

---

STATUTORY INSTRUMENTS

---

**2020 No. 534**

**TAX CREDITS**

**The Tax Credits (Coronavirus, Miscellaneous Amendments) Regulations 2020**

<i>Made</i>	- - - -	<i>21st May 2020</i>
<i>Laid before Parliament</i>		<i>22nd May 2020</i>
<i>Coming into force</i>	- -	<i>23rd May 2020</i>

The Treasury, in exercise of the powers conferred by sections 7(8), 10(2), 11(1) and (5), 65(1), (7) and (9) of the Tax Credits Act 2002<sup>(1)</sup>, make regulations 1, 2 and 3 of these Regulations and the Commissioners for Her Majesty's Revenue and Customs, in exercise of the powers conferred by sections 6 and 65(2), (7) and (9) of the Tax Credits Act 2002, and now exercisable by them<sup>(2)</sup>, make regulations 1 and 4 of these Regulations.

**Citation and commencement**

1. These Regulations may be cited as the Tax Credits (Coronavirus, Miscellaneous Amendments) Regulations 2020 and come into force on 23rd May 2020.

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

2.—(1) The Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002<sup>(3)</sup> are amended as follows.

(2) In regulation 2 (interpretation) at the appropriate place insert—

““coronavirus” means severe acute respiratory syndrome coronavirus 2;

- 
- (1) [2002 c. 21](#). Sections 6 and 11 have been amended but the amendments are not relevant for the purposes of this instrument. Section 67 defines “prescribed” as meaning “prescribed by regulations”. Section 67 has been amended but the amendment is not relevant for the purposes of this instrument. Part 1 (but not Schedule 1 or 3 to that Part) has been repealed by Part 1 of Schedule 14 to the Welfare Reform Act 2012 ([c. 5](#)) from a day to be appointed. Article 1 of [S.I. 2019/167](#) appointed the day for the coming into force of section 33(1)(f) of the Welfare Reform Act 2012 and the repeal of Part 1 of the Tax Credits Act 2002 as 1st February 2019, save for the cases referred to in Article 3 of that instrument.
- (2) The payment and management of tax credits was transferred from the Commissioners of Inland Revenue to the Commissioners for Her Majesty's Revenue and Customs by section 5(1) of the Commissioners for Revenue and Customs Act 2005 ([c. 11](#)) (“CRCA”). Paragraph 88 of Schedule 4 to CRCA amends section 2 of the Tax Credits Act 2002 so that the Commissioners for Her Majesty's Revenue and Customs have the power to make these Regulations. Section 50(1) of CRCA provides, in so far as appropriate in consequence of section 5 of CRCA, a reference, howsoever expressed, to the Commissioners of Inland Revenue is to be taken as a reference to the Commissioners for Her Majesty's Revenue and Customs.
- (3) [S.I. 2002/2005](#) (“the principal Regulations”), relevant amending instruments are [S.I. 2003/701](#), [2007/968](#), [2009/1829](#), [2012/848](#) and [2015/605](#).

“Coronavirus Job Retention Scheme” means the scheme of that name established under the direction given by the Chancellor of the Exchequer under section 76 of the Coronavirus Act 2020(4) on 15th April 2020 (as that Scheme has effect from time to time);

“coronavirus-impacted worker” has the meaning given by regulation 7E(3)(5); and

“furloughed employee under the Coronavirus Job Retention Scheme” means a person who is within paragraph 6.1 of the Schedule to the direction given by the Chancellor of the Exchequer under section 76 of the Coronavirus Act 2020;”.

(3) In regulation 4 (entitlement to basic element of Working Tax Credit: qualifying remunerative work)—

(a) in paragraph (1A)(6) after sub-paragraph (d) insert—

“(da) regulation 7E applies—

- (i) where a person, or in the case of a joint claim, one or both persons, reduces the hours worked, including a reduction to nil, to the extent that that person, or those persons, no longer satisfy the Second condition in paragraph (1);
- (ii) any reduction in hours is as a consequence of coronavirus; and
- (iii) any reduction in hours is temporary;”;

(b) in paragraph (4)—

- (i) omit the “and” at the end of sub-paragraph (a);
- (ii) at the end of sub-paragraph (b) after the comma insert “and”; and
- (iii) after sub-paragraph (b) insert—

“(c) any period of absence from work due to taking emergency volunteering leave under Schedule 7 to the Coronavirus Act 2020(7).”.

(4) In regulation 7D (ceasing to undertake work or working for less than 16, 24 or 30 hours per week)(8) after paragraph (2) insert—

“(3) This regulation does not apply to a person who is either—

- (a) a furloughed employee under the Coronavirus Job Retention Scheme(9); or
- (b) a coronavirus-impacted worker.”.

(5) After regulation 7D insert—

**“Alteration in hours worked due to coronavirus**

**7E.**—(1) For the purposes of the conditions of entitlement in this Part, a person to whom paragraph (2) applies is treated as being engaged in qualifying remunerative work during the period that that person is either—

- (a) a furloughed employee under the Coronavirus Job Retention Scheme; or
- (b) a coronavirus-impacted worker.

(2) This paragraph applies to—

---

(4) 2020 c. 7. A copy of the direction can be found at: <https://www.gov.uk/government/publications/treasury-direction-made-under-sections-71-and-76-of-the-coronavirus-act-2020>. A hard copy is available for inspection, free of charge, at the offices of HMRC at 10 South Colonnade, Canary Wharf, London E14 4PH.

(5) Regulation 7E is inserted by paragraph (5) of this regulation.

(6) Paragraph (1A) of regulation 4 was inserted by regulation 2 of S.I. 2012/848.

(7) 2020 c. 7.

(8) Regulation 7D was inserted by regulation 2 of S.I. 2007/968, subsequently substituted by regulation 8 of S.I. 2009/1829 and amended by regulation 2 of S.I. 2012/848.

(9) Paragraph 6.1 of the Schedule to the Direction defines “furloughed employee”.

- (a) a person, whether or not a member of a couple, who is a furloughed employee under the Coronavirus Job Retention Scheme;
  - (b) a person (A), whether or not a member of a couple, who was engaged in qualifying remunerative work for no less than 16 hours per week—
    - (i) who starts to work less than 16 hours per week and that reduction in hours is due to coronavirus;
    - (ii) who is notified by A's employer that A is not required to work any hours due to coronavirus, but A's employer has not made any application under the Coronavirus Job Retention Scheme in respect of A; or
    - (iii) who is unable to work as a consequence of shielding;
  - (c) a person (B), whether or not a member of a couple, who satisfies paragraph (c) of the first variation or paragraph (b) of the second variation of the Second condition in regulation 4(1) (qualifying remunerative work) and who is engaged in qualifying remunerative work for not less than 30 hours per week—
    - (i) who starts to work less than 30 hours per week and that reduction in hours is due to coronavirus;
    - (ii) who is notified by B's employer that P is not required to work any hours due to coronavirus, but B's employer has not made any application under the Coronavirus Job Retention Scheme in respect of B; or
    - (iii) who is unable to work as a consequence of shielding; or
  - (d) one or both members of a couple who satisfy paragraph (a) of the third variation of the Second condition in regulation 4(1) and who are engaged in qualifying remunerative work—
    - (i) who reduce their hours (including a reduction to nil) so that they no longer meet the condition that one member of the couple works no less than 16 hours per week and the aggregate number of hours for which the couple are engaged in qualifying remunerative work is not less than 24 hours per week and any reduction in hours worked is as a consequence of coronavirus; or
    - (ii) who are unable to work as a consequence of shielding.
- (3) For the purposes of this regulation, a person is a coronavirus-impacted worker if that person is—
- (a) an employed person<sup>(10)</sup> who is within paragraph (2)(b), (c) or (d); or
  - (b) a self-employed person who is within paragraph (2)(b)(i) or (iii), paragraph (2)(c)(i) or (iii) or paragraph (2)(d).
- (4) Where paragraph (2)(a) applies, at the date at which a person (P) ceases to be a furloughed employee under the Coronavirus Job Retention Scheme if—
- (a) during the period of eight weeks beginning with the date on which P ceases to be a furloughed employee under that Scheme, the hours that P works do not satisfy the variation in the Second condition of regulation 4(1) which P satisfied immediately before P was furloughed under that Scheme, but it is P's intention that at the end of that period P will satisfy that variation—
    - (i) where P does satisfy that variation at the end of that eight-week period, P will be treated as meeting the conditions of entitlement for the purposes of this Part; and

---

<sup>(10)</sup> "Employed" and "Self-employed" are defined in regulation 2 of the principal Regulations. The definition of "employed" was substituted by regulation 3 of [S.I. 2003/701](#) and subsequently amended by regulation 13 of [S.I. 2003/2815](#). The definition of "self-employed" was inserted by regulation 3 of [S.I. 2015/605](#).

- (ii) where P does not satisfy that variation at the end of that eight-week period, for the purposes of the conditions of entitlement for the purposes of this Part, P will be treated as being engaged in qualifying remunerative work for the four-week period which begins immediately after the end of that eight-week period;
  - (b) at any time during the period of eight weeks beginning with the date on which P ceases to be a furloughed employee under that Scheme—
    - (i) the hours that P works are permanently reduced so that P is not able to satisfy the variation in the Second condition of regulation 4(1) which P satisfied immediately before P became a furloughed employee under that Scheme; or
    - (ii) P ceases to undertake work,

for the purposes of the conditions of entitlement in this Part, P will be treated as being engaged in qualifying remunerative work for the four-week period which begins immediately after the reduction in hours or the cessation of employment;
  - (c) P does not undertake work, for the purposes of the conditions of entitlement in this Part, P will be treated as being engaged in qualifying remunerative work for the four-week period which begins immediately after P ceases to be a furloughed employee under that Scheme; or
  - (d) there is a permanent reduction in the hours that P works such that P is unable to satisfy the variation in the Second condition of regulation 4(1) which P satisfied immediately before P became a furloughed employee under that Scheme, for the purposes of the conditions of entitlement for this Part, P will be treated as being engaged in qualifying remunerative work for the four-week period which begins immediately after P ceases to be a furloughed employee under that Scheme.
- (5) For the purposes of paragraph (4) a person ceases to be a furloughed employee under the Coronavirus Job Retention Scheme when that Scheme no longer applies in respect of that person.
- (6) Where paragraph (2)(b), (c) or (d) applies, at the date where a person (P) ceases to be a coronavirus-impacted worker, if—
- (a) during the period of eight weeks beginning with the date on which P ceases to be a coronavirus-impacted worker, the hours that P works do not satisfy the variation in the Second condition of regulation 4(1) which P satisfied immediately before P became a coronavirus-impacted worker, but it is P's intention that at the end of that period P will satisfy that variation—
    - (i) where P does satisfy that variation at the end of that eight-week period, for the purposes of the conditions of entitlement in this Part, P will be treated as being engaged in qualifying remunerative work during that eight-week period; and
    - (ii) where P does not satisfy that variation at the end of that eight-week period, for the purposes of the conditions of entitlement in this Part, P will be treated as being engaged in qualifying remunerative work for the four-week period which begins immediately after the end of that eight-week period;
  - (b) at any time during the period of eight weeks beginning with the date on which P ceases to be a coronavirus-impacted worker—
    - (i) the hours that P works are permanently reduced so that P is not able to satisfy the variation in the Second condition of regulation 4(1) that P satisfied immediately before P became a coronavirus-impacted worker; or
    - (ii) P ceases to undertake work,

for the purposes of the conditions of entitlement in this Part, P will be treated as being engaged in qualifying remunerative work for the four-week period which begins immediately after the reduction in hours or after P ceases to work; or

- (c) P does not undertake work, for the purposes of the conditions of entitlement in this Part, P will be treated as being engaged in qualifying remunerative work for the four-week period which begins immediately after P ceases to be a coronavirus-impacted worker;
- (d) there is a permanent reduction in the hours that P works such that is unable to satisfy the variation in the Second condition of regulation 4(1) which P satisfied immediately before P became a coronavirus-impacted worker, for the purposes of the conditions of entitlement in this Part, P will be treated as being engaged in qualifying remunerative work for the four-week period which begins immediately after P ceases to be a coronavirus-impacted worker.

(7) For the purposes of paragraph (6) if—

- (a) a person is within paragraph (2)(b)(i) or (ii), paragraph (2)(c)(i) or (ii) or paragraph (2)(d)(i), that person ceases to be a coronavirus-impacted worker on the day that the Coronavirus Job Retention Scheme ceases; and
- (b) a person is within paragraph (2)(b)(iii), paragraph (2)(c)(iii) or paragraph (2)(d)(ii), that person ceases to be a coronavirus-impacted worker the day after the day on which the period for which that person was shielding ends.

(8) In this regulation a person (P) is shielding, or required to shield, if P, or another person living in the same household as P, has been notified by the National Health Service, their specialist or their general practitioner that they are clinically extremely vulnerable due to coronavirus.”.

(6) In regulation 10 (30 hour element)(11)—

- (a) in paragraph (1) after “per week” but before the full stop insert “, except where paragraph (4) applies”; and
- (b) at the end insert—

“(4) This paragraph applies where—

- (a) the claimant or, where it is a joint claim, one of the claimants is, or both of the claimants are, impacted by coronavirus;
- (b) during the period of the Coronavirus Job Retention Scheme, the claimant undertakes work for no more than 29 hours per week; and
- (c) immediately before the date on which the claimant became impacted, the maximum rate did not include a 30 hours element.

(5) In this regulation a person is impacted by coronavirus if that person is—

- (a) a furloughed employee under the Coronavirus Job Retention Scheme; or
- (b) a coronavirus-impacted worker.”.

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

3.—(1) The Tax Credits (Definition and Calculation of Income) Regulations 2002(12) are amended as follows.

(2) In regulation 2 (interpretation) in paragraph (2) at the appropriate place insert—

---

(11) Paragraph (3) of regulation 10 was revoked by regulation 2 of S.I. 2012/848.

(12) S.I. 2002/2006, relevant amending instruments are S.I. 2006/766 and 2020/297.

““coronavirus” means severe acute respiratory syndrome coronavirus 2;”;

““coronavirus support scheme” means—

- (a) any scheme in relation to which HMRC have functions by virtue of a direction made under section 76 of the Coronavirus Act 2020 (HMRC functions)(13);
- (b) the scheme known as the Small Business Grant Fund established in response to coronavirus;
- (c) any scheme established in the tax year 2020-2021 in response to coronavirus to support the fishing industry;
- (d) the scheme known as the Retail, Hospitality and Leisure Grant Fund established in response to coronavirus;
- (e) the scheme known as the Newly Self-Employed Hardship Fund established by the Scottish Ministers in the tax year 2020-2021 in response to coronavirus;” and
- (f) any other support scheme established in the tax year 2020-2021 in response to coronavirus;” and

““Scottish Ministers” has the meaning given by section 44(2) of the Scotland Act 1998(14).”.

(3) For regulation 6 (trading income) substitute—

#### **“Trading Income**

**6.—**(1) The claimant’s trading income is—

- (a) the amount of the claimant’s taxable profits for the tax year from—
  - (i) any trade carried on in the United Kingdom or elsewhere; and
  - (ii) any profession or vocation the income from which does not fall under any other provisions of these Regulations; and
- (b) any grant or any sum paid to the claimant under a coronavirus support scheme, except any payment made under the Coronavirus Job Retention Scheme in respect of an employee,

except where the claimant is a partner in the trade, profession or vocation in which case paragraph (2) applies.

(2) Where the claimant is a partner in a trade, profession or vocation, the claimant’s trading income is—

- (a) the taxable profits for the tax year arising from the claimant’s share of the partnership’s trading or professional income; and
- (b) any grant or any sum paid to the claimant under a coronavirus support scheme, except any payment made under the Coronavirus Job Retention Scheme in respect of an employee.

(3) In this regulation—

- (a) “taxable profits” has the same meaning as it has in Part 2 of ITTOIA but disregarding the relevant benefit amount in section 23E (tax treatment of relevant benefits)(15) and Chapter 16 of that Part (averaging profits of farmers and creative artists); and

---

(13) The term “HMRC” is defined in section 4 of the Commissioners for Revenue and Customs Act 2005 as “the Commissioners and the officers of Revenue and Customs”.

(14) 1998 c. 46. Section 44 has been amended by section 12 of the Scotland Act 2012 (c. 11).

(15) Regulation 2 of the Tax Credits (Definition and Calculation of Income) Regulations 2002 defines “ITTOIA” as the Income Tax (Trading and Other Income) Act 2005 (c. 5). This definition was inserted by regulation 7 of S. I. 2006/766. Section 23E was inserted by section 35(2) of the Finance (No. 2) Act 2017 (c. 32).

- (b) “Coronavirus Job Retention Scheme” means the scheme of that name established under the direction given by the Chancellor of the Exchequer under section 76 of the Coronavirus Act 2020 on 15th April 2020 (as that Scheme has effect from time to time).”.

- (4) For regulation 18 (miscellaneous income) substitute—

**“Miscellaneous Income**

**18.** In these Regulations “miscellaneous income” means income which does not fall within any other provision of these Regulations, and which is either—

- (a) subject to income tax under Part 5 of ITTOIA; or  
(b) a payment under, or in connection with, a coronavirus support scheme.”.

- (5) In regulation 19 (general disregards in the calculation of income)(16)—

- (a) in paragraph (2) omit the definition of “Scottish Ministers”; and  
(b) in Table 6 (sums disregarded in the calculation of income) after entry 33 insert—

“**34.** A payment, whether in cash or by way of a voucher, in lieu of free school meals.

**35.** A payment in connection with emergency volunteering leave under Schedule 7 to the Coronavirus Act 2020.

**36.** A payment made under the scheme known as the NHS and Social Care Coronavirus Life Assurance Scheme 2020.”.

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

**4.—**(1) The Tax Credits (Claims and Notifications) Regulations 2002(17) are amended as follows.

- (2) In regulation 2 (interpretation)(18)—

- (a) after the definition of “the Contributions and Benefits Act” insert—

““Coronavirus Job Retention Scheme” means the scheme of that name established under the direction given by the Chancellor of the Exchequer on 15th April 2020 (as that Scheme has effect from time to time);”;

- (b) after the definition of “couple” insert—

““critical worker” means a worker in a critical sector listed—

- (a) in England in the version of the document entitled “Guidance for schools, childcare providers, colleagues, local authorities in England on maintaining educational provision” published by the Cabinet Office and the Department for Education on 14th May 2020(19);

(16) Regulation 19 was amended by regulation 3 of [S.I. 2020/297](#) which inserted the definition of “Scottish Ministers” into paragraph (2) and entries 25 to 33 into Table 6.

(17) [S.I. 2002/2014](#), relevant amending instruments are [S.I. 2003/723](#), [2004/762](#), [2009/697](#), [2012/848](#), [2013/388](#), [2013/591](#), [2015/669](#), [2017/997](#) and [2020/297](#).

(18) Regulation 2 has been amended by regulation 3 of [S.I. 2013/388](#) and by paragraph 27 of the Schedule to [S.I. 2013/591](#).

(19) A copy of this Guidance can be found at <https://www.gov.uk/government/publications/coronavirus-covid-19-maintaining-educational-provision/guidance-for-schools-colleges-and-local-authorities-on-maintaining-educational-provision> . A hard copy is available for inspection, free of charge, at the offices of HMRC at 10 South Colonnade, Canary Wharf, London E14 4PH.



- (b) in Scotland in the document entitled “Coronavirus (COVID-19): school and early learning closures – guidance about key workers and vulnerable children” published on 31st March 2020<sup>(20)</sup>;
  - (c) in Wales in the version of the document entitled “Coronavirus key (critical) workers” published on 18th May 2020<sup>(21)</sup>; and
  - (d) in Northern Ireland in the document entitled “General Guidance on COVID-19 for schools<sup>(22)</sup>,” and
- (c) in the definition of “the Board” for “of Inland Revenue” substitute “for Her Majesty’s Revenue and Customs”.
- (3) In regulation 21 (requirement to notify changes of circumstances which may decrease rate)<sup>(23)</sup> after paragraph (3) insert—
- “(4) Where the claimant is a critical worker, this paragraph does not apply for the period beginning on 23rd May 2020 and ending on the date on which the Coronavirus Job Retention Scheme ends, but regulation 21A applies during that period.”.
- (4) After regulation 21 insert—

**“Coronavirus – date of notification – cases where change of circumstances which may decrease the rate at which a person is, or persons are, entitled to a tax credit or mean that entitlement to that tax credit ceases**

- 21A.—**(1) This regulation only applies—
- (a) for the period beginning on 23rd May 2020 and ending on the date on which the Coronavirus Job Retention Scheme ends; and
  - (b) if the claimant is a critical worker during that period.
- (2) Where this regulation applies, the claimant must give notification within the time prescribed by paragraph (3) if there is a change of circumstances of the description prescribed by paragraph (2) of regulation 21 (requirement to notify changes of circumstances which may decrease the rate etc.) which may decrease the rate at which that person is entitled to that tax credit or means that that person ceases to be entitled to that tax credit.
- (3) The time prescribed by this paragraph is the period of three months beginning on the date on which the change of circumstances occurs.”.
- (5) In regulation 25 (date of notification – cases where a change of circumstances which may increase the maximum rate)<sup>(24)</sup>, after paragraph (3) insert—
- “(4) Where the claimant is a critical worker, this regulation does not apply for the period beginning on 23rd May 2020 and ending on the date on which the Coronavirus Job Retention Scheme ends, but regulation 25A applies during that period.”.
- (6) After regulation 25 insert—

---

<sup>(20)</sup> A copy of this Guidance can be found at <https://www.gov.scot/publications/coronavirus-guide-schools-early-learning-closures/pages/key-workers/>. A hard copy is available for inspection, free of charge, at the offices of HMRC at 10 South Colonnade, Canary Wharf, London E14 4PH.

<sup>(21)</sup> A copy of this Guidance can be found at <https://gov.wales/coronavirus-key-critical-workers>. A hard copy is available for inspection, free of charge, at the offices of HMRC at 10 South Colonnade, Canary Wharf, London E14 4PH.

<sup>(22)</sup> A copy of this Guidance can be found at <https://www.education-ni.gov.uk/general-guidance-covid-19-schools>. A hard copy is available for inspection, free of charge, at the offices of HMRC at 10 South Colonnade, Canary Wharf, London E14 4PH.

<sup>(23)</sup> Regulation 21 has been relevantly amended by regulation 4 of S.I. 2003/723 and regulation 5 of S.I. 2012/848.

<sup>(24)</sup> Regulation 25 has been amended by regulation 3 of S.I. 2003/723, regulation 17 of S.I. 2009/697 and regulation 5 of S.I. 2012/848.



**“Coronavirus – date of notification – cases where change of circumstances may increase the maximum rate**

**25A.—**(1) This regulation only applies—

- (a) for the period beginning on 23rd May 2020 and ending on the date on which the Coronavirus Job Retention Scheme ends; and
- (b) if the claimant is a critical worker during that period.

(2) Where—

- (a) this regulation applies; and
- (b) a notification of change of circumstances which may increase the maximum rate at which a critical worker may be entitled to a tax credit is given in the circumstances prescribed by paragraph (2) of regulation 25 (date of notification – cases where change of circumstances which may increase the maximum rate),

that notification is to be treated as having been given on the date prescribed by paragraph (3).

(3) The date prescribed by this paragraph is—

- (a) the date falling three months before the notification date; or
- (b) if later, the date of the change of circumstances.”.

(7) In regulation 26 (date of notification – disability element and severe disability element of working tax credit) after paragraph (3) insert—

“(4) Where the claimant is a critical worker, this regulation does not apply for the period beginning on 23rd May 2020 and ending on the date on which the Coronavirus Job Retention Scheme ends, but regulation 26B applies during that period.”.

(8) In regulation 26A (date of notification - disability element where child is disabled or severely disabled) after paragraph (4)(25) insert—

“(5) Where the claimant is a critical worker, this regulation does not apply for the period beginning on 23rd May 2020 and ending on the date on which the Coronavirus Job Retention Scheme ends, but regulation 26B applies during that period.”.

(9) After regulation 26A insert—

**“Coronavirus – date of notification of disability**

**26B.—**(1) This regulation only applies—

- (a) for the period beginning on 23rd May 2020 and ending on the date on which the Coronavirus Job Retention Scheme ends; and
- (b) if the claimant is a critical worker during that period.

(2) Where—

- (a) this regulation applies; and
- (b) a notification of a change of circumstances which may increase the maximum rate at which a critical worker may be entitled to working tax credit is given in the circumstances prescribed by paragraph (4),

the notification is to be treated as having been given on the date prescribed by paragraph (5).

(3) Where—

---

(25) Regulation 26A was inserted by regulation 3 of [S.I. 2004/762](#) and subsequently substituted by regulation 19 of [S.I. 2009/697](#). It has subsequently been amended by regulation 5 of [S.I. 2012/848](#), paragraph 31 of the Schedule to [S.I. 2013/388](#), paragraph 27 of the Schedule to [S.I. 2013/591](#), regulation 4 of [S.I. 2015/669](#) and regulation 5 of [S.I. 2020/297](#), which instrument also amended the title of the regulation and inserted paragraph (4).

- (a) this regulation applies; and
- (b) a notification of a change of circumstances which may increase the maximum rate at which a critical worker may be entitled to child tax credit is given in the circumstances prescribed by paragraph (6),

the notification is to be treated as having been given on the date prescribed by paragraph (7).

(4) The circumstances prescribed by this paragraph are where—

- (a) a notification is given of a change of circumstances in respect of a claim to working tax credit, which results in the Board making an award of the disability element or the severe disability element of working tax credit (or both of them) in favour of a person or persons; and
- (b) the notification date is within three months of the date that a claim for any of the benefits referred to in regulations 9(2) to (8) or 17(2) of the Working Tax Credit Regulations<sup>(26)</sup> is determined in favour of those persons (or one of them).

(5) The date prescribed by this paragraph is the latest of the following—

- (a) the first date in respect of which the benefit claimed was payable;
- (b) the date falling three months before the claim for the benefit was made;
- (c) the date the claim for working tax credit was made (or treated as made under regulations 7 (time limits for claims) and 7A<sup>(27)</sup> (time limit for claims – the Childcare Payments Act 2014));
- (d) for the purposes of the disability element only, the first date that the person or persons satisfied the conditions of entitlement for the disability element.

(6) The change of circumstances prescribed by this paragraph are where—

- (a) a notification is given of a change of circumstances in respect of a claim to child tax credit which results in the Board making an award of the disability element of that tax credit in favour of a person or persons, in respect of a child where that child is disabled or severely disabled; and
- (b) the notification date is within three months of the date that a claim for a disability benefit, personal independence payment or armed forces independence payment in respect of the child is determined in favour of those persons (or one of them).

(7) The date prescribed by this paragraph is the latest of the following—

- (a) the first date in respect of which the disability benefit, the personal independence payment or the armed forces independence payment was payable;
- (b) the date falling three months before the claim for a disability benefit, personal independence payment or armed forces independence payment was made;
- (c) the date the claim for child tax credit was made (or treated as made under regulations 7 and 7A).

(8) In this regulation “disability benefit” has the meaning given by regulation 26A(4).”.

---

<sup>(26)</sup> This term is defined in regulation 2 of the Tax Credits (Claims and Notification) Regulations 2002 as the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002.

<sup>(27)</sup> Regulation 7A was inserted by regulation 2 of [S.I. 2015/669](#) and has been amended by regulation 2 of [S.I. 2017/997](#).

21st May 2020

*James Morris*  
*Iain Stewart*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

21st May 2020

*Jim Harra*  
*Angela MacDonald*  
Two of the Commissioners for Her Majesty's  
Revenue and Customs

## EXPLANATORY NOTE

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

These Regulations amend a number of statutory instruments in relation to tax credits (social security benefits which are administered by Her Majesty's Commissioners for Revenue and Customs) in consequence of the establishment of the Coronavirus Job Retention Scheme (which was established under a direction given by the Chancellor of the Exchequer under sections 71 and 76 of the Coronavirus Act 2020 (c. 7)).

Regulation 1 provides for citation and commencement.

Regulation 2 amends the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 ("the Entitlement Regulations") (S.I. 2002/2005). Paragraph (2) amends regulation 2 of the Entitlement Regulations to include additional definitions. Paragraph (3) inserts a reference to new regulation 7E (inserted by paragraph (5)) into regulation 4(1A) of the Entitlement Regulations. Paragraph (4) amends regulation 4 of the Entitlement Regulations to provide that any period of absence from work to undertake emergency volunteering leave (under schedule 6 to the Coronavirus Act 2020) in relation to the coronavirus pandemic will be disregarded in reckoning a claimant's hours for qualifying remunerative work.

Entitlement to working tax credit depends upon a person undertaking qualifying remunerative work as defined in regulation 4(1) of the Entitlement Regulations. Regulation 7D makes provision for a person who ceases to work or reduces their hours and who as a consequence loses entitlement to working tax credit to continue receiving that tax credit for a further period of four weeks. Paragraph (5) of regulation 2 inserts a new regulation 7E which covers the situation where a person (P) has been furloughed under the Coronavirus Job Retention Scheme, is shielding or has been asked by P's employer not to work P's usual hours. In all the cases identified in new regulation 7E(2), P will be treated as being engaged in qualifying remunerative work. New regulation 7E(4) and (6) make provision for the end of the Coronavirus Job Retention Scheme. Where a person returns to work but for a reduced number of hours that person will be treated as being engaged in qualifying remunerative work for an eight-week period. If by the end of that period that person does not meet the conditions in regulation 4(1) or if during that period that person ceases to work or the hours of work are permanently reduced, that person loses entitlement to working tax credit but will continue receiving that tax credit for a four-week period.

A claimant who works at least 30 hours is entitled to an additional element of tax credits - the 30 hours element. Regulation 2(6) amends regulation 10 of the Entitlement Regulations to provide for the situation where a claimant who was working, but less than 30 hours, is furloughed under the Coronavirus Job Retention Scheme but is then subsequently employed in a second job.

Regulation 3 amends the Tax Credits (Definition and Calculation of Income) Regulations 2002 ("the Income Regulations") (S.I. 2002/2006). Paragraph (2) amends regulation 2 of the Income Regulations to include additional definitions. Paragraph (3) substitutes regulation 6 of the Income Regulations to extend the definition of "taxable profits" to include any grant received under any of the coronavirus support schemes. Paragraph (4) substitutes regulation 18 (which defines "miscellaneous income") to include payments made under a coronavirus support scheme. As a consequence, where such payments are not dealt with under any other provision of the Income Regulations, they are taken into account as miscellaneous income. Paragraph (5) amends Table 6 in regulation 19 of the Income Regulations by inserting three new entries. This Table specifies the sums that are to be disregarded in the calculation of income for the purposes of tax credits.

Regulation 4 amends the Tax Credits (Claims and Notifications) Regulations 2002 (“the Claims Regulations”) ([S.I. 2002/2014](#)) to extend the time within which notice of a change of circumstances which affects the rate at which a tax credit is to be awarded (or means that there is no longer an entitlement to that tax credit) is to be given. The extension of time only applies to claimants who are critical workers (defined in regulation 2 of the Claims Regulations with the definition being inserted by regulation 4 of these Regulations) and only for the duration of the Coronavirus Job Retention Scheme (defined in regulation 2 of the Claims Regulations, with the definition being inserted by these Regulations).

A full impact statement has not been produced for these Regulations because no impact on the private or voluntary sectors is foreseen.