

Annual review of certain tax credits monetary amounts under Section 41 of the Tax Credits Act 2002 for the tax year 2024-25

Report required under section 41 of the Tax Credits Act 2002.

Laid before Parliament pursuant to Section 41(5) of the Tax Credits Act 2002

Section 41(1) of the Tax Credits Act 2002 (the Act)¹, requires a review, each tax year, of certain monetary amounts set out in section 41(2), to determine whether they have retained their value in relation to prices in the United Kingdom in such manner as the Treasury consider appropriate. A report of that review must be laid before each House of Parliament, stating what each amount would have been, if it had retained its value against prices.

The requirement applies to any monetary amount prescribed under the following provisions:

- The income thresholds at which each tax credit will start to be withdrawn: these are prescribed under section 7(1)(a) of the Act.
- Any thresholds relating to changes in income between the current tax year and the previous tax year as prescribed under section 7(3)(a)-(d).
- The maximum rates for the various elements of child tax credit as prescribed under section 9 and for those of working tax credit under section 11 of the Act.

The overall level of prices as measured by the change in the Consumer Price Index (CPI) from September 2022 to September 2023 was 6.7%.

The table attached shows:

- a) The current rate (2023-24 tax year) of each element/threshold reviewed;
- b) The rate of each element/threshold for the new tax year (2024-25), in line with proposals set out by the Chief Secretary to the Treasury by Written Ministerial Statement published on 22 November 2023²;
- c) The difference between the current rates and the proposed new rates; and
- d) The amount of each element/threshold if the rate had been changed in line with the change in the general level of prices.

¹ Part 1 of the Tax Credits Act 2002 has been repealed by Welfare Reform Act 2012 with effect from 1 February 2019. Part 1 includes section 41. However, by The Welfare Reform Act 2012 (Commencement No 32 and Savings and Transitional Provisions) Order 2019, section 3(1), Part 1 of the TCA 2002 shall be treated as though it is still in force in relation to certain categories of cases. Those categories are set out in full in section 3(2)-(5) and (9) of the 2019 order.

² [Written statements - Written questions, answers and statements - UK Parliament](#)

REPORT REQUIRED UNDER SECTION 41 OF THE TAX CREDITS ACT 2002

Section 11 Tax Credits Act 2002 -The Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002	2023-24 Annual rates (£)	2024-25 Annual rates (£)	Change (£)	Rate if changed in line with prices (£)
Basic Element	2,280	2,435	155	2,435
Couple and Lone Parent Element	2,340	2,500	160	2,500
30-hour Element	950	1,015	65	1,015
Disability Element Schedule 2	3,685	3,935	250	3,935
Severe Disability Element Schedule 2	1,595	1,705	110	1,705
Section 9 Tax Credits Act 2002 -The Child Tax Credit Regulations 2002				
Family Element Reg 7(3)	545	545	0	585
Child Element	3,235	3,455	220	3,455
Child or qualifying young person is disabled Reg 7(5)(a)	3,905	4,170	265	4,170
Child or qualifying young person severely disabled Reg 7(5)(b)	5,480	5,850	370	5,850
Sections 7(1) & (3) and 13 Tax Credits Act 2002 – The Tax Credits (Income Thresholds and Determination Rates) Regulations 2002				
Income Disregard Reg 5	2,500	2,500	0	2670
First Income Threshold Working Tax Credit Reg 3(2) and (7)(3)	7,455	7,955	500	7,955
First Income Threshold Child Tax Credit Reg 3(3) and 8(3)	18,725	19,995	1,270	19,995