

Our freephone helpline is open from 09:30-17:00, Monday - Friday if you need any help or have any questions. Read also our Guide to Future Benefits changes to see how the cuts will affect you.

contact a family
for families with disabled children

Changes in store for working families as of April 2012

In last month's Spending Review, the Chancellor announced further cuts to tax credits for working families.

Working tax credit frozen for lone parents and couples.

While most benefits payments will be raised in line with inflation, two specific working tax credit elements will be **frozen for 2012/13**. These are:

- 1- the lone parent element – an extra amount included in your tax credit award if you are a lone parent making a claim for working tax credit;
- 2- the couple rate – an extra amount included in your award if you are one of a couple making a joint claim for working tax credit.
- 3- Another element, paid where someone works 30 hours a week had already been frozen by government.

As a result many working families on low to middle incomes will be worse off next year in real terms.

It will not affect those out of work families who are only eligible for child tax credit. However it is worth noting that the government has also decided to scrap an above inflation increase in child tax credit payments that it had originally planned for 2012/13.

Couples who work between 16-23 hours

Couples who work between 16-23 hours also need to be aware of another previously announced change. From April the government intends to change the working tax credit rules, so that **a couple will only be eligible if they work 24, rather than 16 hours a week**. In order to satisfy these new rules one partner can work 24 hours or more, or a couple can share the hours - so long as one partner works at least 16 hours.

Will this change affect lone parents?

No, lone parents will continue to be eligible for working tax credit so long as they work at least 16 hours a week. An exception will also be made in those cases where a couple includes a disabled worker or a worker aged 60 or above, and to some cases where one member of a couple is unable to work due to their own illness or disability.

What happens if I cannot increase my working hours?

If you are a couple working 16 -23 hours and cannot increase your hours, you are likely to lose your entitlement to working tax credit in April 2012. Depending on your circumstances this could mean a reduction of up to £74 per week. ***You should seek advice about whether you will be able to get extra help via other benefits instead (for example by getting an increase in housing benefit).***

What happens if I do increase my hours?

If increasing your hours to 24 a week or more is an option then you should remain eligible for working tax credit. However you should get advice about whether the higher earnings resulting from your increased hours will impact on any other benefits that you receive such as Carer's Allowance.

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