

TAX CREDITS 2012-13

Tax Credits aren't just for poor families and you don't have to have any children either!

A family with two children and household income up to £40,000 could claim up to £7,737. A working couple with no children could claim up to £4,660.

Taxable Household Income

Tax Credits are based on household income. A couple living together make one claim based on their combined income. RW&Co can advise on planning areas to reduce your taxable income to create/increase a Tax Credit claim.

Entitlement

A single person aged 25 or over working at least 30 hours a week is entitled to £2,710 (more if they're co-habiting). Add a further £545 'family element' if you have any eligible children, plus a further £2,690 per child (children under 16 and 16 to 18 year-olds in full-time education).

Tax Credit entitlements can come in at £4,660 for a childless couple; £7,895 for a family with one child plus a further £2,690 for each additional child. The more children, the more Tax!

Working parents can also claim further Tax Credits equal to 70% of eligible childcare costs up to £175 per week for one child or £300 per week for two or more children. That's up to £10,920 extra per year.

'Maximum Income' is the point where Tax Credits are withdrawn altogether. This is pretty high for a large family; even with just two children, it's nearly £60,000.

A family with four children and combined income of £40,000 is still eligible for £2,197 – well worth claiming!

Get claiming now

Tax Credit claims are initially based on your previous year's income. A claim for the year ending 5th April 2013 (2012/13) is initially based on your taxable income for the year ending 5th April 2012 (2011/12).

For sole traders and partners, this generally means initially looking at trading accounts for periods ending between 6th April 2011 and 5th April 2012.

Where income falls significantly from one year to the next, the final entitlement for a year is determined by that year's taxable income. From 2012/13 onwards, however, the first £2,500 of the fall in income is disregarded. £10,000 of income rises is also dis-regarded! A wonderful planning opportunity therefore exists!

Contact RW&Co now on (0191) 491 0019 or email us at info@rwco.net