

## Tax Credits and Child Benefit

When the Civil Partnership Act comes into force on 5 December 2005, it will have important consequences for those same-sex couples who have claimed the child and working tax credits and child benefit from HM Revenue & Customs (HMRC) or who may do so in the future.

- As of 5 December, if someone is claiming tax credits as a single person but is living with a same-sex partner as a couple, or starts to live with a same-sex partner as a couple at some time after that date, they must report their circumstances to HMRC.
- From 5 December, if someone is living with a same-sex partner as a couple, whether or not they form a civil partnership, and they are both getting the higher rate of child benefit, they need to tell HMRC Child Benefit Office as soon as possible.

Changes to secondary legislation in both areas are under way and further regulations will be laid in Parliament in the autumn.

### Child and Working Tax Credits

The Tax Credits Act 2002 introduced two tax credits - the child tax credit and the working tax credit. They began to be paid in April 2003.

To qualify for them, a person must be aged 16 or over and normally live in the UK. A person can claim the child tax credit if he or she is responsible for at least one child or young person who normally lives with them. A person does not have to be working to claim the child tax credit. The working tax credit is an in-work payment to top up the earnings of low-paid employees or self-employed people, including those who do not have children. Both tax credits are income-related because the level of the award depends on the taxable income of claimant. Married and unmarried opposite-sex couples are required to make joint tax credit claims based on their combined circumstances and income.

Currently, members of same-sex couples are not entitled to claim tax credits jointly but instead have to make separate claims based on their individual circumstances and income. When the Civil Partnership Act comes into force, same-sex couples will be required to make joint tax credit claims on the same basis as opposite-sex couples, whether or not they form a civil partnership.

As of 5 December, if someone is claiming tax credits as a single person but is living with a same-sex partner as a couple, or starts to live with a same-sex partner as a couple at some time after that date, they must report their circumstances to HMRC. They should do so as soon as possible on or after that date. The longer they leave it to tell HMRC, the longer they may be receiving more tax credits than they are entitled to. If they don't tell HMRC

within three months, they will not only have to pay back any overpaid tax credits but may also have to pay a penalty.

Tax credit claimants can contact HMRC in various ways:

- by phoning the Tax Credits Helpline on 0845 300 3900 (for Great Britain) or 0845 603 2000 (for Northern Ireland);
- by writing to
  - HM Revenue & Customs, Tax Credits Office, Preston, PR1 0SB (for Great Britain), or
  - HM Revenue & Customs, Tax Credits Office, Dorchester House, 52-58 Great Victoria Street, Belfast, BT2 7WF (for Northern Ireland);
- in person at any HMRC Enquiry Centre.

### Child Benefit

Child benefit is a weekly benefit payable to a person responsible for a child, regardless of income. The claimant can either be a person with whom the child is living or a person who contributes towards that child's support at not less than the weekly rate of child benefit payable for the child. Unlike tax credits, child benefit is claimed by an individual, rather than a joint claim made by couples.

A higher rate of child benefit is paid for the eldest child in a family. Normally, if two families join together to become one family, the higher rate of child benefit will only be paid for the eldest child in the new family.

From 5 December, if someone is living with a same-sex partner as a couple, whether or not they form a civil partnership, and they are both getting the higher rate of child benefit, they need to tell HMRC Child Benefit Office as soon as possible. They can do this by:

- writing to the Child Benefit Office at
  - Child Benefit Office (GB), PO Box 1, Newcastle-upon-Tyne, NE88 1AA (for Great Britain), or
  - Child Benefit Office (NI), Windsor House, 9-15 Bedford Street, Belfast, BT2 7UW (for Northern Ireland);
- phoning the Child Benefit Helpline on 0845 302 1444 (for Great Britain) or 0845 603 2000 (for Northern Ireland);
- e-mail at [child.benefit@hmrc.gsi.gov.uk](mailto:child.benefit@hmrc.gsi.gov.uk).

The Child Benefit Office will then decide which person will get the higher rate. If the claimants fail to do this, they may receive an overpayment of child benefit which they will be asked to pay back.

## **Income related social security benefits**

There may be implications for those claiming income related benefits. From 5 December, if someone is living with a same-sex partner as a couple, whether or not they register a civil partnership, and they are in receipt of income related benefits, they need to tell their Benefit Office or Local Authority as soon as possible. Further information on this will be available on the Department for Work and Pensions (DWP) web site in due course.