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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Section 41 of the Tax Credits Act 2002 (c. 21) requires the Treasury, in each tax year to—

- (a) review the amounts referred to in subsection (2) of that section,
- (b) prepare a report of each review; including a statement of what each of the amounts would be if it had fully retained its value, and
- (c) publish the report and lay a copy of it before each House of Parliament.

The Treasury's report of the review in respect of the tax year 2007-08 was laid before Parliament on 6th February 2008 and published.

In consequence of the review the Treasury have made these Regulations, prescribing increases in certain of the sums required to be reviewed under section 41.

The figures in these Regulations were last amended by the Tax Credits Up-rating Regulations 2007 (S.I.2007/828). The figures referred to in those Regulations are superseded by the figures referred to in these Regulations.

Regulation 2 amends regulation 7(4) of the Child Tax Credit Regulations 2002, increasing the maximum rate of the individual elements of child tax credit.

Regulation 3 and the Schedule amend Schedule 2 to the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 by substituting a new Table prescribing the maximum rates for the elements of working tax credit other than the child care element.

Regulation 4 increases the first income threshold for those entitled to working tax credit and child tax credit in regulations 3(2) and 3(3) of the Tax Credits (Income Thresholds and Determination of Rates) Regulations 2002 and the threshold amounts shown at step 4 in regulation 7(3) and step 4 in regulation 8(3) and the percentage amounts in regulation 7(3) and in regulation 8(3) of the amount by which the income for the relevant period exceeds the threshold for the relevant period.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.