

2018 No. 365

TAX CREDITS

CHILDCARE

PAYMENT SCHEME

**The Tax Credits and Childcare (Miscellaneous Amendments)
Regulations 2018**

<i>Made</i> - - - -	<i>12th March 2018</i>
<i>Laid before Parliament</i>	<i>14th March 2018</i>
<i>Coming into force</i> - -	<i>6th April 2018</i>

The Treasury, in exercise of the powers conferred by sections 7(8) and (9), 10, 11, 12(1), (4)(b), (5) and (6) and 65(1), (7) and (9) of the Tax Credits Act 2002(a), make the following Regulations (apart from regulations 3 and 5) and the Commissioners for Her Majesty's Revenue and Customs, in exercise of the powers conferred by sections 4(1), 6 and 65(2), (7) and (9) of the Tax Credits Act 2002(b) and sections 2(3)(a) and 69(3) of the Childcare Payments Act 2014(c), make regulations 1, 3 and 5.

Citation and commencement

1. These Regulations may be cited as the Tax Credits and Childcare (Miscellaneous Amendments) Regulations 2018 and come into force on 6th April 2018.

Amendment of the Tax Credits (Definition and Calculation of Income) Regulations 2002

2.—(1) The Tax Credits (Definition and Calculation of Income) Regulations 2002(d) are amended as follows.

(2) In regulation 2(2) (interpretation)(e) omit the definition of “Saving Gateway Account”.

(3) In regulation 4 (employment income) in Table 1 (payments and benefits to be disregarded in the calculation of employment income) after item 3C(f) insert—

(a) 2002 c. 21. Section 11 has been amended by paragraph 145 of Schedule 24 to the Civil Partnership Act 2004 (c. 33). Section 67 defines “prescribed” as meaning “prescribed by regulations”.

(b) Section 4(1) of the Tax Credits Act 2002 has been amended by paragraphs 145 and 146 of Schedule 24 to of the Civil Partnership Act 2004 (c. 33).

(c) 2014 c. 28.

(d) S.I. 2002/2006; relevant amending instruments are S.I. 2006/766, 2007/1305, 2010/751, 2012/848, 2016/987 and 2017/396.

(e) The definition of “Saving Gateway Account” was inserted by regulation 3 of S. I. 2010/751.

(f) Entry 3C in Table 1 was inserted by regulation 3(1) of S.I. 2012/848.

“3D	Any accommodation allowance which is payable out of public revenue for, or towards, the costs of accommodation to, or in respect of, a member of the armed forces of the Crown, providing that the payment meets any conditions which have been specified in regulations made by the Treasury.”
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(4) In regulation 10 (investment income) in Table 4 (payments disregarded in the calculation of investment income)(a)—

- (a) omit item 14, and
- (b) in item 15 after “section 1” insert “or 2”.

(5) In regulation 14 (claimants treated for any purpose as having income by virtue of the Income Tax Acts)(b)—

- (a) in paragraph (1) at the end insert “, but this is subject to paragraph (1A)”, and
- (b) after paragraph (1) insert—

“(1A) Where paragraph (2)(b)(x) or (2)(b)(xi) applies, the amount of income that the claimant is to be treated as having is:

$$x - y$$

where

“x” is the amount of income under section 652, 654 or 655 of ITTOIA(c), and

“y” is the amount that would, but for section 272A(d) of that Act, be deductible in calculating the profits for income tax purposes of a property business for the profits year.

(1B) In paragraph (1A) “profits year” has the meaning given by section 274A of ITTOIA (reduction for individuals)(e).”.

(6) In regulation 19 (general disregards in the calculation of income) in Table 6 (sums disregarded in the calculation of income) after item 18(f) insert—

“19. Any payment made by the Scottish Ministers to a claimant who is, or who has been, in receipt of carer’s allowance under section 70 of the Contributions and Benefits Act (carer’s allowance)(g) during the relevant tax year to supplement that allowance.

In this item and in items 20 and 21 “Scottish Ministers” has the meaning given by section 44(2) of the Scotland Act 1998(h).

20. Any payment in respect of funeral expense assistance which is made by the Scottish Ministers to a claimant who has accepted responsibility for the expenses of a funeral to meet, or help towards meeting, those expenses.

21. Any payment made by the Scottish Ministers in respect of early years assistance, which is made for the purposes of meeting some of the costs associated with having, or expecting to have, a baby or child in the family.

22. Any discretionary financial assistance payment which is made by a Scottish local authority to a claimant who is in receipt of housing benefit provided by virtue of a scheme under section 123 of the Contributions and Benefits Act (income-related benefits) to meet, or help towards meeting,

(a) Entry 14 was inserted by regulation 14 of S.I. 2010/751 and entry 15 was inserted by regulation 4 of S.I. 2017/396.
(b) Regulation 14 has been amended by regulation 17 of S.I. 2006/766 and regulation 8 of S.I. 2007/1305.
(c) “ITTOIA” is defined in regulation 2(2) as meaning the Income Tax (Trading and Other Income) Act 2005 (c. 5). That definition was inserted by regulation 7 of S.I. 2006/766.
(d) Section 272A was inserted by section 24(2) of the Finance (No. 2) Act 2015 (c. 33) and amended by paragraph 19 of Schedule 2 to the Finance (No. 2) Act 2017 (c. 32).
(e) Section 274A was inserted by section 24(5) of the Finance (No. 2 Act) 2015 and substituted by section 26(1) of Finance Act 2016 (c. 24).
(f) Item 18 was inserted by regulation 2(3) of S.I. 2016/987.
(g) The “Contributions and Benefits Act” is defined by regulation 2(2) as meaning the Social Security Contributions and Benefits Act 1992 (c. 4).
(h) 1998 c. 46. Section 44 has been amended by section 12 of the Scotland Act 2012 (c. 11).

a claimant's housing costs.

In this item "Scottish local authority" means "a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994"(a).".

Amendment of the Tax Credits (Claims and Notifications) Regulations 2002

3.—(1) The Tax Credits (Claims and Notifications) Regulations 2002(b) are amended as follows.

(2) In regulation 2 (interpretation) in the definition of "appropriate office" for "Comben House, Farriers Way, Netherton, Merseyside or any other" substitute "any".

Amendment of the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002

4.—(1) The Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002(c) are amended as follows.

(2) In regulation 13(6) (entitlement to child care element of working tax credit)(d) after sub-paragraph (j) insert—

"(k) any benefit, allowance or credit of another EEA state or Switzerland which is substantially similar in character to the benefits, allowances and credits in sub-paragraphs (a) to (j).".

(3) In regulation 14 in paragraph (2)(f) for paragraph (vi)(e), substitute—

"(vi) by a person who is employed or engaged under a contract for services to provide care and support by the provider of a domiciliary support service within the meaning of Part 1 of the Regulation and Inspection of Social Care (Wales) Act 2016(f);".

Amendment of the Childcare Payments Regulations 2015

5.—(1) The Childcare Payment Regulations 2015(g) are amended as follows.

(2) In regulation 3 (qualifying childcare: registered or approved childcare) for paragraph (3)(d) substitute—

"(d) by a person who is employed or engaged under a contract for services to provide care and support by the provider of a domiciliary support service within the meaning of Part 1 of the Regulation and Inspection of Social Care (Wales) Act 2016.".

Paul Maynard
David Rutley

12th March 2018

Two of the Lords Commissioners of Her Majesty's Treasury

Angela MacDonald
Jim Harra

12th March 2018

Two of the Commissioners for Her Majesty's Revenue and Customs

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- (a) 1994 c. 39. Section 2 has been amended by paragraph 232(1) of Schedule 22 to the Environment Act 1995 (c. 25).
(b) S.I. 2002/2014 amended by S.I. 2009/697 (which substituted the definition of "appropriate office"); there are other amending instruments but none is relevant.
(c) S.I. 2002/2005, relevant amending instruments are S. I. 2004/2663, 2008/604, 2011/721 and 2013/591.
(d) Regulation 13(6) has been amended by paragraph 24(4) of the Schedule to S.I. 2013/591, which inserted sub-paragraph (j).
(e) Sub-paragraph (f) was inserted by regulation 3 of S.I. 2004/2663 and substituted by regulation 3 of S.I. 2008/604. Paragraph (vi) has been amended by regulation 3 of S.I. 2011/721.
(f) 2016 anaw 2.
(g) S.I. 2015/522, to which there are amendments not relevant to this instrument.

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>.

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