

Proposal: Limit allowances to 2 children only

From April 17 the Government is proposing to limit Child Tax Credits and the Child allowance in HB and Universal Credit to 2 children for new claims with 3 or more children or when a new child is born to a current claimant with two or more children

Mrs C is a lone parent, she has just given birth to her 3rd child, she is in receipt of Maternity Allowance, Child Tax Credit and Child Benefit. She lives in a band B, 3 bedroom property.

Council Tax Liability £1204.30

Single person discount £301.08

Weekly council tax liability £17.32

Maximum eligible Council Tax (85%) £14.72

Entitlement before 3rd child born**Income:**

Maternity Allowance £139.58

Child benefit x2 £ 34.40

Child Tax Credit £117.50

Total Weekly Income £291.48

Applicable Amount:

Lone Parent Allowance £ 73.10

Child Premium (66.90 x 2) £133.80

Family Premium £ 17.45

Total Applicable Amount £224.35

Disregarded Income

Child Benefit £34.40

Total weekly Income £291.48

Disregarded Income £34.40

Total eligible weekly income £257.08

Weekly Income less Applicable Amount £257.08 - £224.35 = excess income £32.73

Weekly eligible Council Tax £14.72

Taper, 20% of excess income £6.55

Weekly CTS award £8.17

Calculation if proposal is adopted: 3rd child is born**Income**

Maternity Allowance £139.58

Child Benefit x3 (no Limit) £ 48.10

Child Tax Credit (limited) * £117.50

Total Weekly Income £305.18

Applicable Amount

Lone Parent Allowance £73.10

Child Premium (66.90 x 2) £133.80

Family premium £17.45

Total Applicable Amount £ 224.35

**(loss in weekly income due to Child Tax Credit limit: up to £53.48 for third and each subsequent child)*

Disregarded Income

Child Benefit £48.10

Total weekly Income £305.18

Disregarded Income £48.10

Total eligible weekly income £257.08

Weekly Income less Applicable Amount £257.08 - £224.35 = excess income £32.73

Weekly eligible Council Tax £14.72

Taper, 20% of excess income £6.55

Weekly CTS award £8.17

Calculation if proposal not adopted: 3rd child is born**Income**

Maternity Allowance £139.58

Child Benefit (no limit) £ 48.10

Child Tax Credit (limited) £117.50

Total Weekly Income £305.18

Applicable Amount

Lone Parent Allowance £ 73.10

Child Premium (66.90 x 3) £200.70

Family premium £ 17.45

Total Applicable Amount £291.25

Disregarded Income

Child Benefit £48.10

Total Weekly income £305.18

Disregarded income £ 48.10

Total eligible weekly income £257.08

Weekly Income less Applicable Amount £257.08 - £291.25 = excess income £0.00

Weekly eligible Council Tax £14.72

Taper, 20% of excess income £0.00

Weekly CTS award £14.72