

## CHECKING ELIGIBILITY: CHILD TAX CREDIT RECIPIENTS

1. Each time a tax credit is calculated, the Inland Revenue will issue a **Tax Credit Award notice (TC602)** to the applicant. This will clearly set out the annual income and key family details and include all of the information that is required to assess a child's free school lunch eligibility (under the new "tax credit" criterion). Therefore we strongly suggest that this document is used as the basis for making the assessment.
2. An example of a TC602 Award Notice is set out below, the notice would actually be part of an inland revenue document produced in an A3 size folded format. There is an indication, by way of a box, of those entries on page 1 of TC602 that will provide the pertinent information to enable authorities to confirm or refuse an application for free school lunches. The box is replicated below with an indication of the 3 checks which authorities will need to make to decide on entitlement.
3. The Inland Revenue is in the process of producing an information leaflet to advise those families who claim Tax Credits about the other types of help that they may be able to access as a result of receiving an award of tax credit. The leaflet will explain that when making a claim for free school lunches, the Tax Credit Award notice will need to be produced as proof of entitlement. The information leaflet also advises that it is "important to keep your TAX CREDIT AWARD NOTICE in a safe place. If you lose your Award Notice, then contact the TAX CREDIT HOTLINE".

<p>TAX CREDITS AWARD From 06/04/2003 to 05/04/2004</p> <p>MR JOHN JONES National Insurance Number AA 12 34 56 C MRS JANE JONES National Insurance number CC 11 20 01 A</p> <p>AWARD SUMMARY Child Tax Credit                      £3,436.74 Will be paid to MRS JANE JONES</p> <p>Any award of Working Tax Credit will be stated here</p> <p>The total award is                      £3,436.74</p> <p>This award is based on information given by you. You have 02 qualifying children and an annual income of £13,910.00</p> <p style="text-align: center;">EXAMPLE</p>	<p>← Shows the dates of the tax credit award <b>CHECK 1</b> These dates must relate to the current tax year</p> <p>← Shows details of all tax credits awarded to the family In order to ascertain whether a family is entitled to receive free school lunches for their children, the award notice must show: <b>CHECK 2</b> An award of Child Tax Credit <b>CHECK 3</b> No award of Working Tax Credit</p> <p>← Shows the family's annual income and the number of children in the family <b>CHECK 4</b> An annual income that does not exceed £14,155</p>
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## **FREE SCHOOL MEAL ELIGIBILITY CHANGES & TAX CREDITS**

### **Questions & Answers**

**Q What exactly is meant by a family's annual income?**

A For the purpose of claiming free school lunches, "annual income" is defined in education legislation as being "income for the tax year calculated in accordance with the Tax Credits "definition and Calculation of Income) Regulations 2002". This is the calculation that the Inland Revenue will perform as part of the process used to assess a family's entitlement to tax credits.

**Q How often will the income "threshold" (£13,910) be reviewed?**

A The Tax Credit Act 2002 provides for the Treasury to carry out an "annual review" and report on the various rates and thresholds used to calculate the new tax credits. This will include the income threshold of £13,910 although there is no requirement for Treasury to up-rate it every year. If the income threshold changes, we shall notify or arrange for education authorities to be notified.

**Q Will families who currently receive Working Families Tax Credit be eligible to free school lunches after 6 April?**

A Working Tax Credit (WTC) will broadly replicate the support for adults provided prior to 6 April through the Working Families Tax Credit, being available only to those families where at least one earner works for 16 hours or more. As is currently the case, children of families in receipt of Working Tax Credit will not be entitled to receive free school lunches.

**Q If Tax Credits are assessed annually, what happens if the family has a change of circumstance within the twelve month period?**

A Where a family has a change of circumstances that falls into one of the categories outlined on page 2 of the TC602 Award Notice – CHANGES IN YOUR CIRCUMSTANCES – the family must advise the Inland Revenue. The Inland Revenue will then decide whether a reassessment of tax credit, or income, will be appropriate and will issue a revised Award notice. Changes in annual income need to be declared to the Inland Revenue where income has: a) decreased, b) increased by more than £2,500 pa. Inland Revenue will pursue those who fail to advise of such increases of income as fraudulent claimants of tax credits.

**Q If a family has an award of Child Tax Credit based on an income below £13,910 but subsequently their income increases (by an amount less than £2,500) to an amount above the £13,910 threshold, will they still be entitled to free school lunches for their children?**

A The legislation underpinning the new category would link the amount of income used to decide free school lunch entitlement directly to the amount of income calculated by the Inland Revenue and used in the assessment of the family's Tax Credit Award. In the circumstances described, a family would continue to be eligible to receive free school meals until a) the Inland Revenue routinely reassessed their award, b) their income increased by more than the £2,500 limit and Inland Revenue reassessed their income.

**Q Will the Inland Revenue advise Education Authorities of changes to tax credit awards?**

A No. The Inland Revenue is unable to supply information about tax credits directly to local authorities. It will be for each authority to decide how best to check ongoing entitlement to free school lunches. It may be useful to note that the last three digits of the tax credit reference number (which will be found in the upper left hand corner of the award notice) indicate the number of awards/revisions made during the tax year in question and may assist with tracking whether all changes have been notified to the authority.