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HIGH INCOME CHILD BENEFIT TAX CHARGE - INFORMATION FOR CLIENTS

Walsh West Certified Chartered Accountants 2021

What is High Income Child Benefit Tax Charge?

You may have to pay a tax charge, known as the 'High Income Child Benefit Charge', if you have an individual income over £50,000 and either:

- you or your partner get Child Benefit
- someone else gets Child Benefit for a child living with you and they contribute at least an equal amount towards the child's upkeep
- It does not matter if the child living with you is not your own child.

What counts as income

To work out if your income is over the threshold, you'll need to work out your 'adjusted net income'.

Your adjusted net income is your total taxable income before any personal allowances and less things like Gift Aid.

Who pays the tax charge

- If your individual income is over £50,000 and so is your partner's, then whoever has the higher income is responsible for paying the tax charge.

'Partner' means someone you're not permanently separated from who you're married to, in a civil partnership with or living with as if you were.

If your income is over the threshold - You can choose to either:

1. get Child Benefit payments, and pay any tax charge at the end of each tax year
2. not get Child Benefit payments, and not pay the tax charge

If you choose to not get Child Benefit



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You can still fill in the Child Benefit claim form. You need to state on the form that you do not want to get payments.

You need to fill in the claim form if you want to:

- get National Insurance credits, which count towards your State Pension
- ensure your child gets their National Insurance number automatically before they're 16 - otherwise they need to apply for one themselves

If you are already getting Child Benefit - You can choose to either:

- stop getting Child Benefit - sometimes known as 'opting out'
- carry on getting Child Benefit and pay any tax charge at the end of each tax year

Paying the tax charge

To pay the tax charge, you must:

1. register for Self-Assessment
2. fill in a Self-Assessment tax return each tax year and pay what you owe

Register for Self-Assessment

If you do not usually send a tax return, you need to register by 5 October following the tax year you need to pay the tax charge.

You can get a penalty if you do not register for Self-Assessment or do not declare child benefit on your Self-Assessment tax return.

For initial advice about Accounting and Taxation; call our team on 0203 488 7503, 01992 236 110 or contact us by email at welcome@walshwestcca.com or via our website www.walshwestcca.com and we will help you.