

**EXPLANATORY MEMORANDUM TO**  
**THE TAX CREDITS AND CHILD BENEFIT (MISCELLANEOUS AND**  
**CORONAVIRUS AMENDMENTS) REGULATIONS 2021**

**2021 No. 810**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by Her Majesty’s Revenue and Customs (HMRC) on behalf of Her Majesty’s Treasury and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

- 2.1 This instrument amends the Tax Credits (Definition and Calculation of Income) Regulations 2002 (S.I. 2002/2006) to ensure that payments under the Covid Local Support Grant and equivalent Devolved Administration schemes are disregarded as income for the purposes of tax credits.
- 2.2 This instrument also makes a consequential amendment to extend the definition of “approved training” for the purposes of calculating entitlement to Child Benefit and Child Tax Credit. This is a minor change following the introduction of a new “Skills for Life and Work” training programme for young persons in Northern Ireland.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 None.

*Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)*

- 3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

**4. Extent and Territorial Application**

- 4.1 The territorial extent of this instrument is the United Kingdom.
- 4.2 The territorial application of this instrument is the United Kingdom.

**5. European Convention on Human Rights**

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**6. Legislative Context**

- 6.1 Section 7 of the Tax Credits Act 2002 sets out that the entitlement of a person (a claimant) to tax credits is dependent on the relevant income. The Tax Credits (Definition and Calculation of Income) Regulations 2002 provide for what is or is not to be treated as relevant income.

- 6.2 This instrument amends the Tax Credits (Definition and Calculation of Income) Regulations 2002 by amending item 40 in Table 6 of regulation 19 (general disregards in the calculation of income) to include the Covid Local Support Grant and corresponding Devolved Administration schemes. This provides for the support payment to be disregarded for tax credits purposes.
- 6.3 This instrument also amends the Child Benefit (General) Regulations 2006 (S.I. 2006/223) and the Child Tax Credit Regulations (S.I. 2002/2007) by extending the definition of approved training to include the “Skills for Life and Work” programme.

## **7. Policy background**

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

#### Working Tax Credit

- 7.1 Tax credits are a means-tested form of support which provide help to millions of people with a wide variety of differing circumstances. Working Tax Credit provides support for working people on a low income, with or without children. Its design helps ensure that people have incentives to increase their working hours and increase their earnings.
- 7.2 Tax credits awards are based on claimants’ income. The rules for calculating income for tax credits generally mirror those for income tax, which means that claimants do not have to carry out a separate calculation of their income but can use figures calculated for tax purposes.
- 7.3 This instrument will amend the Tax Credits (Definition and Calculation of Income) Regulations 2002 to include a reference to the Covid Local Support Grant and equivalent Devolved Administration schemes to be disregarded as income for tax credits purposes, meaning recipients will receive the full benefit of the support payment.
- 7.4 The Covid Local Support Grant is an extension and follow-on scheme to the earlier Covid Winter Support Grant. This scheme provides additional support for children, families and the most vulnerable during the period of lockdown restrictions.
- 7.5 This instrument takes the opportunity of correcting an error in the previous iteration of item 40 in Table 6 of Regulation 19 of the Tax Credits (Definition and Calculation of Income) Regulations 2002 regarding the words “over the same period”, which may have led to the conclusion that payments made under devolved governments’ schemes may only be disregarded if those schemes covered the same period as the English scheme. This instrument corrects that anomaly by removing the unnecessary wording. The department has complied with the requirement to consult with the SI registrar and this instrument is being issued free of charge to all known recipients of that instrument.

#### Amendment to the definition of approved training

- 7.6 Entitlement to Child Benefit and Child Tax Credit in respect of a young person under the age of 20 is dependent (amongst other things) on the qualifying young person being in “approved training”. The list of approved training is provided under regulation 1(3) of the Child Benefit (General) Regulations 2006 and cross-referenced by the Child Tax Credit Regulations.

7.7 The Department for Economy in Northern Ireland has confirmed that it is introducing a new “Skills for Life and Work” programme from 1 September 2021 which they intend to be considered as approved training for the purposes of Child Benefit and Child Tax Credit eligibility.

7.8 This instrument will amend the definition of approved training to include the “Skills for Life and Work” programme to ensure that young persons under age 20 undertaking such training can continue to be eligible in respect of the payment of Child Benefit and Child Tax Credit.

## **8. European Union Withdrawal and Future Relationship**

8.1 This instrument does not relate to withdrawal from the European Union.

## **9. Consolidation**

9.1 There are no plans to consolidate any of the regulations which are amended by these regulations.

## **10. Consultation outcome**

10.1 The Social Security Advisory Committee, an advisory non-departmental public body, has been consulted on the proposed regulations.

10.2 No separate consultation exercise was conducted as this instrument makes minor changes to tax credits and Child Benefit legislation.

## **11. Guidance**

11.1 Guidance is provided for tax credits claimants online at the [gov.uk website](https://www.gov.uk) and through the tax credits helpline.

11.2 Guidance is provided for Child Benefit claimants online through the [gov.uk website](https://www.gov.uk) and through the Child Benefit helpline.

## **12. Impact**

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 An Impact Assessment has not been prepared for this instrument because there is no significant impact on business.

## **13. Regulating small business**

13.1 The legislation does not apply to activities that are undertaken by small businesses.

## **14. Monitoring & review**

14.1 The approach to monitoring of this legislation is that changes made by this instrument are consequential changes rather than policy changes, and so will not be monitored further.

14.2 The regulation does not include a statutory review clause as this regulation does not make regulatory provision in respect of a business.

**15. Contact**

- 15.1 Sophie Evans at HMRC telephone: 07773 092365 or email: sophie.evans1@hmrc.gov.uk can be contacted with any queries regarding Working Tax Credit.
- 15.2 Mick Ney, Tax Credits Domestic Policy lead at HMRC, can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 The Rt Hon Steve Barclay MP, Chief Secretary to the Treasury, can confirm that this Explanatory Memorandum meets the required standard.