

**HM TREASURY**

**HM REVENUE & CUSTOMS**

**Annual report from the Commissioners for Revenue and  
Customs to the Treasury on Tax Credits under Section 40  
of the Tax Credits Act 2002**

**HM TREASURY**

**HM REVENUE & CUSTOMS**

**Annual report from the Commissioners for Revenue and  
Customs to the Treasury on Tax Credits under Section 40  
of the Tax Credits Act 2002**

**Presented to Parliament by the Treasury, pursuant to Section 40(2) of the Tax  
Credits Act 2002**

**DATE 14 FEBRUARY 2013**

## REPORT REQUIRED UNDER SECTION 40 OF THE TAX CREDITS ACT 2002

Section 40(1) of the Tax Credits Act 2002 (as amended by the Commissioners for Revenue and Customs Act 2005) requires the Commissioners for Revenue and Customs to make to the Treasury an annual Report about:

- the number of awards of each tax credit made in the year,
- the number of enquiries conducted under section 19,
- the number of penalties imposed; and
- the number of prosecutions and convictions for offences connected with tax credits.

Section 40(2) requires the Treasury to publish the annual Report and lay a copy before both Houses of Parliament.

The table overleaf shows:

(a) The number of awards of tax credits

This is based on information processed by 5 April 2012. Not all information for 2011 - 12 is yet finalised at the time of production of this report. The average number of recipients in the year, based on this final information is planned for publication in May 2013. The figures quoted in this report were published in HMRC's Child and Working Tax Credits statistics for April 2012. The figures include out of work families with children receiving CTC, but does not include families receiving 'family support' through the benefits administered by the Department for Work and Pensions (i.e. Income Support or income based Jobseekers Allowance.)

(b) Number of enquiries conducted under section 19

Section 19 of the Tax Credits Act 2002, allows the Board to carry out enquiries into awards after the end of the year. There were 62,320 enquiries conducted in 2011-12.

(c) Number of penalties imposed

2769 penalties were imposed in 2011-12 for tax credit related offences.

(d) Number of prosecutions and convictions for offences connected with tax credits

For serious offences, HMRC continues to adopt a policy of selective prosecutions and publicise the results. There were 71 prosecutions and 68 convictions for tax credits in 2011-12.

## REPORT REQUIRED UNDER SECTION 40 OF THE TAX CREDITS ACT 2002 FOR THE TAX YEAR 2011-12

	WTC	CTC	Total
(a) The number of awards of tax credits (thousands)	2516	5112	5694 <sup>1</sup>
(b) Number of enquiries conducted under section 19	-	-	62,320 <sup>2</sup>
(c) Number of penalties imposed	-	-	2769 <sup>3</sup>

	Prosecutions	Convictions
(d) Number of prosecutions and convictions for offences connected with tax credits <sup>4</sup>	71	68

<sup>1</sup> Awards with positive amounts for both WTC and/or CTC are included in each of the first two columns but counted only once in the final column. These figures are published in HMRC's Child and Working Tax Credit statistics for April 2012.

<sup>2</sup> The total figure cannot be broken down into CTC and WTC because a case may involve both. This figure also includes Section 20 enquiries (where an enquiry is made twelve months or more from the end of the relevant tax year). This figure cannot be broken down to show Section 19 separately. We are taking this opportunity to revise the number of enquiries conducted in each of the Section 40 reports for 2009/10 and 2010/11. The figure reported in 2009/10 was 25,919 enquiries and is now revised to 33,835 and the figure reported in 2010/11 was 11,940 enquiries and is now revised to 14,409. The figures previously reported for the years 2009/10 and 2010/11 were only for cases where the initial enquiry was conducted under Section 19 but they have now been revised to include those cases where the initial examination was conducted under Section 16 (current year enquiry) and subsequently required an enquiry into the previous year entitlement under Section 19. Figures for years prior to 2009/10 are correct.

<sup>3</sup> The total figure cannot be broken down into CTC and WTC because a case may involve both. The figure includes 418 waived penalties.

<sup>4</sup> The total figure cannot be broken down into CTC and WTC because a case may involve both.