

**JOBSEEKERS ALLOWANCE AND INCOME SUPPORT –
NEW TAX CREDITS – MISCELLANEOUS AMENDMENTS**

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INTRODUCTION

- 1 This memo gives guidance on miscellaneous changes to the regulations following the introduction of New Tax Credits (NTCs) and where noted amends some of the guidance given in Memo DMG Vol JSA/IS 34 issued in March 2003. The amendments are introduced by the Social Security (Working Tax Credit and Child Tax Credit)(Consequential Amendments)(No 3) Regulations 2003¹ [SI 2003 No. 1731] which come into force on 8.8.03.

1 SS (WTC & CTC)(Cgl Amdts)(No 3) Regs 2003

INCOME

Date on which WTC or CTC is treated as paid

- 2 This guidance replaces that previously given in paragraphs 12-13 of Memo DMG Vol JSA/IS 34 about the date on which WTC or CTC is treated as paid. The amendments mean that from 8.8.03 DMs should follow the guidance in paragraph 3 below.
- 3 WTC or CTC should be treated as paid¹
1. where the award of that tax credit begins on the first day of a benefit week, on that day **or**

2. on the first day of the benefit week that follows the date the award of tax credit begins **or**
3. on the first day of the first benefit week that follows the date an award of IS/JSA(IB) begins, if later,

until the last day of the last benefit week that coincides with or immediately follows the last day for which the award of that tax credit is made.

1 SS (WTC & CTC)(Cgl Amdts)(No 3) Regs 2003, reg 2(2) & reg 4; IS (Gen) Regs, reg 31(3); JSA Regs, reg 96(3)

Note From 6.4.03 where a tax credit customer declares on the tax credit claim form that they are receiving or have claimed IS/JSA(IB) the IR will start the tax credit award from a date later than the date of claim. This date is known as the future effective date (FED).

Example 1

Susan makes a claim for JSA(IB) on Monday 1.9.03 for herself and her son James. Her benefit week ends on a Wednesday. She is already in receipt of CTC of £10.43 a week (paid every Tuesday). When she claims JSA(IB) on Monday 1.9.03 she also notifies the IR about her change of circumstances.

On Monday 8.9.03 the IR award Susan the maximum CTC for her family circumstances of £38.08 a week to start from Monday 1.9.03.

The DM supersedes the awarding decision and takes £38.08 a week into account. The new decision is effective from Thursday 4.9.03 because that is the first day of the first benefit week that follows the date Susan's entitlement to JSA(IB) begins.

Example 2

Arnold is claiming JSA(IB) for himself and his partner Marie. His benefit week ends on a Thursday.

On Tuesday 16.9.03 Marie's daughter Alice returns to live with them and Arnold claims an increase of JSA(IB) for her and Marie makes a claim for CTC.

On Monday 22.9.03 the IR award Marie the maximum amount of CTC payable for Alice (£10.43 family element and £27.65 = £38.08) from a future effective date and confirm that the award will start from Wednesday 8.10.03.

The DM supersedes the awarding decision for an anticipated relevant change of circumstances and takes £38.08 a week CTC into account. The new decision is effective from Friday 10.10.03, because that is the first day of Arnold's benefit week that follows the date the award of CTC begins.

Example 3

Mary claims JSA(IB) for herself, her partner John and their son James. Mary's partner John works part-time 20 hours a week and receives WTC of £58 a week paid monthly with his wages. Mary's benefit week ends on a Wednesday.

On Mon 18.8.03 Mary notifies the DM and the IR that John's part-time work has ended on Friday 15.8.03 and his final wage will be paid on Friday 22.8.03.

On Thursday 21.8.03 the IR confirm that John's award of WTC will end on Friday 15.8.03.

John's award of WTC ended on Friday 15.8.03. The DM supersedes the decision to take WTC into account. The new decision is effective from 21.8.03. WTC of £58 is taken into account until Wednesday 20.8.03 because that is the last day of Mary's benefit week that immediately follows the last day for which the award of WTC is made. WTC is no longer taken into account from Thursday 21.8.03.

TRANSITIONAL ARRANGEMENTS

Child Tax Credit

- 4 This guidance expands on that given in paragraphs 18-19 of Memo DMG Vol JSA/IS 34 which explained that where a claimant or partner makes a claim for CTC, DMs should treat the claimant's income as including an amount equal to the amount of CTC to which they or their partner are entitled, for a specified period.
- 5 The amendments clarify¹ that the period specified at paragraph 19 of Memo DMG Vol JSA/IS 34 is subject to the rules about the date on which WTC or CTC is treated as paid, as explained at paragraph 3 of this memo.

1 SS (WTC & CTC)(Cql Amdts)(No 3) Regs 2003, reg 6(2)(a) & (3)(a); SS (WTC & CTC)(Cql Amdts) Regs 2003, reg 7(1) & 8(1)

- 6 This means that the example that followed paragraph 19 of Memo DMG Vol JSA/IS 34 is no longer correct. The following example illustrates how the rules should be applied from 8.8.03.

Example

Gary makes a claim for JSA(IB) from Mon 15.9.03 after being made redundant. He claims for himself, his partner Julie and their two children. His benefit week ends on a Monday. His partner Julie is receiving £10.43 a week CTC paid four weekly in arrears.

On 15.9.03 Julie notifies IR that her family circumstances have changed. On Friday 19.9.03 the IR award Julie the maximum amount of CTC payable for her family (£10.43 family element and £27.65 x 2 = £65.73) and confirm that the award will begin on Monday 15.9.03.

The DM supersedes the awarding decision and takes £65.73 CTC into account. The new decision is effective from Tuesday 16.9.03 because that is the first day of Gary's first benefit week that follows the date his award of JSA(IB) begins.

Child tax credit awarded to an IS claimant or partner aged 60 or over

- 7 This guidance replaces that given at paragraph 20 of Memo DMG Vol JSA/IS 34 about the introduction of a one week disregard of CTC for claimants or their partners aged over 60. The amendments mean that from 8.8.03 DMs should follow the guidance in paragraph 8 below.
- 8 From 8.8.03 DMs should fully disregard CTC awarded to an IS claimant or partner in the benefit week which begins or includes 5.10.03¹ where the claimant
 1. has a child or young person who is a member of his family for IS purposes
and
 2. is, or his partner is, aged 60 or over.

1 SS (WTC & CTC)(CqI Amdts)(No 3) Regs 2003, reg 6(2)(b); SS (WTC & CTC)(CqI Amdts) Regs 2003, reg 7(2)

Note The amendments mean that a claimant may benefit from a one week disregard of CTC for a second time where CTC had been awarded before 8.8.03 and a disregard under previous guidance had already been applied.

Example

Keith is 66 and claims MIG for himself and his daughter Kate. His benefit week commences on a Tuesday. He was awarded CTC of £38.08 a week from 14.08.03 and the DM has taken this fully into account.

From Mon 6.10.03 Keith will be entitled to SPC, which replaces MIG.

The DM supersedes the decision to take £38.08 CTC into account. The new decision to fully disregard £38.08 CTC is effective from 30.9.03 because Keith's benefit week 30.9.03 to 6.10.03 includes the date 5.10.03.

CHB disregard for a child under the age of one

- 9 Paragraphs 23 - 24 of Memo DMG Vol JSA/IS 34 describes when a partial disregard of £10.45 a week applies where a claimant or partner is entitled to CHB for a child under the age of one. Paragraph 24 specifically deals with the period during which the disregard applies.
- 10 The amendments clarify¹ that in addition to the circumstances mentioned in paragraph 24.1 to 24.3 of Memo DMG Vol JSA/IS 34, the period of the disregard is subject to ending on the first day of the benefit week in which the child's first birthday occurs, if earlier.

1 SS (WTC & CTC)(Cql Amdts)(No 3)Regs 2003, reg 6(2)(d) & (3)(b); SS (WTC & CTC)(Cql Amdts) Regs 2003, reg7(7)&8(6)

CONDITIONS OF ENTITLEMENT – IS ONLY

- 11 Paragraph 6 of Memo DMG Vol JSA/IS 34 gives guidance on when people who are on parental leave or adoption leave and who satisfy certain conditions can get IS. From 8.8.03 entitlement to WFTC or DPTC is not one of those conditions¹.

1 SS (WTC & CTC) (Cql Amdts) (No 3) Regs 2003, reg 2(3)(a); IS (Gen) Regs, Sch 1B, paras 14A(1)(c) & 14B(2)(b)

- 12 Paragraph 7 of Memo DMG Vol JSA/IS 34 gives guidance on the family element of CTC. From 8.8.03 the amounts of the family element of CTC are subject to calculations in prescribed legislation¹.

1 SS (WTC & CTC) (Cql Amdts) (No 3) Regs 2003, reg 2(3)(b); Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002

ANNOTATIONS

Please annotate the number of this memo (DMG Vol JSA/IS 44/03) against DMG paragraphs 20163, 25046, 25057, 28050, 28053, 28055, 28060, 28062

Please also annotate the number of this memo against Memo DMG Vol JSA/IS 34

CONTACTS

If you have any queries about this memo, please write to ACI Division, Room GS36, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in DMG Letter 15/03.

Distribution: All holders of JSA/IS Volumes 4-7

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