
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Tax Credits (Definition and Calculation of Income) Regulations 2002 (“the Income Regulations”), the Tax Credits (Claims and Notification) Regulations 2002 (“the Claims Regulations”), the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 (“the Entitlement Regulations”) and the Childcare Payments Regulations 2015 (“the Childcare Regulations”).

Regulation 2 amends the Income Regulations. Regulation 2(3) amends regulation 4 of the Income Regulations which defines “employment income” for the purposes of those Regulations by inserting new item 3D into Table 1. As a consequence of this amendment any accommodation allowance paid to, or for, a member of the armed forces which meets any conditions specified by the Treasury in regulations is to be disregarded by claimants in calculating their employment income. Regulation 2(4) amends regulation 10 of the Income Regulations which defines investment income for the purposes of the Income Regulations. Regulation 2(4)(a) deletes the entry relating to the Saving Gateway Account (regulation 2(2) makes a consequential amendment to regulation 2 of the Income Regulations). Regulation 2(4)(b) inserts a reference to government bonuses in respect of a Help To Save account under section 2 of the Savings (Government Contributions) Act 2017 (c. 2) so that such bonuses are to be disregarded in the calculation of a claimant’s investment income. Regulation 2(5) amends regulation 14 of the Income Regulations which defines the circumstances in which a claimant is to be treated as having income. Regulation 2(5) inserts a new paragraph (1A) which provides that where a claimant is treated as having income under section 652, 654 or 655 of the Income Tax (Trading and Other Income) Act 2005 (c. 5), the amount that the claimant is treated as having is to be found in accordance with the formula. Regulation 2(6) amends regulation 19 of the Income Regulations by inserting new items 19 to 22 into Table 6. As a consequence, the payments described in these entries are to be disregarded by claimants when calculating their income for the purposes of tax credits.

Regulation 3 amends the definition of “appropriate office” for the purposes of the Claims Regulations.

Regulation 4(2) amends the Entitlement Regulations by inserting a new sub-paragraph (k) into regulation 13(6). As a consequence of this amendment, the definition of “incapacity” in regulation 13(1)(c)(vi) of the Entitlement Regulations includes the payment of, or entitlement to, a benefit or credit of another EEA state or Switzerland which is substantially similar in character to the benefit, allowances and credits in sub-paragraphs (a) to (j).

Regulations 4(3) and 5 amend the Entitlement Regulations and the Childcare Regulations respectively by amending the definition of childcare in Wales. These amendments are a consequence of the Regulation and Inspection of Social Care (Wales) Act 2016 (anaw 2) which introduces a new system in which social care is regulated in Wales.

A full impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen. A full impact assessment of the effect that the childcare payments scheme will have on the costs of business and the voluntary sector was published on 10th June 2014 alongside the draft Childcare Payments Bill and was updated on 20th November 2014 and again on 30th March 2017. These are available from the gov.uk website at <https://www.gov.uk/government/publications/tax-free-childcare-impact-assessment-march-2017>.