 214.9 | - | 131.7 | - |
| May-92 | 396.7 | - | 236.9 | - | 159.8 | - |
| May-93 | 488.3 | - | 280.7 | - | 207.5 | - |
| May-94 | 550.9 | - | 315.0 | - | 235.9 | - |
| May-95 | 607.6 | - | 339.5 | - | 268.1 | - |
| May-96 | 693.0 | - | 387.8 | - | 305.2 | - |
| May-97 | 747.7 | - | 406.3 | - | 341.4 | - |
| Aug-97 | 758.0 | - | 407.2 | - | 350.8 | - |
| Nov-97 | 766.1 | 789.8 | 399.0 | 412.7 | 367.1 | 377.1 |
| Feb-98 | 760.5 | 783.9 | 390.9 | 404.4 | 369.6 | 379.5 |
| May-98 | 767.1 | 790.4 | 390.3 | 403.7 | 376.9 | 386.7 |
| Aug-98 | 783.0 | 808.1 | 393.5 | 406.9 | 389.5 | 401.2 |
| Nov-98 | 790.7 | 814.1 | 389.3 | 402.1 | 401.4 | 412.0 |
| Feb-99 | 789.1 | 815.6 | 388.7 | 403.3 | 400.3 | 412.3 |
| May-99 | 790.9 | 821.3 | 387.1 | 403.7 | 403.8 | 417.6 |
| Aug-99 | 786.4 | 817.0 | 379.1 | 395.8 | 407.3 | 421.1 |
| Nov-99 | 930.9 | 965.3 | 448.8 | 467.6 | 482.1 | 497.8 |
| Feb-00 | 989.3 | 1,025.9 | 480.0 | 500.0 | 509.2 | 526.0 |
| May-00 | 1,024.0 | 1,061.4 | 493.3 | 513.4 | 530.7 | 548.0 |
| Aug-00 | 1,089.7 | 1,129.1 | 527.2 | 548.5 | 562.4 | 580.6 |
| Nov-00 | 1,126.3 | 1,167.8 | 543.0 | 565.9 | 581.5 | 601.8 |
| Feb-01 | 1,182.0 | 1,225.7 | 574.8 | 598.3 | 607.3 | 627.3 |
| May-01 | 1,214.8 | 1,259.5 | 593.5 | 617.6 | 621.3 | 642.0 |
| Based on all awards² | | | | | | |
| May-01 | 1,206.9 | 1,251.4 | 591.3 | 615.2 | 615.5 | 636.1 |
| Aug-01 | 1,226.0 | 1,271.0 | 593.5 | 617.4 | 632.5 | 653.6 |
| Nov-01 | 1,247.7 | 1,293.7 | 593.2 | 617.2 | 654.4 | 676.5 |
| Feb-02 | 1,269.9 | 1,316.9 | 601.7 | 626.0 | 668.2 | 690.9 |
| May-02 | 1,293.7 | 1,341.2 | 610.8 | 635.0 | 682.9 | 706.2 |
| Aug-02 | 1,307.5 | 1,355.5 | 611.8 | 636.1 | 695.7 | 719.4 |
| Nov-02 | 1,327.7 | 1,377.3 | 615.0 | 639.8 | 712.8 | 737.6 |
| Feb-03 ³ | 1,427.5 | 1,480.4 | 666.9 | 693.5 | 760.6 | 786.9 |

¹ Cases dealt with by the Northern Ireland tax credit office are excluded from the "GB office" series.

² See introduction to this section

³ These figures are affected by automatic extension of awards terminating from 2nd December 2002

See the special note

Table 2 : Average FC/WFTC award by family type, May 1988 - February 2003.*United Kingdom; £ per week*

| | All cases | | Couples | | Lone parents | |
|---|------------------------|-------|------------------------|-------|------------------------|-------|
| | GB office ¹ | Total | GB office ¹ | Total | GB office ¹ | Total |
| Based on 5 per cent sample for Great Britain² | | | | | | |
| May-88 | 28.31 | - | 28.41 | - | 28.05 | - |
| May-89 | 25.55 | - | 24.52 | - | 27.24 | - |
| May-90 | 28.23 | - | 27.54 | - | 29.31 | - |
| May-91 | 31.32 | - | 30.69 | - | 32.36 | - |
| May-92 | 37.69 | - | 36.50 | - | 39.45 | - |
| May-93 | 43.34 | - | 41.23 | - | 46.19 | - |
| May-94 | 47.09 | - | 45.05 | - | 49.82 | - |
| May-95 | 50.17 | - | 48.38 | - | 52.44 | - |
| May-96 | 55.41 | - | 54.72 | - | 56.29 | - |
| May-97 | 57.85 | - | 57.44 | - | 58.33 | - |
| May-98 | 59.21 | 59.31 | 58.94 | 59.15 | 59.49 | 59.48 |
| May-99 | 62.85 | 62.99 | 63.28 | 63.55 | 62.43 | 62.45 |
| Aug-99 | 62.89 | 63.03 | 63.25 | 63.52 | 62.55 | 62.56 |
| Nov-99 | 66.05 | 66.20 | 63.80 | 64.11 | 68.14 | 68.16 |
| Feb-00 | 70.61 | 70.77 | 67.40 | 67.73 | 73.64 | 73.67 |
| May-00 | 73.13 | 73.28 | 69.64 | 69.95 | 76.38 | 76.40 |
| Aug-00 | 76.72 | 76.86 | 73.33 | 73.63 | 79.89 | 79.91 |
| Nov-00 | 80.79 | 80.92 | 77.29 | 77.57 | 84.05 | 84.08 |
| Feb-01 | 79.43 | 79.58 | 75.20 | 75.48 | 83.44 | 83.48 |
| May-01 | 79.41 | 79.57 | 74.75 | 75.04 | 83.87 | 83.93 |
| Based on all awards² | | | | | | |
| May-01 | 79.54 | 79.69 | 75.10 | 75.39 | 83.79 | 83.85 |
| Aug-01 | 82.04 | 82.18 | 77.35 | 77.62 | 86.43 | 86.48 |
| Nov-01 | 83.82 | 83.96 | 78.89 | 79.15 | 88.29 | 88.36 |
| Feb-02 | 83.00 | 83.14 | 77.95 | 78.19 | 87.55 | 87.62 |
| May-02 | 83.59 | 83.74 | 78.27 | 78.53 | 88.34 | 88.41 |
| Aug-02 | 85.67 | 85.82 | 80.07 | 80.32 | 90.60 | 90.68 |
| Nov-02 | 86.63 | 86.78 | 80.54 | 80.79 | 91.87 | 91.98 |
| Feb-03 ³ | 86.19 | 86.33 | 79.65 | 79.87 | 91.93 | 92.03 |

¹ Cases dealt with by the Northern Ireland tax credit office are excluded from the "GB office" series.² See introduction to this section³ These figures are affected by automatic extension of awards terminating from 2nd December 2002.

See the special note

Working Families' Tax Credit

Rates and thresholds, 1999-00 to 2002-03¹

| | | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
|---|------------|---------|--------------------|---------------------|---------------------|
| Basic tax credit | £ per week | 52.30 | 53.15 | 59.00 ⁸ | 62.50 ¹⁰ |
| 30-hour tax credit | £ per week | 11.05 | 11.25 | 11.45 | 11.65 |
| Child tax credit | | | | | |
| Under 11 | £ per week | 19.85 | 25.60 ⁷ | 26.00 | 26.45 |
| 11-16 ² | £ per week | 20.90 | 25.60 ⁷ | 26.00 | 26.45 |
| 16-18 ² | £ per week | 25.95 | 26.35 | 26.75 | 27.20 |
| Disabled child tax credit ³ | £ per week | - | 22.25 | 30.00 | 35.50 |
| Enhanced disability tax credit | | | | | |
| Lone parent or couple | £ per week | - | - | 16.00 | 16.25 |
| Child ⁴ | £ per week | - | - | 41.05 | 46.75 |
| Childcare tax credit | | | | | |
| Maximum costs allowed | | | | | |
| 1 child ⁵ | £ per week | 100.00 | 100.00 | 135.00 ⁹ | 135.00 |
| 2+ children ⁵ | £ per week | 150.00 | 150.00 | 200.00 ⁹ | 200.00 |
| Percentage of allowed childcare costs in credit | | 70% | 70% | 70% | 70% |
| Savings | | | | | |
| Amount disregarded | £ | 3,000 | 3,000 | 3,000 | 3,000 |
| £1 per week income assumed per additional: | £ | 250 | 250 | 250 | 250 |
| Upper limit | £ | 8,000 | 8,000 | 8,000 | 8,000 |
| Reduction of award through income ⁶ | | | | | |
| Income threshold | £ per week | 90.00 | 91.45 | 92.90 | 94.50 |
| Income taper rate | | 55% | 55% | 55% | 55% |
| Minimum award | £ per week | 0.50 | 0.50 | 0.50 | 0.50 |

Notes:

- 1 The rates apply to awards starting from the first Tuesday after 5 April in each year, unless otherwise stated.
- 2 These rates apply to awards starting from the September following the child's relevant birthday.
- 3 Payable in addition to the child tax credit. Available only in awards starting from October 2000.
- 4 Payable instead of the disabled child tax credit.
- 5 Number of children for whom eligible childcare costs are incurred.
- 6 Income is net of tax, national insurance contributions and half of pension contributions, and excludes Child benefit, Housing benefit, Council tax benefit, maintenance and investment income. The award is reduced by the excess of income over the threshold, multiplied by the income taper rate.
- 7 For awards starting from 6 June 2000. £21.25 for awards starting during April and May 2000
- 8 For awards starting from 5 June 2001. £5.00 lower for awards starting during April and May 2001
- 9 For awards starting from 5 June 2001. The 2000-01 level for awards starting during April and May 2001.
- 10 For awards starting from 4 June 2002. £2.50 lower for awards starting during April and May 2002