

# Child Benefit

## When the High Income Child Benefit Charge applies

**You are able to claim child benefit if you are responsible for bringing up a child under the age of 16, or under the age of 20 where the child stays in approved education or training. However, some or all of the child benefit that you receive may be clawed back by the High Income Child Benefit Charge (HICBC) if you and/or your partner have adjusted net income in excess of £50,000.**

### Key dates

Where the HICBC applies, the person liable for paying a charge must complete a self-assessment tax return by 31 January after the end of the tax year to which it relates and pay the charge (as part of their overall self-assessment tax bill) by the same date. The HICBC for 2022/23 must be reported on the 2022/23 tax return and paid by 31 January 2024.

This note explains the nature of child benefit and the HICBC.

### Child Benefit

You can claim Child Benefit if you are responsible for a child under 16. Child Benefit will cease on 31 August after the child's 16<sup>th</sup> birthday if they leave education or training.

However, you can continue to benefit from Child Benefit until the child turns 20 if they remain in approved education or training. Education must be full time (more than 12 hours a week on average) and can include study for A levels or similar, T levels, Scottish Highers and NVQs. It does not include University Education. Approved training should be unpaid and can include Foundation Apprenticeships. Courses that are part of a job contract do not count. The young person must be accepted onto the course or training programme before they turn 19.

When the child leaves the approved education or training, Child Benefit will cease on whichever of the following comes first: the last day of February, 31 May, 31 August or 30 November.

### Need to claim

Child Benefit is not given automatically and must be claimed. A claim can be made once you have registered the birth of your child or the child for whom you are responsible comes to live with you. Only one person can claim Child Benefit in respect of a particular child. However, Child Benefit is paid for each child; there is no limit on the number of children in respect of which Child Benefit can be claimed. Claims can be made by completing form CH2 and sending it to the Child Benefit Office, the address for which is on the form. The form is available at [www.gov.uk/child-benefit/how-to-claim](http://www.gov.uk/child-benefit/how-to-claim)

Child benefit is currently paid at the rate of £21.80 per week for the first child and at the rate of £14.45 per week for the second and subsequent children. The rates are to increase to, respectively, £24 per week and £15.90 per week for 2023/24.

## Nature of the HICBC

The High Income Child Benefit Charge (HICBC) has the effect of restricting the availability of child benefit by clawing back the benefit where the recipient or their partner has adjusted net income of more than £50,000. The charge is set at 1% of the Child Benefit received for the tax year for every £100 by which adjusted net income exceeds £50,000. Once adjusted net income reaches £60,000, the charge is equal to the full amount of the Child Benefit received.

If both the recipient and their partner have adjusted net income in excess of £50,000, the charge is levied on the partner with the highest adjusted net income.

The nature of the charge may mean that a person has to pay back a benefit that they did not receive. It also creates the anomaly that a couple where each partner has adjusted net income of £49,000 (total combined income of £98,000) will receive their child benefit in full, whereas a couple where only one partner earns and that partner has adjusted net income of £60,000 (total combined income £60,000) will lose all the child benefit that they receive, the full amount being clawed back by the HICBC.

## Declaring and paying the HICBC

The person liable to pay the HICBC must complete a self-assessment tax return and pay the charge under self-assessment by 31 January after the end of the tax year to which it relates.

## Opting out of Child Benefit

To avoid a situation whereby Child Benefit is paid only for it to be returned in the form of the HICBC, it is possible to opt out of receiving Child Benefit. This can be done by completing the online form available on the Gov.uk website. A person who opts out of child benefit can opt back in at any time; although any associated HICBC will still be due.

Even if the HICBC applies in full, it is important to register for Child Benefit and then opt out, particularly if the Child Benefit is received by a non-working partner, in order to preserve the associated National Insurance credits which provide qualifying years for state pension purposes.

Please call if you need help with any of the issues raised in this alert.