

CHILDCARE PAYMENTS ACT 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Penalties

Section 42: Penalties for inaccurate declarations of eligibility

181. [Section 42](#) provides for a penalty to be imposed on a person for making an inaccurate declaration of eligibility.
182. A person who makes an inaccurate declaration of eligibility is liable to a penalty if the inaccuracy is careless or deliberate. A person who makes an inaccurate declaration of eligibility, or for whom an inaccurate declaration of eligibility is made by someone acting on their behalf, is liable to a penalty if the person becomes aware of the inaccuracy after the declaration has been made but does not take reasonable steps to inform HMRC. An inaccuracy is careless if the person making the declaration of eligibility failed to take reasonable care.
183. Subsection (4) provides that the penalty for an inaccuracy which is deliberate will be 50% of the amount of the maximum available top-up payment for the entitlement period for which the declaration of eligibility was made. Subsection (5) provides that the penalty for any other inaccuracy will be 25% of the maximum available top-up payment for the entitlement period.
184. For a standard entitlement period, the maximum available top-up payment will be £500, as this is 25% of the maximum qualifying payment that can be paid into a childcare account under section 19. This means that the penalty for an inaccuracy that is deliberate will be £250 and the penalty for any other inaccuracy will be £125.
185. However, if the maximum qualifying payment had been amended under subsection (6) of section 19, the maximum available top-up payment would reflect this amount. Subsection (7) also provides that if a person has asked HMRC to increase the maximum qualifying payment, the penalty is to be calculated on the basis of that higher amount.