

**EXPLANATORY MEMORANDUM TO
THE TAX CREDITS UP-RATING REGULATIONS 2007**

2007 No.

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs and is laid before Parliament by Command of Her Majesty.

2. Description

These Regulations increase, from 6th April 2007, various monetary elements and thresholds within the Child and Working Tax Credits, as set out in the Pre-Budget Report on 6th December 2006.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None.

4. Legislative Background

These Regulations are the annual uprating of various monetary elements and thresholds within the Child and Working Tax Credit as announced by the Chancellor in the 2006 Pre-Budget Report.

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

The Paymaster General, Dawn Primarolo, has made the following statement regarding Human Rights:

In my view the provisions of the Tax Credits Up-rating Regulations 2007 are compatible with the Convention rights.

7. Policy background

Section 41 of the Tax Credits Act 2002 requires the Treasury, in each tax year, to review certain elements of tax credits. In consequence of that review the Treasury have made these Regulations, which amend the rates of certain elements and thresholds within tax credits.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The estimated cost of the increases to rates and thresholds, which was included in the Budget 2006 forecast, is £990 million.

9. Contact

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