



Tax credits penalties

When you claim Child Tax Credit or Working Tax Credit you're responsible for making sure that the information on your claim is right.

Read this factsheet if we charged you a penalty after checking your tax credits claim. It tells you:

- what's likely to happen next
- what you can do if we charge you a penalty
- how to ask for a reconsideration if you disagree with the penalty

Information about how and why we carry out tax credits checks is in factsheets WTC/FS1, 'Tax credits enquiry' and WTC/FS2, 'Tax credits examinations'. We normally give these to you when we start a check.

 You can get a copy online, go to www.gov.uk and search for WTC/FS1 or WTC/FS2.

Why we charge penalties

We charge penalties to:

- encourage people to be careful and make sure their claims are right in the future
- stop customers from giving us wrong information in the future
- penalise people who try to defraud the system

Penalties

We can charge you a penalty of up to £3,000 if you deliberately or negligently gave the wrong information:

- on your claim
- when telling us about a change of circumstances
- when providing information to us as part of our checks

We can also charge you a penalty of up to £300 if you've failed to give us information or tell us about certain changes of circumstances within one month of it happening.

We'll explain why we believe you failed to tell us of a change of circumstances within one month or why we believe you've deliberately declared the wrong information. If you do not accept our explanation, you can ask an independent tribunal to decide.

If we believe you may have committed a criminal offence, we may carry out an investigation and prosecute you. If this happens, we'll not charge you a penalty.

What is deliberate error

Deliberate error is where you gave the wrong information on purpose. This includes claiming for an element of tax credits you're not entitled to or to increase an element by making a false statement about your circumstances.

This can include:

- claiming for children that do not exist, or the wrong number of children
- claiming for childcare costs when none are paid
- claiming for childcare costs above what is actually paid
- claiming for a young person as being in education/training that counts for tax credits when they are not
- giving us wrong information about working hours, such as:
 - claiming to be working when you're not
 - claiming to be working over 16 or 30 hours when you do not
 - couples with children, who claim to be working a combined total of 24 hours when you do not work those hours, have not done so recently and have no intention of doing so
- claiming to be in prison, an inpatient in hospital or incapacitated when you're not

Help with tax credits

For more information:

 go to www.gov.uk/taxcredits

 watch a tax credits checks video at www.youtube.com/watch?v=pIKkkeGhdxl

- telephone the Tax Credit Helpline on 0345 300 3900
- NGT text relay (if you cannot hear or speak on the phone) 18001 then 0345 300 3900
- write to us at
Tax Credit Office
HM Revenue and Customs
BX9 1ER

When you contact us, tell us your:

- full name
- National Insurance number
- daytime phone number

Yr laith Gymraeg

Ffoniwch 0300 200 1900 i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

Your rights and obligations

'Your Charter' explains what you can expect from us and what we expect from you.

 For more information, go to www.gov.uk/hmrc/your-charter

Complaints

 For more information about our complaints procedures, go to www.gov.uk/complain-to-hm-revenue-and-customs

We have a range of services for disabled people.

These include guidance in Braille, audio and large print. Most of our forms are also available in large print. Contact our helplines for more information.

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- claiming to be entitled to Carer's Allowance when you're not
- claiming to be entitled to the disability element when you're not
- telling us your income was less than it actually was
- failing to tell us about a source of income
- claiming as a single person when a partner is present and it's clear a joint claim should have been made
- making any other wrong declarations where the information concerns your own circumstances which you can be reasonably expected to know

Couples

If you've made a joint claim with your partner, you're both responsible for the information you provide in your claim.

We may charge you a penalty as a couple where either of you should have:

- told us about any change in circumstances
- given us new information

If the information relates to one member of a couple and their partner could not reasonably have known it was wrong, we'll only charge a penalty to the partner who knew it was wrong.

The maximum penalty for a joint claim is the same as the maximum penalty for an individual claim.

Penalty amounts

A maximum penalty of £300 may be charged if you do not:

- notify us of a change of circumstances within one month of it happening
- declare circumstances or income when requested during an annual review
- comply with a request for information - we have to ask an independent tribunal to impose this penalty

If any of these failures continue, we may charge a penalty of up to £60 a day.

For a deliberate and wrong declaration when reporting any other information, the penalty levels for a:

- first wrong declaration is 30% of the amount you've over-claimed (up to a maximum of £3,000)
- second wrong declaration is 50% of the amount you've over-claimed (up to a maximum of £3,000)
- third or subsequent wrong declaration is 100% of the amount you've over-claimed (up to a maximum of £3,000)

If you do not understand our explanation of the penalty, you can ask us to put it in writing so that you can get independent advice.

Interest

We may charge you interest if you pay a penalty late.

We'll tell you if we think that you've become liable to a penalty. We can do this:

- by phone
- in a meeting
- in writing

We'll tell you:

- the maximum amount that we can charge
- the penalty amount that we propose to charge and why

We're always willing to discuss with you the amount of the penalty and the reasons for it.

Payment arrangements

We'll discuss arrangements for paying:

- any overpaid tax credits
- the penalty
- any interest due

You can pay by debit card or Direct Debit using the internet and telephone banking.

 For more information on how to pay, go to www.gov.uk/dealing-with-hmrc/paying-hmrc

Co-operation

We may decide to reduce or stop your current tax credits payments based on the information we hold.

The extent to which you co-operate and give us information is entirely up to you. If you're not sure whether to give us the information or if you're reluctant to co-operate, we suggest you get independent advice before deciding what to do.

A number of independent organisations offer help with tax credits, such as Citizens Advice.

 Go to www.citizensadvice.org.uk or you can find them in 'The Phone Book'.

About our decision

You have the right to ask us to reconsider our decision if we:

- ask you to pay penalties or interest on an overpayment
- change your award

We call this mandatory reconsideration. Our decision notice will tell you how to ask us to reconsider our decision.

Our leaflet WTC/AP, 'What to do if you think your Child Tax Credit or Working Tax Credit is wrong' gives more information about how to ask for a reconsideration.

 Go to www.gov.uk and search for WTC/AP.

If we charge you a penalty, you'll get a copy of this leaflet with our decision notice.

We will not treat your request to reconsider as non-cooperation.

Independent tribunals

If we cannot change our decision, you can appeal to an independent tribunal. You'll find details about this in our Mandatory Reconsideration Notice.