

# Tax credits – do I have to tell HMRC if my circumstances change?

## Introduction

Tax credits are benefit payments that are paid to people in work who are on a low income or have children. There are two tax credits – working tax credit (for those working but on a low income) and child tax credit (for those on low income, regardless of whether they are working or not, with children). Existing tax credit claimants need to renew them each year.

New claimants must claim Universal Credit rather than Working or Child Tax Credits; eventually, existing tax credit claimants will be moved over to Universal Credit. This is due to happen between November 2020 and December 2023.



Tax credits can go up or down as a result of changes in family or work circumstances.

## Changes in that must be reported to HMRC

A tax credit claimant must report any of the following changes in circumstance to HMRC.

1. Living circumstances change, for example if a partner moves out, or you start to live with a new partner, you get married or form a civil partnership, or you separate permanently, or you divorce.
2. Your partner or child dies.

3. A child leaves home or is taken into care.
4. A child is taken into custody.
5. A child over the age of 16 leaves approved education or training or a careers service.
6. Childcare costs go down by more than £10 per week, or you start receiving help with childcare costs.
7. If you are in a couple, your combined working hours fall to below 30 hours per week.
8. Working hours fall below the minimum needed for working tax credit, which depend on circumstances.

It is necessary to make a new claim if a relationship ends or you start a new relationship, or if your partner dies.

You must also tell HMRC if any of the following occur.

1. You go abroad for eight weeks or more.
2. You leave the UK permanently or lose your right to reside in the UK.
3. You reduce your working hours to less than 16 hours per week while claiming childcare costs.
4. You have been on strike for more than 10 consecutive days.

## Changes in income, benefits and working hours

If tax credits are overpaid, the overpayment will need to be returned to HMRC. To avoid building up an overpayment which will have to be paid back, HMRC should be notified if any of the following occur.

1. A change in income (if increases or decreases by £2,500 HMRC should be notified immediately so that tax credit payments can be adjusted)
2. Combined working hours for a couple who have children are increased to 30 hours a week or more.
3. You have a baby or take on responsibility for another child.
4. You start or stop claiming benefits or your benefits change.
5. You start or stop getting a disability payment.

6. Your child is certified blind (or is no longer blind).
7. You start paying for registered or approved childcare.
8. You stop getting help with childcare.

overpaid tax credits or go through a period of reduced income as they recover the amount you owe. You could also be missing out on vital credits you your income has reduced.

If you have any questions or concerns, contact me:

### **Time limit for reporting changes**

The above changes must be reported to HMRC within one month of the date on which they occur.

### **Report changes online**

Changes can be notified online at [www.gov.uk/changes-affect-tax-credits](http://www.gov.uk/changes-affect-tax-credits).

### **Recommendation**

It is important to update the HMRC of the changes in your circumstances or income levels. If you delay in telling them, it could result with you having to repay the

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