

REPORT TO: POLICY AND RESOURCES COMMITTEE - 9 JUNE 2003

REPORT ON: IMPACT OF NEW WORKING TAX CREDIT ON COUNCIL GRANTS AND CONCESSIONS

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 414-2003

1 PURPOSE OF REPORT

- 1.1 This report details the changes in eligibility criteria required due to the introduction of the Working Tax Credit.

2 RECOMMENDATIONS

- 2.1 It is recommended that the eligibility criteria for School Clothing Grants, free Music Tuition fees and the Leisure Concession Scheme are amended to include people in receipt of new Working Tax Credit (up to a gross income limit of £13,230 per annum).

3 FINANCIAL IMPLICATIONS

- 3.1 Although it is not possible to accurately predict the impact of this amendment, it is not anticipated that there will be any increase in costs to the Council.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 There are no direct Local Agenda 21 implications arising from this report.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 The introduction of the Working Tax Credits will have a positive impact in terms of addressing social inclusion.

6 BACKGROUND

- 6.1 Following the introduction of the Working Families Tax Credit and the Disabled Persons Tax Credit in October 1999, the Policy and Resources Committee agreed to extend the eligibility for school clothing grants and charge concessions to include people in receipt of these credits.
- 6.2 The Working Tax Credit is being introduced from 6 April 2003 and this will replace the Working Families Tax Credit and the Disabled Persons Tax Credit. The new tax credits will entitle qualifying families to full help with health costs.
- 6.3 Currently the Inland Revenue issue a tax credit exemption certificate as evidence of entitlement to help with health costs. From 6 April 2003, the Prescription Pricing Authority (PPA), on receipt of information forwarded monthly from the Inland Revenue about qualifying families, will issue Tax exemption Certificates. The PPA will not be able to send out certificates until they receive the information from the Inland Revenue and, as it is estimated that one million people will qualify, some families will have to wait for their certificate.
- 6.4 The Department of Health has agreed that Working Families Tax Credit exemption certificates that expire on 7 April 2003 can be used up to 31 July 2003 as a temporary measure to enable the new certificates to be issued.

