2.9 Income tax credits and repayments [1, 2, 3, 4, 5]: analysis by type 2003-04 to 2014-15

Amounts: £ million

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Income tax credits	63	43	43	33	27	17
of which:						
MIRAS	62	42	42	32	2	0
LAPRAS	1	1	1	1	25	17
Other	-	-	-	-	-	-
Repayments	5,174	4,797	4,970	5,673	5,947	5,844
of which:						
Individuals	1,650	1,700	1,800	2,250	2,250	2,100
Personal pension contributions	1,793	1,760	1,706	1,949	2,263	2,206
Pension funds and insurance companies	250	100	50	0	.. [5]	.. [5]
Charities	615	650	778	859	889	912
Overseas	20	10	0	0	.. [5]	.. [5]
Personal Equity Plans/Individual Savings Accounts	412	200	163	156	152	157
Other	400	350	500	450	400	450
Total tax credits and repayments	5,237	4,840	5,013	5,706	5,974	5,861

£ million

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Income tax credits	16	10	8	8	7	7
of which:						
MIRAS	0	0	0	0	0	0
LAPRAS	16	10	8	8	7	7
Other	-	-	-	-	-	-
Repayments	4,945	6,407	7,076	6,957	5,695	5,565
of which:						
Individuals	1,500	3,050	3,900	3,550	2,700	2,400
Personal pension contributions	1,877	1,679	1,615	1,805	1,506	1,512
Pension funds and insurance companies	.. [5]	.. [5]	.. [5]	.. [5]	.. [5]	.. [5]
Charities	922	978	1,027	1,049	1,060	1,200
Overseas	.. [5]	.. [5]	.. [5]	.. [5]	.. [5]	.. [5]
Personal Equity Plans/Individual Savings Accounts	152	162	173	169	167	169
Other	.. [5]	.. [5]	.. [5]	.. [5]	.. [5]	.. [5]
Total tax credits and repayments	4,961	6,417	7,084	6,965	5,702	5,572

[1] Including payments of tax credits
[2] Excluding repayments made via Self Assessment system
[3] Totals may not equal the sum of their components because of rounding
[4] Exclusive of Public Expenditure
[5] The estimates for these categories have become unreliable and so are not shown separately

Notes on the Table
Income tax credits and repayments: analysis by type

1. Income tax repayments are made for a large variety of different reasons and go to many different types of recipients. Some are made for a specific purpose to a particular type of recipient, such as MIRAS repayments to mortgage lenders, and these repayments are usually readily identifiable in departmental accounting systems. However in most other cases the reason for the repayment cannot be determined from the information held in these systems and it is not always possible to identify the nature of the recipient, especially for some of the smaller repayments. As a result the allocation between the "individuals", "pension funds and insurance companies", "overseas" and "other" categories used in the table is based in part on the results of a sample of these repayments. The resulting estimates for these categories are rounded. The main reasons for the repayments in these categories and in those for charities and personal equity plans are that the recipients are entitled to a payment of the tax credit associated with their dividend income, or a repayment of tax deducted at source on their other investment income.

Payments of dividend tax credits are accounted for in the same way as income tax repayments and cannot be separately distinguished. All figures shown relate to the 'negative tax' component only. Repayments and payments of tax credits are treated as 'negative income tax' to the extent that they are less than or equal to the total tax liability of the recipient. Any part of the payment that is not negative tax is treated as 'public expenditure'. All figures shown are net of the payments made from the Exchequer to reimburse Inland Revenue for the 'public expenditure' components of WTC, CTC, WFTC, DPTC, MIRAS, LAPRAS, PMI and VTR credits, as well as repayments to personal pension scheme administrators and charities.

Working Tax Credits, Child Tax Credits, Working Families' Tax Credit

2. Working Families' Tax Credit (WFTC) replaced Family Credit and Disabled Person's Tax Credit (DPTC) replaced Disability Working allowance from 5 October 1999. Working Tax Credits (WTC) and Child Tax Credits (CTC) jointly replaced WFTC and DPTC from 6th April 2003. WTC, CTC, WFTC and DPTC are administered by HMRC and further information on these credits is available from statistical enquiries which are published quarterly. Payments of these tax credits are treated as negative income tax to the extent that the credits are less than or equal to the tax liability of the family. Only the negative tax components are shown in this table.

Mortgage interest relief at source

3. Relief on mortgage interest repayments was removed from 6 April 2000. Mortgage interest relief for those aged 65 and over who take out loans to buy a life annuity (a home income plan) ended with effect from 9 March 1999, but existing loans will continue to qualify for the remainder of the loan period. A description of relief for mortgage interest and how it is allowed is given in the 'MIRAS' section'. Under the Mortgage Interest Relief at Source (MIRAS) scheme, borrowers paid their interest after deducting their tax relief. HMRC reimbursed lenders for the amounts deducted. These amounts are shown in the table, exclusive of public expenditure.

Life assurance premium relief at source

4. Payments to life assurance companies under the Life Assurance Premium Relief at Source (LAPRAS) scheme are shown in the table. This scheme operates in a similar way to the MIRAS scheme, so that premiums are paid to the companies net of tax relief, and HMRC reimburses the insurers for the amounts deducted. The relief applies only to policies taken out before 14 March 1984. Up to 5 April 1989 relief was 15 per cent of the premium, and it is now 12½ per cent. The amounts shown in the table are exclusive of public expenditure.

Other tax credits

5. This category covers other reliefs given at a fixed rate which include relief on private medical insurance (PMI) premiums for the over 60s which was abolished in the July 1999 Budget, and basic rate relief on vocational training (VTR) from April 1999 to September 2000 when it was abolished. The amounts shown in the table are exclusive of public expenditure

Individuals

6. These figures include repayments of all types of income tax overpaid by

Personal pension contributions

7. These figures are the payments made to pension scheme administrators for basic rate tax relief on employees' contributions to personal pensions and freestanding additional voluntary contributions. Tax relief on the national insurance rebate relating to employees' contributions is included. The public expenditure component is excluded. See the 'Pensions' section for an explanation of the relief.

Pension funds and insurance companies

8. These figures mainly consist of payments of dividend tax credits and repayments of tax deducted from interest or other annual payments to pension funds and to life assurance companies in respect of their pension business which is also exempt from tax. They also include payments for relief on private medical insurance (PMI) premiums for the over 60s and any other repayments made to insurance companies. Repayments made during and after 1997-98 were much lower than in previous years because of the Budget 1997 measure which abolished the payment of dividend tax credits to pension schemes and UK companies for dividends paid on or after 2 July 1997.

Charities

9. These figures are exclusive of public expenditure. More details on repayments to charities are given in 'Charities' section.

Overseas

10. These figures include all repayments of tax and payments of dividend tax credits made by HMRC to non-residents. They exclude tax credits given at source by companies paying the dividends (see the notes to 'Corporate taxation').

Personal Equity Plans and Individual Savings Accounts

11. These are payments of tax credits associated with dividend income and repayments of tax deducted from other investment income which are made to personal equity plan managers, and from 1999-2000 individual savings account managers.

Other

12. This category mainly consists of repayments to UK resident companies other than insurance companies. As mentioned in paragraph 10 of the 'Notes to the table T2.8 it includes the repayment of some overpayments which relate to heads of tax other than income tax.

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