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Coverage: Great Britain
Theme: Social and Welfare

TAX BENEFIT MODEL TABLES – April 2004

The Tax Benefit Model Tables – April 2004 are published today. They show the financial position of hypothetical families living in Local Authority and private rented accommodation and paying average rents and Council Tax for the size of family.

This publication contains information produced by the Information Centre, Information and Analysis Directorate of DWP, based on the benefit rates, Working Tax Credit, Child Tax Credit, tax and National Insurance rates effective from April 2004.

The main contents of the publication are:

Section 1 shows the net income of families where the head is a full time employee on a range of earnings levels. Each table shows their take-home pay after deductions for tax and National Insurance, and how much money they have left before and after paying housing costs (rent, Council Tax and, where appropriate, child care costs). Any benefits and/or tax credits they can claim are included in these net income figures. The tables also show:

- Marginal Deduction Rates (MDRs) – the proportion of each extra pound in earnings which is lost through tax, National Insurance and reduced entitlement to benefits/ tax credits;
- Replacement ratios – net income after housing costs if on Income Support/ Jobseeker's Allowance (Income-based) as a percentage of net income after housing costs when in full-time work.

Some examples show the effect of the child care credit for people on Working Tax Credit, Housing Benefit and Council Tax Benefit to help with the cost of a registered child minder or nursery. There are also tables showing the thirty hour credit for people on Working Tax Credit who are working 30 hours a week or more.

Section 2 concerns families where the head of the family is unemployed and claims Jobseeker's Allowance. Jobseeker's Allowance was introduced on 7 October 1996 and replaced Unemployment Benefit and Income Support paid to unemployed individuals available for and actively seeking work. Table 2.1 shows how much families, whose head is unemployed, receive on Jobseeker's Allowance. Table 2.2 compares those unemployed in receipt of Jobseeker's Allowance with those working 16 and 30 hours at the minimum wage. Table 2.3 shows replacement ratios i.e. how much a family receives in benefits when the head is unemployed compared to when the head is in work. For example, where a family on Jobseeker's Allowance and other benefits has half the net income after housing costs of an equivalent family where the head is in work, the replacement ratio is 50 per cent.

Appendix A gives details of tax, tax credit and benefit rates and the calculations used.



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Appendix B contains a brief comparison between the financial circumstances of new lone parent claimants and those with 'protected' rates.

In keeping with the Department's publication policy, hard copies are not available. However, copies in portable document format (PDF) may be downloaded and printed from the DWP internet site free of charge. See: <http://www.dwp.gov.uk/asd/tbmt.asp>

If you would like to receive a copy of the Excel spreadsheet based model please contact Steve.Topping@DWP.gsi.gov.uk