

## Submission by Women's Budget Group to the Inland Revenue on the Working Tax Credit (Child Care Charges) Regulations 2002

The Women's Budget Group makes the following suggestions for revisions to the draft Working Tax Credit (Child Care Charges) Regulations 2002

- 1) Regulation 3(4) that excludes charges “paid by a person to a partner or by a partner to the person in respect of any child for whom either or any of them is responsible are not relevant child care charges” may have important implications for the supply of childminders, about which we know the government is concerned. Many people become childminders as a way of looking after their own child and earning some money when their own children are small. This regulation will discourage a mother from becoming a childminder in those circumstances because she would not be able to claim the childcare element of WTC for her own child, though she would be able to do if she worked in a different job, or indeed if she remained a childminder but had her child looked after by somebody else. This regulation will therefore produce distorting incentive effects that will exacerbate the existing shortage of childminders. Perhaps it could be reformulated so as not to apply to childminders who look after other children as well as their own.
- 2) The wording of regulation 4(1)(b)(ii) should be looked at carefully to ensure that couples eligible for WTC in which one person is in employment and the other is not available for childcare for reasons other than incapacity can get help with childcare costs. In particular it should not exclude cases where the other partner is in more than 16 hours of education, since the partner will not be eligible for the HE childcare grant in those circumstances. It is important to ensure that there are no cases that fall through the childcare net. The Child Tax Credit has closed the gap that used to exist between eligibility for IS and WFTC in payments for the support children. It would be pity not take this opportunity to close similar gaps for payments for childcare.
- 3) There should be some provision made for payments actually incurred on childcare if parental circumstances change. Parents enter into formal or informal contractual commitments with childcare providers and these commitments should be honoured. This is important if childcare providers are not to be given grounds for discriminating against recipients of WTC and if parents on WTC are to be able to find childcare when they need to.
- 4) It is important that parents who lose their jobs are able to retain their childcare place while they search for a new job. Not to be able to do so will hamper their reemployment and have harmful effects on their children by disrupting their care. We believe that the best way to accomplish this would be to allow the childcare element to continue to be paid for a fixed period after the conditions under 4(1) are no longer fulfilled.

- 5) Some provision should be made for the extra costs that parents of children with disabilities may find they have to pay for childcare. These can be up to double the rates charged for other children.