



## Factsheet

For single parents in England and Wales July 2011

Freephone

**0808 802 0925**

Gingerbread Single Parent Helpline

## Benefits and tax credits if you work 16 or more hours a week

It is always worthwhile checking to see if you can receive benefits and tax credits, especially if your wages are low. This factsheet is an overview of the help available for single parents who work 16 hours a week or more. It covers help with rent and council tax, tax credits and other sources of financial help.

For more in-depth information on your situation, contact the Gingerbread Single Parent Helpline free on 0808 802 0925.

**Note:** If you have recently come to Great Britain, have limited right to be here, or are from the European Community, you may not have the right to claim these benefits. Receiving them may affect any application you are making to the Home Office to live in the UK. Get advice before claiming.

### Help with your rent and council tax

You do not have to be out of work to get help with paying your rent or council tax. You may be entitled housing benefit and/or council tax benefit if you work and you:

- Are on a low income; and
- Pay rent and/or council tax for the home you normally live in (in some cases you can claim for accommodation you are not currently staying in); and
- Do not have savings or capital worth more than £16,000.

You should be able to get housing benefit even if your former partner was responsible for the rent but you now have to pay it to remain in your home. This is the case even when the landlord will not transfer the tenancy to you.

You cannot receive housing benefit if you are paying rent to a close relative that you live with (including your child's other parent), or if you have a non-commercial arrangement for paying rent.

To claim, contact your local council's housing benefit and council tax benefit department and ask for a claim form. Your entitlement usually starts from the Monday following the date your form is received.

### Is my income low enough to get housing benefit and council tax benefit?

The amount of housing benefit or council tax benefit you receive depends on what income you have. Not all of your income is taken into account. For example, child maintenance and child benefit are not included and amounts for childcare costs can be deducted from your wages figure. The Gingerbread Single Parent Helpline can help you to work out what you can claim.

Each time there is a change to your income or circumstances, you must report the change to your local council so you do not miss out or have to pay back an overpayment. This includes telling them if the amount of other benefits or tax credits you receive changes.

### What affects the amount of housing benefit I am entitled to?

**Local housing allowance.** If you live in private rented accommodation the maximum amount you are paid depends on what the local authority sets as a reasonable amount for rent in your area for the size of property your family needs. This set amount is called a local housing allowance. If your rent is higher than the local housing allowance, you will have to pay any shortfall yourself.

From April 2011 the maximum local housing allowance you can claim is capped at:

- £250 a week for a one bedroom property
- £290 a week for a two bedroom property
- £340 a week for a three bedroom property
- £400 a week for four bedrooms or more.

From April 2011, the government also changed the way local housing allowance is calculated, so that many people are entitled to less housing benefit.

If you claimed housing benefit before April 2011 there are special rules, which mean that it may be longer before the caps and new calculation apply to you. For more information contact the Gingerbread Single Parent Helpline.

**Non-dependants.** If someone lives with you who are not considered a dependant, they may be expected to contribute to the household costs, so your housing benefit is reduced. This includes grown-up children or other relatives or friends who live with you. The amount of the deduction depends on the non-dependant person's income.

**Under 25s.** If you are under 25 and do not have children living with you, the amount of housing benefit you can receive is restricted to the shared accommodation rate. This applies if you are pregnant with your first child. It means that you only receive enough housing benefit as is considered reasonable for a single room, shared kitchen, toilet and bathroom and access to another shared room such as a living room. If you are pregnant, you will not become entitled to more housing benefit until your baby is born.

**Tip:** If you receive housing benefit or council tax benefit and you need extra financial help to pay your housing costs, you can ask your local council for a discretionary housing payment.

You do not have an automatic right to this payment; it is up to your local council to decide. Get advice from your local Citizens Advice or other free advice centre if payments are refused.

## **Tax credits**

### **How do tax credits work?**

Tax credits are paid by HM Revenue and Customs (HMRC). Tax credits are means tested, so the amount you receive depends on your household income and personal circumstances such as how many children you have. Savings, pensions or any other capital assets do not affect how much you receive, unless you get a taxable income from them of over £300 a year. Child maintenance payments are completely ignored.

Tax credits are calculated for the whole of the tax year (April to April). The amount you receive is usually based on your income in the previous tax year (currently April 2010-April 2011). At the end of the tax year HMRC checks to see what your actual income was and then works out whether you have been paid the correct amount of tax credits.

There are two types of tax credits:

- child tax credit and
- working tax credit.

### **Child tax credit**

Child tax credit is to help you care for your child. It is paid whether or not you work. You can receive child tax credit until the September following your child's 16th birthday; or up to their 20th birthday if they are in full time non-advanced education, such as sixth form, further education, or a work-based learning programme.

If your child gets disability living allowance, you can receive an extra amount of child tax credit called the disabled child element. If your child is entitled to the higher rate care component of disability living allowance, you should also receive a severely disabled child element.

### **Working tax credit**

Working tax credit can be paid to single parents who work 16 hours a week or more. You can be paid an extra amount of working tax credit if you work 30 hours a week or more, this is known as the 30 hour element.

**Do I have to be at work to qualify for working tax credit?** There are some situations when you are treated as working 16 hours or more, even if you are not actually going to work, for example:

- In the first 39 weeks of maternity leave
- When you are off work because you are ill
- For four weeks after a job ends or the hours reduce to below 16 a week
- During the school holidays if you normally work 16 or more hours a week during term time.

**Can I get help with childcare costs through working tax credit?** You can claim towards the cost of registered or approved childcare, including registered childminders or nurseries, out-of-hours and some holiday clubs. In some cases, you can claim for childcare in your own home but not if the child carer is a relative, even if they are a registered childminder.

The childcare element of working tax credit pays up to 70 per cent of your childcare expenses. The maximum amounts payable are 70 per cent of £175 a week (£122.50) for one child, or 70 per cent of £300 a week (£210) for two or more children. If you have more than two children you do not get any extra help with childcare from tax credits.

You can get help with childcare costs up to the September following your child's 15th birthday, or 16th birthday if your child receives disability living allowance or is registered blind.

You will need to give details of your childcare costs on your claim or renewal form, or by calling the Tax Credit Helpline if your costs start or change after you have completed the form. If the amount you pay varies, for example because you use more childcare in the school holidays, try to work out your average costs. You can do this by looking at how much you paid over the last year and dividing by 52 to find an average weekly cost. If you have just made an arrangement with a childcare provider, you should estimate your weekly costs. If you are unsure what to do, contact the Tax Credit Helpline to explain your circumstances.

**Example: help with childcare costs**

Cathy is a single parent with three children. The children attend a registered after school club five nights a week, which costs £150. Her costs are below the £300 a week maximum that she can claim for two or more children, so she claims 70 per cent of £150.

$\text{£150} \times 70 \text{ per cent} = \text{£105 per week}$   
Cathy is paid £105 a week with her working tax credit to help with her childcare costs.

**Note:** Some income is ignored when tax credits are calculated. This includes child maintenance, non-taxable benefits such as child benefit and the first £100 a week of statutory maternity pay,

**What if I am disabled?** If you have a disability that makes it hard for you to get a job, you can be paid an extra amount of working tax credit, called the disabled worker element. You will probably be asked for the name of a health care professional, such as your doctor, specialist or physiotherapist, who can confirm how your disability affects your chances of finding work.

To qualify, you must also be receiving, or have been recently receiving, a benefit such as disability living allowance, incapacity benefit, employment and support allowance, attendance allowance, industrial injuries disablement benefit, statutory sick pay, income support on the grounds of ill health, or occupational sick pay. More information is included in the notes on the tax credit claim form.

## **Making sure you get the right amount of tax credits**

To avoid being underpaid or overpaid tax credits, it is important that you tell HMRC as soon as possible when you have a change of circumstances.

**You must tell them within one month if:**

- The number of children you are caring for changes
- A new partner moves into your household
- You stop working
- You start working less than 16 hours a week
- You start working less than 30 hours a week
- Your childcare costs either stop or reduce by £10 a week for more than four weeks in a row.

**What if my income changes during the year or is different to the previous tax year?** You can ask for your tax credits to be worked out using your income in this tax year (April 2011-April 2012). If your tax credits have already been worked out based on your previous year's earnings, you can ask for them to be changed.

**You must tell HMRC** if your income in this tax year will be £10,000 more than your 2010/11 income. The first £10,000 of the increase in income is ignored but an increase above that amount means that you are being overpaid tax credits. The overpayment will have to be paid back.

This may affect you if, for example, you were previously receiving income support and you are now working.

**You may tell HMRC** if your income is lower than in 2010/11, as this means you may be being underpaid tax credits. If you choose not to tell HMRC about the drop in your income until the end of the tax year then instead of your weekly payments increasing, you will receive a lump sum at the end of the year. This may apply to you if, for example, you were previously working and you are now on maternity leave.

**Remember:** If you have asked for your tax credits to be based on your current year income it is important to tell HMRC straight away if things change again.

For more information on what to do if your income or circumstances change during the tax year, contact the Gingerbread Single Parent Helpline or see the Gingerbread factsheet Tax credits when your circumstances change.

## How do I claim tax credits?

You make a claim on form TC600 which you can get from a Jobcentre Plus office or by calling the Tax Credit Helpline. The amount of tax credits you receive is based on the information you give on the form so it is important that you complete the form accurately.

Tax credits are usually paid every four weeks directly into your bank or building society account.

## Tax credit rates

### Child Tax Credit

£ per year

<b>Family element</b> – one payable per family	£545
<b>Child element</b> – one is paid for each child you are responsible for	£2,555
<b>Disabled child element</b> – paid for each child who gets Disability Living Allowance	£2,800
<b>Severely disabled child element</b> – paid for each child who gets the highest rate care component of Disability Living Allowance	£1,130

### Working Tax Credit

£ per year

<b>Basic element</b> – one paid to a single parent family	£1,920
<b>Couple/single parent element</b> – one paid to a single parent family	£1,950
<b>30-hour element</b> – paid if you normally work 30 hours or more a week	£790
<b>Disabled worker element</b> – see What if I am disabled? On page 3	£2,650
<b>Severe disability element</b> – paid if you get the highest rate care component of disability living allowance, or the higher rate of attendance allowance (if you are over pension age)	£1,130
<b>50+ Return to work payment (16–29 hours)</b> – extra amount paid for one year to people aged over 50 who are returning to work and satisfy various other conditions	£1,365
<b>50+ Return to work payment (30+ hours)</b> – extra amount paid for one year to people aged over 50 who are returning to work for 30 hours or more a week.	£2,030

### Childcare element of working tax credit

See Can I get help with childcare costs through working tax credit? on page 3

£ per week

70 per cent of costs, up to maximum costs of:

For one child	£175 a week
For two or more children	£300 a week

## Calculating tax credits

Working out the amount of tax credits you are entitled to involves a complicated calculation. The steps are listed below:

- 1 See the tax credit rates tables on page 4. The amounts (called elements) that apply to your family are added together. This is the maximum amount of tax credits your family is entitled to.
- 2 If you are working (or treated as working) 16 or more hours a week, and your income (before tax and National Insurance) is less than £6,420 per year, you get the maximum amount of tax credits.
- 3 If your income is more than £6,420 per year, deduct £6,420 from your income. What is left over is called your excess income.

- 4 Work out what 41 per cent of your excess income is (total income, minus £6,420, multiplied by 41 per cent).
- 5 Deduct this amount from your maximum amount of tax credits as in step one.
- 6 If the amount from step five is more than £545, then this is the amount you are entitled to.
- 7 If the amount is less than £545, then you are entitled to £545 unless your income is higher than £40,000 (at which point this amount is reduced again).

Working out benefits and tax credits is complicated. The Gingerbread Single Parent Helpline can help you do the calculations to work out what you are entitled to receive based on your circumstances.

### Example: a tax credit calculation

Colin is a single parent with two children: Sally aged 6 and Ben aged 12. He works 30 hours a week. In 2010/11 he earned £9,048 (gross) and received £3,000 in maintenance. He is still in the same job in 2011/12 and expects to earn a similar amount. Colin pays £80 a week to a childminder who looks after Sally. He does not have any savings.

#### Step 1: Colin works out the maximum amount of tax credits for the tax year 2010/11:

Working tax credit – basic element	£1,920
Working tax credit – single parent element	£1,950
Working tax credit – 30-hour element	£790
Working tax credit – childcare element (70 per cent of £80 x 52 weeks)	£2,912
Child tax credit – family element	£545
Child tax credit – child element (for Sally)	£2,555
Child tax credit – child element (for Ben)	£2,555

Total	<b>£13,227</b>
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#### Step 2: Colin works out if the maximum amount of tax credits is payable.

As maintenance is ignored, only Colin's gross earnings of £9,048 count as his income for the last tax year (2010/11). As Colin works 16 or more hours a week he is entitled to working tax credit. But, as his income is more than £6,420 a year, he does not get the maximum amount of tax credits.

#### Step 3: Colin works out how much is to be deducted from his maximum amount of tax credits.

Colin's annual income is	£9,048
Deduct	£6,420

Colin's excess income is	£2,628
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#### Step 4: Colin works out what 41% of his excess income is.

£2,628 x 41 per cent = **£1,077.48**

**Step 5: Colin's maximum amount of tax credits is £13,227 (step 1). After taking away £1,077.48 (step 4) he is left with tax credits of £12,149.52 for the year.**

Colin's weekly tax credits will be £12,149.52 divided by 365 x 7 = £233.00 a week. This is made up of:

Child tax credit	£108
Childcare element of working tax credit	£56
Working tax credit	£69

Total	<b>£233</b>
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Working out benefits and tax credits is complicated. The Gingerbread Single Parent Helpline can help you to work out what you are entitled to receive.



## Other sources of financial help

You may qualify for some benefits, even if you are working. Check the list below to see what you may be entitled to. To find out more or to make a claim, see Further help and information on page 7.

Type of benefit	Who is it for?
<b>Disability living allowance</b>	Adults or children with a long-term health problem or disability. You can get a form from your local Jobcentre Plus office or by calling the Benefit Enquiry Line. If you qualify, your other benefits and tax credits may go up. You may also be entitled to direct payments and other help from social services. Contact your local council to ask for an assessment.
<b>Bereavement benefits</b>	Parents whose husband, wife or civil partner has died. Also ask if you are entitled to the funeral expenses payment. These are paid by Jobcentre Plus.
<b>Maternity and adoption benefits</b>	Maternity, paternity or adoption benefits are available to pregnant women or those who have given birth or adopted a child recently. See the Gingerbread factsheet <i>Money during maternity and adoption</i> .
<b>Extra financial help when starting work</b>	Single parents receiving benefits for at least six months before starting work can be entitled to some extra payments. These include a job grant of £250; and an in work credit of £40 a week (£60 in London) for the first year of a new job if you were receiving certain benefits for 12 months before. For more information see the Gingerbread factsheet <i>Help moving from benefits to work</i> .
<b>Help with health costs</b>	Free prescriptions dental treatment, sight tests and vouchers for glasses and fares to hospital are available to families receiving: <ul style="list-style-type: none"> <li>■ Child tax credit and working tax credit with an income below £15,276 a year; or</li> <li>■ A disability or severe disability element of working tax credit.</li> </ul> <p>Exemption cards should be sent out automatically to those who qualify, or a tax credit award can be used as proof of entitlement.</p> <p>If you do not automatically qualify but are on a low income, you may still be entitled to help – claim on form HC1 available from Jobcentre Plus offices.</p>
<b>16-19 Bursary</b>	Available to 16-19 year olds who are in full-time education from September 2011. Applications should be made directly to your school, college or training provider. For more information see the Gingerbread factsheet <i>Money for further education</i> .
<b>School uniforms</b>	Each local council decides what, if any, help they give with the cost of school uniforms. Contact your local council's education department to ask about what help is available.
<b>Cold weather payment</b>	Should be paid automatically if you get the disability or severe disability element of child tax credit. Only paid in periods of very cold weather, as defined by the government.
<b>Crisis loan</b>	Those experiencing an emergency or disaster and do not have enough money for their immediate needs. Apply at Jobcentre Plus.

## Further help and information

### **Gingerbread Single Parent Helpline**

**Freephone 0808 802 0925**

**[www.gingerbread.org.uk](http://www.gingerbread.org.uk)**

Free information on a range of issues including maintenance, benefits, tax credits, debt, employment, education, legal rights and holidays.

### **One Parent Families Scotland Lone Parent Helpline**

**0808 801 0323**

**[www.opfs.org.uk](http://www.opfs.org.uk)**

Run by our partner organisation, the Lone Parent Helpline provides confidential advice and information for single parents in Scotland.

### **Child Maintenance Options**

**0800 988 0988**

**[www.cmoptions.org](http://www.cmoptions.org)**

Information about making arrangements for child support.

### **Citizen's Advice Bureau**

**[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)**

Information and advice on a wide range of issues including benefits and tax credits. Check your telephone directory for your local bureau or find details on the website.

### **Jobcentre Plus**

**0800 055 6688** Jobcentre Plus Benefits Enquiries

(Textphone **0800 023 4888**)

**[www.jobcentreplus.gov.uk](http://www.jobcentreplus.gov.uk)**

Processes new claims and claim renewals for welfare benefits.

**0800 882 200** Benefit Enquiry Line for disabled people and their carers (Textphone: **0800 243 355**)

For general information and claim forms.

### **OISC**

**[www.oisc.gov.uk](http://www.oisc.gov.uk)**

For information on organisations/solicitors that give immigration advice.

### **Refugee Council**

**0808 808 2255**

**[www.refugeecouncil.org.uk/](http://www.refugeecouncil.org.uk/)**

Provides advice and information to refugees and asylum seekers in their own language.

### **Tax Credit Helpline**

**0845 300 3900**

**[www.hmrc.gov.uk/taxcredits](http://www.hmrc.gov.uk/taxcredits)**

Information about tax credits and to request claim forms.

### **Working Families**

**0800 013 0313**

**[www.workingfamilies.org.uk](http://www.workingfamilies.org.uk)**

Advice on benefits and employment law.

### **More from Gingerbread**

The following related Gingerbread factsheets are also available:

- > Money during maternity and adoption
- > Help moving from benefits to work
- > Tax credits when your circumstances change

**Download them from our website or call 0808 802 0925 to request them from the Helpline**

### **Become a Gingerbread member**

Membership is available to single parents in England and Wales. Join a community of thousands of single parents who benefit from the mutual support, free advice and information provided by Gingerbread. You can also meet other single parents at one of our local support groups.

**Visit our website, call 0800 018 4318 or email [membership@gingerbread.org.uk](mailto:membership@gingerbread.org.uk)**

**Gingerbread**  
**Single parents, equal families**

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