



# Childcare Payments Act 2014

## 2014 CHAPTER 28

### *Special rules affecting tax credit and universal credit claimants*

#### **30 Termination of tax credit awards**

- (1) In this section “the relevant day”, in relation to a person who has made a declaration of eligibility for an entitlement period, means—
  - (a) the first day of the entitlement period, or
  - (b) if later, the day on which the declaration of eligibility for the entitlement period was made.
- (2) This subsection applies where—
  - (a) a person (“P”) has made a valid declaration of eligibility for an entitlement period,
  - (b) an award of a tax credit is or has been made—
    - (i) to P or to a person who is P’s partner on the relevant day (whether on a single claim or a joint claim), or
    - (ii) to both of them on a joint claim, and
  - (c) the award is for a period that includes the relevant day.
- (3) Where subsection (2) applies, the award of the tax credit terminates immediately before the relevant day, regardless of whether the decision on the claim was made before or after the relevant day.

This is subject to subsections (4) to (7).
- (4) Where a person has made a valid declaration of eligibility for more than one entitlement period beginning during the determination period (see subsection (5)), the award of the tax credit is terminated immediately before the day which is the relevant day in relation to the first of those entitlement periods.
- (5) In subsection (4) the “determination period”, in relation to an award of a tax credit, means the period—
  - (a) beginning with the day on which the claim for the tax credit was made, and
  - (b) ending with the day on which the decision on the claim was made.

- (6) Where—
- (a) a person has applied for a review under section 21A of the Tax Credits Act 2002 of a decision not to make an award of a tax credit or to terminate such an award, and
  - (b) the conclusion on the review is that the decision is varied or cancelled,
- subsection (3) does not apply in respect of the award in relation to any entitlement period beginning before the day on which the person is notified of the conclusion on the review.
- (7) Where—
- (a) a person has brought an appeal under section 38 of the Tax Credits Act 2002 against a decision not to make an award of a tax credit or to terminate such an award, and
  - (b) the appeal is upheld,
- subsection (3) does not apply in respect of the award in relation to any entitlement period beginning before the day on which the person is notified of the decision on the appeal.
- (8) Where an award of a tax credit made to a person is terminated by virtue of this section—
- (a) HMRC must notify the person of that fact,
  - (b) the tax credits legislation applies in relation to the person with such modifications as may be made in regulations, and
  - (c) the amount of any tax credit to which the person is entitled is to be calculated in accordance with the tax credits legislation, subject to any such modifications of that legislation.
- (9) Regulations may make further provision for the purpose of securing that, where a person makes a valid declaration of eligibility, any entitlement of the person, or a person who is the person's partner, to payments under the tax credits legislation ceases immediately before the relevant day.
- (10) Regulations under subsection (9) may, in particular—
- (a) provide that the tax credits legislation applies in relation to the person whose entitlement to such payments has ceased with such modifications as may be specified in the regulations, and
  - (b) apply any provision of this section with such modifications as may be so specified.
- (11) If—
- (a) a person makes a declaration of eligibility for an entitlement period, and
  - (b) at any time after the relevant day HMRC determine that the declaration was not valid,
- that does not affect anything done by virtue of this section as a result of the making of the declaration.
- (12) In this section—
- “joint claim” and “single claim” have the same meaning as in the Tax Credits Act 2002;
  - “the tax credits legislation” means the Tax Credits Act 2002 and any provision made under that Act.

- (13) This section ceases to have effect when the repeal of Part 1 of the Tax Credits Act 2002 made by Schedule 14 to the Welfare Reform Act 2012 has fully come into force.

### **31 Power to provide for automatic termination of universal credit**

- (1) Regulations may make provision for the purpose of securing that, where a person has made a valid declaration of eligibility—
- (a) any award of universal credit made to the person, or to a person who is the person's partner, is terminated,
  - (b) any claim which the person, or a person who is the person's partner, has made for universal credit may not be proceeded with, and
  - (c) any entitlement of the person, or a person who is the person's partner, to payments under relevant social security legislation ceases.
- (2) The provision that may be made by regulations under subsection (1) includes—
- (a) provision amending this Act, including—
    - (i) provision amending or repealing section 11, and
    - (ii) provision made in consequence of any provision made by regulations under subsection (1);
  - (b) provision conferring power on the appropriate national authority to make regulations containing—
    - (i) provision about calculating, in a case falling within subsection (1)(a) to (c), the amount of any payment to which a person is entitled;
    - (ii) provision modifying the application of any relevant social security legislation, or any provision made under any such legislation, in such a case.
- (3) In subsection (2)(b) “the appropriate national authority” means—
- (a) in relation to universal credit payable under Part 1 of the Welfare Reform Act 2012, the Secretary of State;
  - (b) in relation to universal credit payable under any provision made for Northern Ireland which corresponds to that Part of that Act, a Northern Ireland department.
- (4) The following is “relevant social security legislation” for the purposes of this section—
- (a) the Social Security Administration Act 1992;
  - (b) the Social Security Administration (Northern Ireland) Act 1992;
  - (c) the Social Security Act 1998;
  - (d) the Social Security (Northern Ireland) Order 1998 ([S.I. 1998/1506 \(N.I. 10\)](#));
  - (e) Part 1 of the Welfare Reform Act 2012;
  - (f) any provision made for Northern Ireland which corresponds to that Part of that Act.

### **32 Power to disqualify tax credit claimants from obtaining top-up payments**

- (1) This section applies in relation to a person (“P”) if—
- (a) P, or a person who is P's partner, makes a claim (whether a single or a joint claim) that results in an award of a tax credit being made for a relevant period (see subsection (2)),

- (b) the claim is made during an entitlement period for which P or P’s partner has made a valid declaration of eligibility,
  - (c) there has not been a change of circumstances in relation to P or P’s partner since the beginning of the entitlement period, and
  - (d) P, or a person who is P’s partner, makes a declaration of eligibility within the period of 12 months beginning with the day on which the claim was made.
- (2) In subsection (1)(a) “relevant period”, in relation to an entitlement period, means a period that includes the whole or any part of the entitlement period.
- (3) If this section applies in relation to a person, HMRC may give the person a warning notice.
- (4) A warning notice is a notice stating that, if this section or section 33 (power to disqualify universal credit claimants from obtaining top-up payments) applies in relation to the person at any time during the period of 4 years beginning with the day on which the notice is given, HMRC may give the person a disqualification notice (see section 34).
- (5) Regulations may make provision—
- (a) about what is, or is not, to be regarded as a change of circumstances in relation to a person for the purposes of this section;
  - (b) specifying cases in which something which would otherwise be a change of circumstances is not to be treated as such for the purposes of this section.
- (6) Regulations may amend subsection (1)(d) so as to substitute a different period for the period for the time being specified there.
- (7) In this section “joint claim” and “single claim” have the same meaning as in the Tax Credits Act 2002.

### **33 Power to disqualify universal credit claimants from obtaining top-up payments**

- (1) This section applies in relation to a person (“P”) if—
- (a) P, or a person who is P’s partner, makes a claim (whether jointly or otherwise) that results in universal credit becoming payable for a relevant assessment period (see subsection (2)),
  - (b) the claim is made during an entitlement period for which P or P’s partner has made a valid declaration of eligibility,
  - (c) there has not been a change of circumstances in relation to P or P’s partner since the beginning of the entitlement period, and
  - (d) P, or a person who is P’s partner, makes a declaration of eligibility within the period of 12 months beginning with the day on which the claim was made.
- (2) In subsection (1)(a) “relevant assessment period”, in relation to an entitlement period, means any assessment period (within the meaning of the relevant legislation) that includes the whole or any part of the entitlement period.
- (3) If this section applies in relation to a person, HMRC may give the person a warning notice.
- (4) A warning notice is a notice stating that, if this section or section 32 (power to disqualify tax credit claimants from obtaining top-up payments) applies in relation to

the person at any time during the period of 4 years beginning with the day on which the notice is given, HMRC may give the person a disqualification notice (see section 34).

- (5) Regulations may make provision—
  - (a) about what is, or is not, to be regarded as a change of circumstances in relation to a person for the purposes of this section;
  - (b) specifying cases in which something which would otherwise be a change of circumstances is not to be treated as such for the purposes of this section.
- (6) Regulations may amend subsection (1)(d) so as to substitute a different period for the period for the time being specified there.
- (7) In this section “the relevant legislation” means—
  - (a) Part 1 of the Welfare Reform Act 2012, or
  - (b) any provision made for Northern Ireland which corresponds to that Part of that Act.

### **34 Disqualification notices**

- (1) If—
  - (a) a person has been given a warning notice under section 32(3) or 33(3), and
  - (b) section 32 or 33 applies in relation to the person at any time during the period of 4 years beginning with the day on which the notice is given,HMRC may give the person a disqualification notice under this section.
- (2) Where a person has been given a disqualification notice—
  - (a) the person may not open a childcare account,
  - (b) no qualifying payments may be made into any childcare account held by the person, and
  - (c) any declaration of eligibility made by the person for an entitlement period for which the notice has effect is not valid.
- (3) A disqualification notice has effect for the period specified in the notice.
- (4) But a disqualification notice may not have effect for a period longer than 3 years.
- (5) The period specified in a disqualification notice—
  - (a) may begin before the day on which the notice is given, but
  - (b) may not begin before the start of the entitlement period for which the declaration of eligibility that resulted in the giving of the notice was made.
- (6) If HMRC give a person a disqualification notice, HMRC must give a copy of the notice to any person or body which provides childcare accounts.
- (7) HMRC may revoke a disqualification notice.