

Tax credits - reporting a change of circumstance

What are tax credits?

There are two types of tax credit.

- Working Tax credit is extra money you can get from the government if you are working and are on a low income
- Child Tax Credit is extra money you can get from the government if you have children and are on a low income. You don't have to be working.

Whether you can get tax credits and the amount you can get depends on your income and your family circumstances. Changes in your income and family circumstances can affect your entitlement to tax credits.

Tax credits are paid by HM Revenue and Customs (HMRC).

Why is it important to report a change of circumstance?

If you don't tell HMRC about a change in your circumstances that affects your tax credits, you may not get all the money you're entitled to, or you may get too much and have to repay some of it.

If a change in your circumstances means that you should get more tax credits, this will only be backdated up to a maximum of 31 days. For example, if you have a new baby on 1 May, but don't tell HMRC until 1 September, they will only backdate the increase in your tax credits to 1 August.

If you've been paid too much tax credit, the overpayment will be calculated from the time that your circumstances changed. However, if you report a change of circumstance and HMRC takes more than 30 days to take it into account, they will only recover any money overpaid during the first 30 days. The rest will be written off.

There are some changes of circumstance that you **must** tell HMRC about. If you don't tell HMRC about these changes, you may have to pay a penalty.

There are other changes which you **should** tell HMRC about, to make sure that you're getting the right amount of tax credits.

Which changes of circumstance must you tell HMRC about?

You **must** tell HMRC about the following changes within one month of becoming aware of them happening. If you don't, you may have to pay a penalty. You must tell HMRC if:

- you're claiming tax credits as a single person and then marry, register a civil partnership or start living with someone as a couple. You must make a new claim as a couple

- you were married, in a civil partnership or living with someone as a couple and then separate. You must make a new claim as a single person
- you start to work less than 30 hours a week (or 16 hours, depending on your entitlement). If you're a couple, you're responsible for a child, and you have to work 24 hours a week between you in total to get Working Tax Credit, you must also tell HMRC if you start work less than 24 hours a week
- you or your partner goes to live abroad permanently
- either you or your partner goes abroad for more than eight weeks. There are special rules if you're delayed from returning because you or someone in your family becomes sick, disabled or dies whilst you are abroad
- you are getting the childcare element of Working Tax Credit and for at least four weeks in a row, you stop paying for childcare or your childcare costs go down by more than £10 a week
- you stop being responsible for a child you've been getting tax credit for
- a child you are responsible for dies before reaching the age of 20
- a child you are responsible for leaves school, approved training or a 16-19 study programme before reaching the age of 20
- you stop working.

Other changes of circumstance you should tell HMRC about

There are other changes you should tell HMRC about to make sure that you get the right amount of tax credits. If you don't tell HMRC about these changes, you may not get all the money you're entitled to, or you may have to pay money back.

You should tell HMRC if:

- your income goes up or down
- a baby is born that you're responsible for
- a young person aged 16-19 that you're responsible for starts or continues in full-time non-advanced education, training or a 16-19 study programme. You need to tell HMRC each year if the young person is continuing in education or training
- a child you're responsible for becomes (or stops being) disabled
- your partner dies
- you start to pay for childcare or change your childcare provider
- you change your address, your bank account or your employer
- you start to work more than 16 hours a week (or 30, depending on your entitlement).

If you're not sure whether a change will affect your tax credits, you can ring the HMRC Tax Credit Helpline on 0345 300 3900.

Your tax credit award form should say more about what to tell HMRC when your income or circumstances change.

How to report a change of circumstance

You can tell HMRC about a change of circumstance by phoning the HMRC Tax Credit Helpline on 0345 300 3900 (textphone 0345 300 3909). Make a note of the date and time you did this and who you spoke to. You should always follow up your phone call in writing and keep a copy of your letter.

Problems with tax credits

If you think the amount of tax credits you're getting is wrong, you can ask the HMRC Tax Credit Helpline to explain their decision. If you're not satisfied with the explanation, you can ask them to look at the decision again. This is called a **mandatory reconsideration**. If you're not happy with the result of the reconsideration, you can appeal to an independent tribunal.

If you're unhappy about the service you get from HMRC, for example, because there have been long delays in processing your change of circumstance or they have lost documents you sent to them, you should complain to the tax credit office which deals with your claim. If you're not satisfied with the response, you can take the complaint further. The HMRC Tax Credit Helpline can explain what you should do if you want to take your complaint further.

Further help

Citizens Advice Bureau

Citizens Advice Bureaux give free, confidential, impartial and independent advice to help you solve problems. To find your nearest CAB, including those that give advice by e-mail, click on [nearest CAB](#), or look under C in your phone book.

Other information on Adviceguide which might help

- Benefits and tax credits for people in work
- Benefits for families and children
- Overpayment of tax credits
- Payment of tax credits
- Working Tax Credits
- Payment of benefits and tax credits

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