

HIGH INCOME CHILD BENEFIT CHARGE

DOES THIS AFFECT ME?

You may have to pay a tax charge, known as the 'High Income Child Benefit Charge', if you have an individual income over £50,000 and either:

- you or your partner get Child Benefit
- someone else gets Child Benefit for a child living with you and they contribute at least an equal amount towards the child's upkeep

It doesn't matter if the child living with you is not your own child.

You can choose not to get Child Benefit payments, but you should still fill in the Child Benefit claim form. This will help you get National Insurance credits which count towards your State Pension.

Claiming Child Benefit also means your child will get their National Insurance number automatically shortly before they're 16. They won't have to apply for one themselves.

I AM ALREADY RECEIVING CHILD BENEFIT BUT LIABLE TO THE CHARGE, WHAT SHOULD I DO?

It depends on whether you are liable to the charge from the current tax year or became liable to the charge in a prior tax year. If it's in the current tax year, you can either:

- stop getting Child Benefit - sometimes known as 'opting out'
- carry on getting Child Benefit and pay any tax charge at the end of each tax year

To work out if your income is over the threshold, you'll need to work out your 'adjusted net income'.

Your adjusted net income is your total taxable income before any personal allowances and less things like Gift Aid.

You can be paid too much Child Benefit if you don't report a change in your circumstances to HMRC. You'll usually have to pay it back.

If you became liable to the charge in a prior year, it is important you deal with this promptly; you should contact the Child Benefit Office immediately and may wish to discuss with an accountant the most appropriate way to disclose this.

WHO PAYS THE TAX CHARGE?

If your partner's income is also over £50,000 but yours is higher, you're responsible for paying the tax charge.

'Partner' means someone you're not permanently separated from who you're married to, in a civil partnership with or living with as if you were.

HOW DO I PAY WHAT I OWE?

You need to fill in a Self-Assessment tax return each tax year and pay what you owe.

If you don't usually send a tax return, you need to register by 5 October following the tax year you need to pay the tax charge. You'll get a letter telling you what to do next after you've registered.

You can also choose to stop your Child Benefit immediately. You can't stop your Child Benefit if you're using it to pay back an overpayment (or to pay back certain other benefits from another country).

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You could be prosecuted for benefit fraud if you know you've been overpaid but don't do anything about it. You could be fined or go to prison if you're convicted.

The Child Benefit Office will write to tell you:

- you've been overpaid
- what caused the overpayment
- whether you have to pay the money back
- how to appeal if you think they're wrong

HOW DO I PAY BACK OVERPAYMENTS?

The Child Benefit Office will write to tell you how to pay back the overpayment. The payslip you get with the letter has the bank account details.

You'll usually have to pay it back in a lump sum.

You can contact HMRC about repayments or if you need time to pay.

WHAT DO I NEED TO DO AFTER MY CHILD BENEFIT STOPS?

You must pay any tax charge owed for each tax year up to the date your Child Benefit stops.

Even after your payments stop, you must report any changes in your family life that affect your entitlement to Child Benefit.

You can restart your Child Benefit if:

- you've previously stopped it because of the tax charge; and
- you still qualify for Child Benefit

HOW CAN BLUE-PEAK HELP?

With backgrounds in the Big 4, we have a wealth of experience assisting individuals with the high-income child benefit charge and preparing and submitting their self-assessment tax returns to report any amounts due. Contact us to discuss your reporting requirements in further detail and find out more about how we can assist you and take the stress out of the process.

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