

- ✓ What are tax credits?
- ✓ How do I claim Child Benefit?
- ✓ What is the Child Trust Fund?
- ✓ Who can get this financial help?

**PARENT  
KNOW  
HOW**

# Applying for **tax credits** and other financial help for your children

**0-7**



**HM Revenue  
& Customs**

# AT A GLANCE



## Tax credits

- Tax credits give you financial support with day-to-day living.
- There are two kinds of tax credits – Child Tax Credit and Working Tax Credit. Child Tax Credit is for people who are responsible for a child or young person. Working Tax Credit is for people who work and are on a low income.
- Most people are able to claim tax credits of some kind, but there are some situations in which you won't be able to get payment.
- If you do get tax credits, it's important to tell HM Revenue & Customs about any changes to your living situation.

## Child Benefit

- Child Benefit is a tax-free benefit to help parents with the cost of caring for their child. It is payable for each child from birth until at least age 16.
- If you have just had a baby, you should start to claim Child Benefit within three months of their birth, otherwise you will lose some of the benefit.

## Child Trust Fund

- Child Trust Fund is a long-term savings and investment account designed to give children a financial head start in life.
- You will automatically be sent a Child Trust Fund voucher worth £250, about a month after you first start receiving Child Benefit.
- You then use that voucher to open a Child Trust Fund account for your child.

## Did you know?

**If you get Working Tax Credit, you might be able to get help towards childcare.**

# Support for you and your child

Every parent knows that when you're bringing up a child, every penny counts. For some, just covering the cost of day-to-day living can be difficult.

Most parents welcome any help they can get. That's where tax credits and Child Benefit come in. Together they provide financial support for you and your child, to help you pay for everyday living expenses, such as clothes, food and utility bills.

## Saving for your child's future

Although most parents would agree that saving for their child's future is a good idea, it can be difficult to find the money to make a start.

This is where the Child Trust Fund comes in. About a month after you first receive Child Benefit for your new baby, the Government will send you a voucher worth £250 to kick-start a Child Trust Fund savings and investment account.

Maybe you've heard about Child Trust Fund but don't know much about it? Perhaps you've just had a baby and don't know how to claim Child Benefit? Or maybe you're not sure if you can apply for tax credits? This booklet will help you. It explains:

- what the different kinds of support are
- who can get them
- what to do if you want to apply.

## Tax credits

A tax credit is a payment you can get to help with day-to-day living. It's not a tax and it's not money off your tax bill – it's money that you get paid regularly.

There are two types of tax credit:

- **Child Tax Credit** – for people who are responsible for a child or young person
- **Working Tax Credit** – for people who work but earn a low wage.

### Child Tax Credit

You might be able to claim Child Tax Credit if:

- you are responsible for a child or a young person who is in full-time education
- your family doesn't have an income of more than £58,000 a year
- nobody else gets Child Tax Credit for the child you are responsible for.

The amount you get depends on how many children you have, how much money you have coming in and whether any of your children are disabled. If you share responsibility for a child with someone who doesn't live with you, only the person with the main responsibility for the child can ask for Child Tax Credit.

### Did you know?

**Nine out of 10 families with children qualify for Child Tax Credit.**

## Working Tax Credit

You might be able to claim Working Tax Credit if you:

- work 16 hours or more a week
- are paid for that work
- expect to work for at least four weeks.

You also need to be:

- 16 or older and responsible for at least one child, or
- 16 or older and disabled, or
- 25 or older and usually work at least 30 hours a week.

If you get Working Tax Credit, you might be able to get help towards childcare. The childcare payment will go straight to whoever has the main responsibility for a child. It will be given in addition to their Child Tax Credit payment.

## Don't miss out – how to apply

Not everybody who applies for tax credits will be successful. Whether you get them depends on your living situation. You will have to prove that the information you give on the application form is true.

Check if you can claim or make an application by going to the HM Revenue & Customs (HMRC) website, you'll find details on the back page.

Or get an application form from your nearest HMRC Enquiry Centre (previously known as Inland Revenue Enquiry Centre) or Jobcentre Plus, or by calling the tax credits helpline on **0845 300 3900** or textphone **0845 300 3909**.



## If your situation changes

It's important to let HMRC know if your situation changes in any way, because this will change how much tax credit you get – you might even get more money. This can include changes to your:

- **family** – marriage, divorce, disability, births and deaths
- **income** – if you earn more or less than when you made your claim
- **child's education or childcare costs** – if your child stays on at school after 16, you change childcare arrangements, or your childcare arrangements stop
- **address or bank account.**

You can report changes by calling the tax credit helpline on **0845 300 3900**.

## Child Benefit

Every mother, or the person with main responsibility for the care of a child, can claim Child Benefit.

You get £17.00 a week for your first child. For all other children you get £11.40 a week per child.

### How to make a claim

If you are about to have a baby, look out for the Bounty bag that is given to most new mothers in hospital. In this bag you will find a Child Benefit claim form. You can also get a claim form from your local Jobcentre Plus office or Post Office. Or you can phone **0845 601 8040** and ask for one to be sent to you.

Fill in the form and send it with your baby's birth certificate to the Child Benefit Office. The birth certificate will be returned to you.

Alternatively, you can apply online at [www.hmrc.gov.uk/childbenefit/](http://www.hmrc.gov.uk/childbenefit/)

Child Benefit can be paid directly into a bank, building society or Post Office card account. It is usually paid every four weeks, but single parents and families on low incomes can choose to be paid weekly.

## The Child Trust Fund

One way of preparing for your child's future is to start saving and investing money now. That's the idea behind the Child Trust Fund (CTF). HM Revenue & Customs (HMRC) will send the parents of newborn babies a £250 voucher to open a CTF account.

Under the scheme, all children get the initial £250 for their account. But children from families on a low income (at or below the full Child Tax Credit threshold which is currently £13,910) get a further £250 paid direct into their CTF account. This will be paid once their family's Child Tax Credit award for the year (the year they first claimed Child Benefit for their child) has been finalised.

### About your child's CTF voucher

- The voucher belongs to your child and must be put into a CTF account.
- Your child won't be able to take the money out of the account until they are 18.
- You, your family and friends can add up to £1,200 to the account every year.
- Neither you nor your child pays tax on the interest earned in the account.

## Does your child qualify?

You will automatically get a CTF voucher for your child if:

- they were born on or after 1 September 2002
- you get Child Benefit for them
- they are living in the UK and aren't under immigration control.

You don't have to apply for the voucher. It will be sent to you automatically about a month after you start receiving Child Benefit.

## Setting up an account

After you get your child's CTF voucher, you should open their CTF account as soon as possible. The sooner you open it, the sooner it can start to grow. There are several kinds of accounts and a range of different account providers to choose from. You can also change the account if you are not happy with it later on. You will be sent an information booklet and list of providers a few days before you receive the voucher.

When choosing your child's account it pays to shop around. Check out a few different providers and find out as much as possible about the accounts they offer. You are responsible for managing your child's account, so:

- keep statements safe
- let the account provider know if you change address
- change the account if you think it's not doing well for your child.

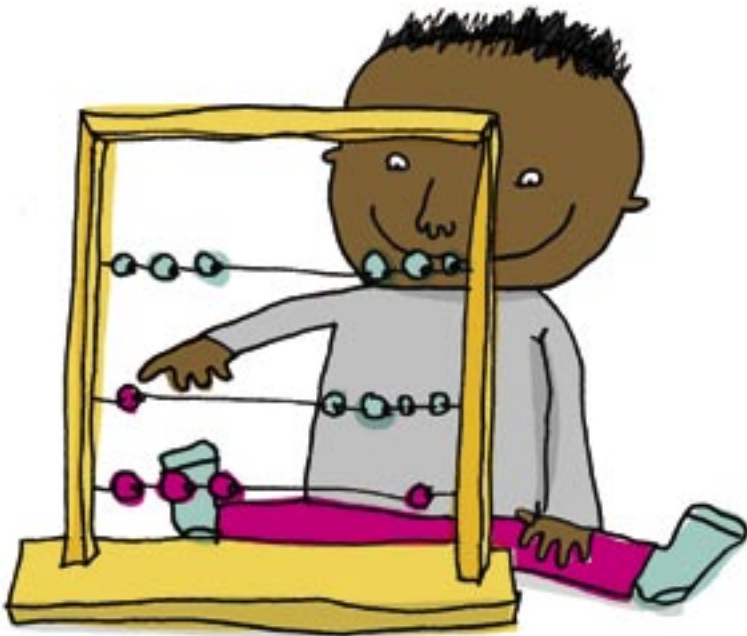
## Different kinds of account

<b>Accounts that invest in shares</b>	<ul style="list-style-type: none"><li>• Your provider invests your child's money by buying shares in companies.</li><li>• The amount of money in the account is affected by how well the companies do.</li><li>• Shares can go down as well as up – and so can the money in the account.</li></ul>
<b>Stakeholder accounts</b>	<ul style="list-style-type: none"><li>• Your provider invests your child's money in shares.</li><li>• It is invested in several companies so that the risk is spread out.</li><li>• When your child is 13 the money is gradually moved into lower-risk investments such as cash, so the account keeps its value as your child gets near to 18.</li></ul>
<b>Savings accounts</b>	<ul style="list-style-type: none"><li>• The money is secure – your child will get back whatever has been put in, plus some interest.</li><li>• But you might not get the same return as you would with an account that invests in shares, especially over such a long period as 18 years and when inflation is taken into consideration.</li></ul>

**Please note, most providers offer only one or two types of account.  
All providers offer a stakeholder account.**

## The Child Trust Fund helpline

If you have questions about CTF, or you don't receive your voucher within a month of starting to get Child Benefit, you can call the CTF helpline on **0845 302 1470** or textphone **0845 366 7870** (8am to 8pm, seven days a week).





## Want to find out more?

### **[www.direct.gov.uk](http://www.direct.gov.uk)**

The Government's public services website. Contains information on tax credits, the Child Trust Fund and other forms of financial support for parents.

### **[www.hmrc.gov.uk/taxcredits](http://www.hmrc.gov.uk/taxcredits)**

HM Revenue & Customs website about tax credits. Includes an online application form.

### **[www.hmrc.gov.uk/childbenefit/index.htm](http://www.hmrc.gov.uk/childbenefit/index.htm)**

HM Revenue & Customs website about Child Benefit. Includes an online Child Benefit claim form.

### **[www.childtrustfund.gov.uk](http://www.childtrustfund.gov.uk)**

Official Child Trust Fund website.

### **[www.jobcentreplus.gov.uk](http://www.jobcentreplus.gov.uk)**

Information about financial support (including tax credits) and help with finding work.

### **[www.childsupportagency.gov.uk](http://www.childsupportagency.gov.uk)**

Information on the child support system.

## Can't get onto the internet at home?

Visit your local library which will have computers and internet access.

Copies of this publication can be obtained from: DfES Publications, PO Box 5050, Annesley, Nottingham NG15 0DJ.  
Tel: 0845 60 222 60 Fax: 0845 60 333 60 Email: [dfes@prolog.uk.com](mailto:dfes@prolog.uk.com) Please quote ref: PKHEY4

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