

**HM TREASURY**

**HM REVENUE & CUSTOMS**

**2022-2023 Annual Report from the Commissioners for Revenue and  
Customs to the Treasury on Tax Credits under Section 40 of the Tax  
Credits Act 2002**

**Presented to Parliament pursuant to Section 40(2) of the Tax Credits Act 2002**

**January 2024**

## REPORT REQUIRED UNDER SECTION 40 OF THE TAX CREDITS ACT 2002

Section 40(1) of the Tax Credits Act 2002 (TCA) (as amended by the Commissioners for Revenue and Customs Act 2005) requires the Commissioners for Revenue and Customs to make to the Treasury an annual Report about:

- The number of awards of each tax credit made in the year;
- The number of enquiries conducted under section 19;
- The number of penalties imposed; and
- The number of prosecutions and convictions for offences connected with tax credits.

Section 40(2) of the TCA requires the Treasury to publish the annual Report and lay a copy before both Houses of Parliament.

The table overleaf shows:

- a) The number of awards of tax credits.
- b) This is based on information processed by April 2023. Not all information for 2022-23 is yet finalised at the time of production of this report. The average number of recipients in the year, based on this final information, is planned for publication by July 2024. The figures quoted in this report were published in HMRC's provisional Child Tax Credit and Working Tax Credits statistics in June 2023<sup>1</sup> and relate to provisional awards as at 1 April 2023.

The figures include out of work families with children receiving Child Tax Credit (CTC), but does not include families receiving 'family support' through the benefits administered by the Department for Work and Pensions (i.e. Universal Credit, Income Support, and income based Jobseekers Allowance).

- c) The number of enquiries conducted under section 19.

Section 19 of the Tax Credits Act 2002 allows the Board to carry out enquiries into awards after the end of the year, once they have been finalised. There were 3,293 enquiries conducted in 2022-23. In the previous year (2021-22) there were 4,605 enquiries.

- d) The number of penalties imposed.

In 2022-23 there were 780 cases where a penalty was imposed for tax credit related offences. This compares with 965 cases in 2021-22. HMRC collects data on the number of individual penalties imposed: for 2022-23 there were 773 individual penalties, compared with 1,051 in 2021-22. Where a case or award is a joint or

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<sup>1</sup> [Commentary - Child and Working Tax Credits statistics: Provisional awards - April 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/commentary-child-and-working-tax-credits-statistics-provisional-awards-april-2023)

household claim, two penalty notices can be given, split equally between the couple (individual penalties).

- e) The number of prosecutions and convictions for offences connected with tax credits.

For serious offences, HMRC continues to adopt a policy of selective prosecutions and publicises the results. There were 15 prosecutions and 13 convictions for tax credits in 2022-23 compared to 7 prosecutions and 7 convictions for tax credits in 2021-22.

**REPORT REQUIRED UNDER SECTION 40 OF THE TAX CREDITS ACT 2002  
FOR THE TAX YEAR 2022-2023**

|  | <b>Working<br/>Tax Credit</b> | <b>Child Tax<br/>Credit</b> | <b>Total</b>       |
|--|-------------------------------|-----------------------------|--------------------|
| a) The number of awards of tax credits (thousands) | 575                           | 1,029                       | <sup>2</sup> 1,146 |
| b) Number of enquiries conducted under section 19  |                               |                             | <sup>3</sup> 3,293 |
| c) Number of penalties imposed (cases)             |                               |                             | <sup>4</sup> 773   |

|   | <b>Prosecutions</b> | <b>Convictions</b> |
|---|---------------------|--------------------|
| d) Number of prosecutions and convictions for offences connected with tax credits | 15                  | 13                 |

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<sup>2</sup> Awards with positive amounts for both WTC and/or CTC are included in each of the first two columns but counted only once in the final column. These figures are published in HMRC's Child and Working Tax Credit statistics for April 2023.

<sup>3</sup> The total figure cannot be broken down into CTC and WTC because a case may involve both. This figure also includes Section 20 enquiries (where an enquiry is made twelve months or more from the end of the relevant tax year). This figure cannot be broken down to show Section 19 separately.

<sup>4</sup> The total figure cannot be broken down into CTC and WTC because a case may involve both.