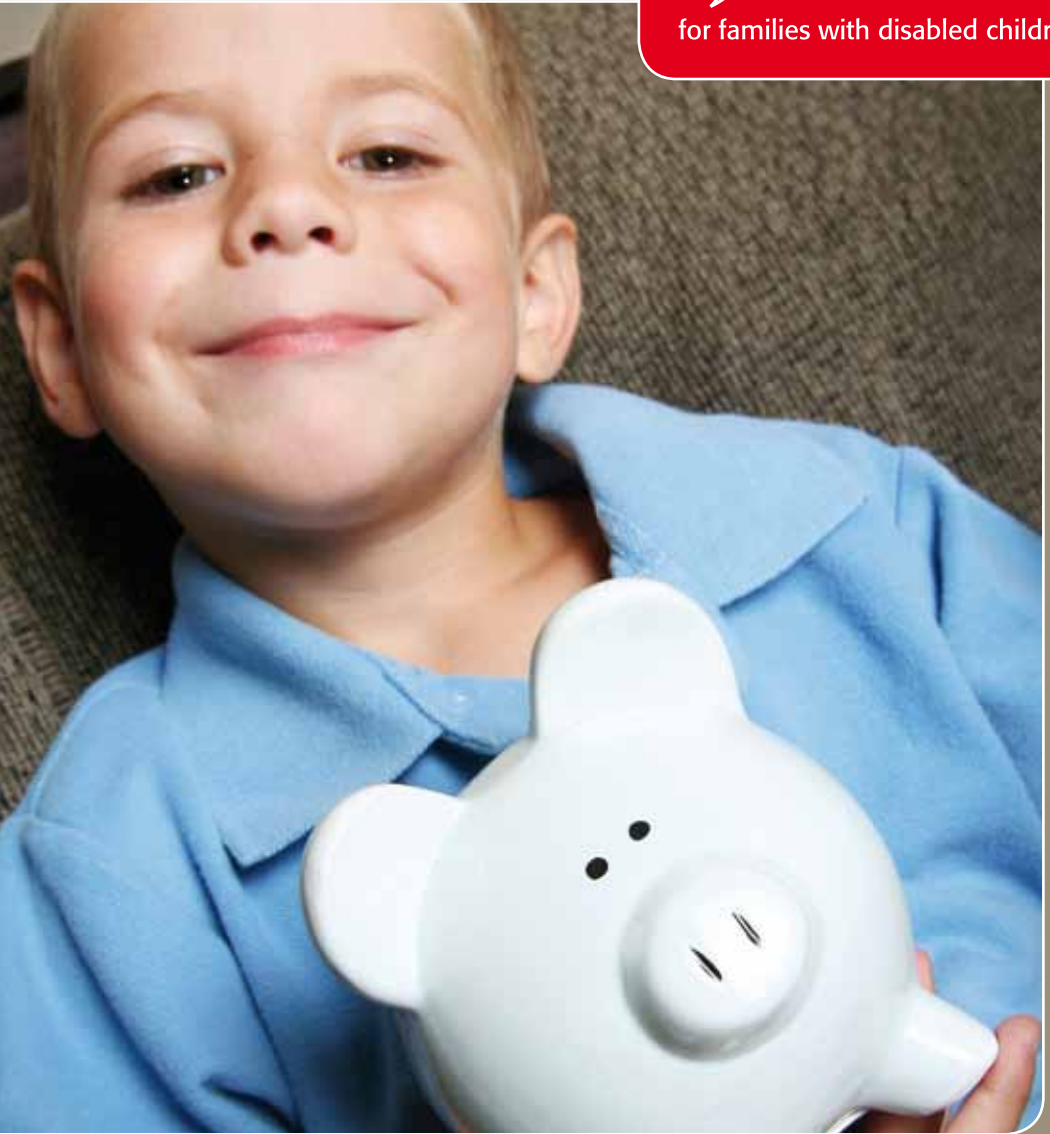


contact a family
for families with disabled children



Child Tax Credit and families on Income Support

Information for families

UK

Incorporating **The Lady Hoare Trust**

Introduction

Parents who have been on Income Support since 2004 are currently able to choose whether to claim Child Tax Credit (CTC) or not. However, the government intends to start automatically paying CTC to parents on Income Support. This is expected to happen at some point before 2012.

This short guide looks at how payment of the CTC will affect families whose Income Support includes amounts for their children. The same rules will also apply to families receiving amounts for children via income-based Jobseeker's Allowance.

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What is Child Tax Credit (CTC)?

CTC is a means tested benefit that can be claimed by anyone with a dependent child. You can apply regardless of whether you work or not and it is paid in addition to Child Benefit. The amount of CTC you receive depends on your personal circumstances, including the number of children you have and whether or not they have a disability.

Can I get both CTC and Income Support?

Once you start to receive CTC, your Income Support award will be reassessed. Your new Income Support calculation will only include amounts for yourself and your partner, if you have one. You will no longer receive any Income Support

payments for children as these will be replaced by CTC. Most parents will continue to receive Income Support at a reduced rate. However, some families may find that they no longer receive Income Support once payments for their children are removed.

If my award of Child Tax Credit takes me off Income Support, will I also stop getting other types of help?

If you stop receiving Income Support, your Housing Benefit and Council Tax Benefit will need to be reassessed. The amount of any new rebates will depend on your income, including the CTC payment. You should still qualify for help with NHS costs so long as you are on CTC

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and your annual taxable income does not go above an annual threshold (currently £15,276). You will also remain entitled to free school meals so long as you get CTC, neither you nor any partner work 16 hours or more a week, and your annual taxable income remains below £16,190.



CTC is a means tested benefit that can be claimed by anyone with a dependent child. You can apply regardless of whether you work or not and it is paid in addition to Child Benefit.

However, you will no longer be able to apply for community care grants or budgeting loans from the Social Fund.

Example A – family remaining on Income Support following a CTC award

Mr and Mrs Khan have two children, one of whom qualifies for the care component of DLA at the middle rate. Mrs Khan receives Child Benefit of £33.70 per week and Carer's Allowance of £53.90 per week. The family also receives Income Support of £229.82. This is a total income of £317.42 per week. They get full rent and council tax rebates.

At some point, Mrs Khan will start to be paid CTC of £150.92 per week for her two children. She will continue to receive Carer's Allowance and Child Benefit as before. However, their Income Support will be reassessed. Because they no longer receive Income Support amounts for children, it will be paid at a lower rate of £78.90 per week. The family's total income will continue to be £317.42 a week and they will still receive the same rent and council tax rebates as before.



When will I start to be paid CTC?

In the future, parents on Income Support will automatically be awarded CTC. This is expected to happen at some point before 2012. If you want, you can choose to claim CTC now rather than wait to be transferred. Some parents may be better off choosing to move onto CTC now. This is particularly likely for certain groups such as students with children, and families who receive a residence order allowance or who get adoption payments after they have adopted. However, whether you would be any better off by opting to claim CTC now will always depend on your own individual circumstances and you should always seek detailed advice.

The government expects that, as a result of getting CTC, most parents will either be better off or they will see no change in

their total weekly income. However there may also be a few parents who could end up worse off. This may happen in a very small number of those cases where a family currently receives help with mortgage interest via Income Support. If an award of CTC takes you off Income Support, you may find that the council tax you start paying exceeds the extra income received from CTC. In that case you should consider applying to your Local Authority for a 'discretionary housing payment' to increase the amount of help you receive towards your council tax.

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Example B – family coming off Income Support following a CTC claim

Mrs Green is a lone parent with one child aged five. That child qualifies for the care component of Disability Living Allowance at the middle rate. Mrs Green works 10 hours per week earning £90. She also gets Child Benefit of £20.30 per week, Carer's Allowance of £53.90 per week and Income Support of £77.51 per week. This is a total of **£241.71 per week**. She receives full rent and Council Tax rebates.

At some point, Mrs Green will start to be paid £106.63 CTC per week. She will continue to get Carer's Allowance and Child Benefit as before. However, her Income Support award will stop.

Her total weekly income will go up to **£270.83 per week**, an increase of £29.12. However, her Housing Benefit and Council Tax Benefit will be reassessed. She will need to pay £2.48 per week towards rent and 76p per week towards Council Tax. She should remain entitled to full help with NHS costs and school meals.

Claiming Income Support as a lone parent

Some lone parents stop getting Income Support when their youngest child turns 10 years old (this will change to seven years old from October 2010). If this applies to you, it may be necessary to sign on and claim Jobseeker's Allowance instead. The new Jobseeker's Allowance will only include amounts for you (and any partner), so you would also need to make a claim for Child Tax Credit at the same time. Please note that these rules should not apply to any lone parent who is eligible to claim Income Support on alternative grounds, for example as a carer. Unlike other lone parents, carers can continue to get Income Support rather than Jobseekers Allowance, regardless of the age of their children. If you are a lone parent who cares for someone receiving DLA care component at the middle or highest rate (or

Attendance Allowance at any rate), and you are told that your Income Support will stop because of your child's age, please seek urgent advice from our free Helpline.

Contact a Family produces a range of guides including 'Benefits, Tax credits and other financial assistance' and 'The Tax Credits guide'. For copies and to find out about other guides, call the Contact a Family Helpline

Further information

If you would like detailed information about how a CTC award will affect you, please call the Contact a Family Helpline Tel: 0808 808 3555 (Mon–Fri, 10am–4pm; Mon 5.30–7.30pm) e-mail: helpline@cafamily.org.uk

Figures used in this guide

The figures used in this guide are based on benefit rates announced by the government for the year April 2010–2011. However, there is a possibility that the government may make additional increases to benefit and tax credit rates during 2010. Contact our helpline for up to date information about whether any of the figures used in this publication have changed.

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Getting in contact with us

Free helpline for parents and families

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Mon, 5.30–7.30pm

Access to over 100 languages

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Other information booklets available

This guide is one of a series produced for parents and groups concerned with the care of disabled children. A full list of Contact a Family publications is available on request or can be downloaded from our website www.cafamily.org.uk

- A guide to claiming Disability Living Allowance for your disabled child (UK)
- Benefits, tax credits and other financial assistance (UK)
- The tax credits guide (UK)
- Working (UK)
- Help with council tax bills (England, Scotland and Wales)
- Disabled children's services in England and Wales (England & Wales)
- Getting direct payments for your disabled child (England & Wales)
- Preparing for adult life and transition (England & Wales)

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