

**EXPLANATORY MEMORANDUM TO**  
**THE TAX CREDITS, CHILD BENEFIT AND GUARDIAN'S ALLOWANCE UP-**  
**RATING REGULATIONS 2024**

**2024 No. [XXXX]**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) and on behalf of His Majesty's Treasury is laid before Parliament by Command of His Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

**2. Declaration**

- 2.1 Laura Trott MBE MP, Chief Secretary to the Treasury confirms that this Explanatory Memorandum meets the required standard.
- 2.2 James Knipe, Deputy Director for Tax Credits and Child Benefit Policy area in His Majesty's Revenue and Customs, confirms that this Explanatory Memorandum meets the required standard.

**3. Contact**

- 3.1 Mandy Clark, Policy Lead in His Majesty's Revenue and Customs ([mandy.clark@hmrc.gov.uk](mailto:mandy.clark@hmrc.gov.uk)) can be contacted with any queries regarding the instrument.

**Part One: Explanation, and context, of the Instrument**

**4. Overview of the Instrument**

*What does the legislation do?*

- 4.1 These regulations set the annual rates of Working Tax Credit and Child Tax Credit from 6 April 2024, and the weekly rate of Child Benefit and Guardian's Allowance from 8 April 2024. These rates were announced by Written Ministerial Statement on 22 November 2024. The individual tax credits elements and thresholds to be updated are set out in paragraphs 5.3, 5.4, 5.5 and 5.6 below.

*Where does the legislation extend to, and apply?*

- 4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.
- 4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom, except for regulation 6 which applies to England, Scotland and Wales, and regulation 7 which applies to Northern Ireland. The extent of the provisions of the enabling Acts under which the instrument is made are found within section 69 of the Tax Credits Act 2002, section 192 of the Social Security Administration Act 1992 and section 168 of the Social Security Administration (Northern Ireland) Act 1992.

## **5. Policy Context**

### *What is being done and why?*

- 5.1 Following the reviews of tax credits, Child Benefit and Guardian's Allowance, the Treasury has determined that the overall level of prices has increased by 6.7% as measured by the change in CPI from September 2022 to September 2023.
- 5.2 These regulations increase rates of certain elements of Child Tax Credit and Working Tax Credit by 6.7% rounded up to the nearest £5.00.
- 5.3 This means that the annual rates of Working Tax Credit elements will increase from 06 April 2024 as follows: the basic element will increase from £2,280 to £2,435; the couple and the lone parent element will increase from £2,340 to £2,500; the 30-hour element will increase from £950 to £1,015; the disabled worker element will increase from £3,685 to £3,935; the severe disability will increase from £1,595 to £1,705.
- 5.4 The annual rates of Child Tax Credit elements will increase from 06 April 2024 as follows: the child element will increase from £3,235 to £3,455; the disabled child rate will increase from £3,905 to £4,170; the severely disabled child rate will increase from £5,480 to £5,850.
- 5.5 The Working Tax Credit income threshold will increase from £7,455 to £7,955.
- 5.6 The income threshold for those entitled to Child Tax Credit only will increase from £18,725 to £19,995. The calculation of this figure depends on other rounded elements.
- 5.7 The regulations increase the weekly rate of Child Benefit by 6.7% rounded to the nearest 5 pence. This means that, from 08 April 2024, the weekly rate for the eldest child will increase from £24.00 to £25.60, and the rate for any subsequent children will increase from £15.90 to £16.95.
- 5.8 The regulations increase the weekly rate of Guardian's Allowance by 6.7% rounded to the nearest 5 pence. This means that, from 08 April 2024, the weekly rate of Guardian's Allowance will increase from £20.40 to £21.75.

### *What was the previous policy, how is this different?*

- 5.9 There is no change in the Policy.

## **6. Legislative and Legal Context**

### *How has the law changed?*

- 6.1 Section 41 of The Tax Credits Act 2002 (TCA) requires the Treasury to review certain elements of tax credits in each year in order to determine whether those elements have retained their value in relation to the general level of prices in the United Kingdom. The Treasury have measured price inflation based on the increase in the Consumer Prices Index (CPI) between September 2022 and September 2023. The elements that must be reviewed are set out in section 41(2) TCA.
- 6.2 Section 150(1)(a)(i) of the Social Security Administration Act 1992 (SSAA), and section 49(3) TCA, require the Treasury in each tax year to review the amount of Guardian's Allowance to determine whether it has retained its value in relation to the general level of prices in Great Britain. Section 150(2)(a) SSAA provides that Guardian's Allowance (amongst other benefits) shall be up-rated in line with the increase in the general level of prices. Section 132(1) of the Social Security Administration (Northern Ireland) Act 1992, and section 49(4) TCA, allow the Treasury to make corresponding provisions for Northern Ireland.

- 6.3 Section 150(1)(i) SSAA, and section 49(3) TCA, require the rates of Child Benefit to be reviewed each tax year.

*Why was this approach taken to change the law?*

- 6.4 This is the only possible approach to make the necessary changes.

## **7. Consultation**

*Summary of consultation outcome and methodology*

- 7.1 No consultation was carried out as these regulations form part of the annual legal requirement for the Treasury to review the rates of tax credit, Child Benefit and Guardian's Allowance.

## **8. Applicable Guidance**

- 8.1 Current and past rates are published on GOV.UK at:  
<https://www.gov.uk/government/publications/rates-and-allowances-tax-credits-child-benefit-and-guardians-allowance/tax-credits-child-benefit-and-guardians-allowance>.

## **Part Two: Impact and the Better Regulation Framework**

## **9. Impact Assessment**

- 9.1 A full Impact Assessment has not been prepared for this instrument because no, or no significant, impact on the private or voluntary sectors are foreseen.

*Impact on businesses, charities and voluntary bodies*

- 9.2 There is no, or no significant, impact on business, charities or voluntary bodies.  
9.3 The legislation does not impact small or micro businesses.  
9.4 There is no, or no significant, impact on the public sector.

## **10. Monitoring and review**

*What is the approach to monitoring and reviewing this legislation?*

- 10.1 The rates of tax credits, Child Benefit and Guardian's Allowance are subject to review each tax year by the Treasury in accordance with section 41 of the Tax Credits Act 2002, section 150 of the Social Security Administration Act 1992, and section 132 of the Social Security Administration (Northern Ireland) Act 1992.

### **Part Three: Statements and Matters of Particular Interest to Parliament**

#### **11. Matters of special interest to Parliament**

- 11.1 Matters of special interest to the Joint Committee on Statutory Instruments.
- 11.2 This instrument relies on section 105 of the Deregulation Act 2015 to make a single instrument rather than separate instruments each making a relatively small number of changes. Regulation 7 is made under order-making powers in section 132(1) of the Social Security Administration (Northern Ireland) Act 1992. As is customary, Section 105 of the Deregulation Act 2015 has not been cited in the preamble to the instrument.

#### **12. European Convention on Human Rights**

- 12.1 Laura Trott MBE MP, Chief Secretary to the Treasury has made the following statement regarding Human Rights:  
  
“In my view the provisions of the Tax Credits, Child Benefit and Guardian’s Allowance Up-rating Regulations 2024 are compatible with the Convention rights.”

#### **13. The Relevant European Union Acts**

- 13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 (“relevant European Union Acts”).