

SCHEDULES

SCHEDULE 1

HIGH INCOME CHILD BENEFIT CHARGE

The high income child benefit charge

1 In Part 10 of ITEPA 2003 (social security benefits), after Chapter 7 insert—

“CHAPTER 8

HIGH INCOME CHILD BENEFIT CHARGE

681B High income child benefit charge

- (1) A person (“P”) is liable to a charge to income tax for a tax year if—
 - (a) P’s adjusted net income for the year exceeds £50,000, and
 - (b) one or both of conditions A and B are met.
- (2) The charge is to be known as a “high income child benefit charge”.
- (3) Condition A is that—
 - (a) P is entitled to an amount in respect of child benefit for a week in the tax year, and
 - (b) there is no other person who is a partner of P throughout the week and has an adjusted net income for the year which exceeds that of P.
- (4) Condition B is that—
 - (a) a person (“Q”) other than P is entitled to an amount in respect of child benefit for a week in the tax year,
 - (b) Q is a partner of P throughout the week, and
 - (c) P has an adjusted net income for the year which exceeds that of Q.

681C The amount of the charge

- (1) The amount of the high income child benefit charge to which a person (“P”) is liable for a tax year is the appropriate percentage of the total of—
 - (a) any amounts in relation to which condition A is met, and
 - (b) any amounts in relation to which condition B is met.For conditions A and B, see section 681B.
- (2) “The appropriate percentage” is—
 - (a) 100%, or
 - (b) if less, the percentage determined by the formula—

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$$\frac{ANI - L}{X} \%$$

Where—

ANI is P's adjusted net income for the tax year;
 L is £50,000;
 X is £100.

(3) If—

- (a) the total of the amounts mentioned in paragraphs (a) and (b) of subsection (1), or the amount of the charge determined under that subsection, is not a whole number of pounds, or
- (b) the percentage determined under subsection (2)(b) is not a whole number,

it is to be rounded down to the nearest whole number.

681D Extension of charge in cases where child not living with claimant

(1) This section applies where—

- (a) a person (“R”) is entitled to an amount in respect of child benefit for a child for a week in a tax year by virtue of section 143(1)(b) of SSCBA 1992 or section 139(1)(b) of SSCB(NI)A 1992 (persons contributing to the cost of providing for a child),
- (b) neither R, nor any person who is a partner of R throughout that week, is liable for a charge to income tax in respect of that amount under section 681B, and
- (c) there is another person (“S”) who, for the purposes of section 143(1)(a) of SSCBA 1992 or section 139(1)(a) of SSCB(NI)A 1992 (persons with whom child is living), is a person who has the child living with him or her in that week.

(2) Section 681B applies as if S were entitled to the amount of child benefit mentioned in subsection (1)(a).

(3) Where there is more than one person to whom subsection (1)(c) applies in relation to an amount of child benefit for a week, subsection (2) applies only to the one with the highest adjusted net income for the tax year.

(4) For the purposes of subsection (1)(a), an amount of child benefit to which R is entitled for a week is to be ignored if—

- (a) the period (which includes that week) for which R is entitled to child benefit by virtue of section 143(1)(b) of SSCBA 1992 or section 139(1)(b) of SSCB(NI)A 1992 in respect of the same child does not exceed 52 weeks, and
- (b) R is entitled to child benefit in respect of the child for the week immediately before and the week immediately after that period by virtue of section 143(1)(a) of SSCBA 1992 or section 139(1)(a) of SSCB(NI)A 1992.

(5) In this section “child” means—

- (a) a child within the meaning of section 142 of SSCBA 1992 or section 138 of SSCB(NI)A 1992, or

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- (b) a qualifying young person within the meaning of either of those sections.

681E Special cases

- (1) The following amounts are to be disregarded for the purposes of this Chapter—
 - (a) amounts to which a person is entitled but in respect of which an election under section 13A of the Social Security Administration Act 1992 or section 11A of the Social Security Administration (Northern Ireland) Act 1992 (election for payment of child benefit not to be made if high income child benefit charge would be triggered) has effect;
 - (b) amounts to which a person is entitled by virtue of section 145A of SSCBA 1992 or section 141A of SSCB(NI)A 1992 (entitlement to child benefit after death of child or qualifying young person).
- (2) Subsection (3) applies if—
 - (a) a person (“T”) is entitled to an amount in respect of child benefit for a week in a tax year or is treated as so entitled by virtue of section 681D(2),
 - (b) two or more other persons are partners of T throughout the week, and
 - (c) two or more of those persons would, apart from subsection (3), each be liable to a charge under section 681B(1) in relation to that amount.
- (3) Only one of those persons is liable, namely the person with the highest adjusted net income for the tax year.

681F Alteration of income limit etc by Treasury order

- (1) The Treasury may by order—
 - (a) substitute another amount for the amount for the time being specified in section 681B(1)(a) and defined as “L” in section 681C(2), or
 - (b) substitute another amount for the amount defined as “X” in section 681C(2).
- (2) An order under this section has effect for tax years beginning after the order is made.
- (3) A statutory instrument containing an order under this section which increases any person’s liability to income tax may not be made unless a draft of it has been laid before and approved by a resolution of the House of Commons.

681G Meaning of “partner”

- (1) For the purposes of this Chapter a person is a “partner” of another person at any time if any of conditions A to D is met at that time.
- (2) Condition A is that the persons are a man and a woman who are married to each other and are neither—
 - (a) separated under a court order, nor

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- (b) separated in circumstances in which the separation is likely to be permanent.
- (3) Condition B is that the persons are a man and a woman who are not married to each other but are living together as husband and wife.
- (4) Condition C is that the persons are two men, or two women, who are civil partners of each other and are neither—
 - (a) separated under a court order, nor
 - (b) separated in circumstances in which the separation is likely to be permanent.
- (5) Condition D is that the persons are two men, or two women, who are not civil partners of each other but are living together as if they were civil partners.

681H Other interpretation provisions

- (1) This section applies for the purposes of this Chapter.
- (2) “Adjusted net income” of a person for a tax year means the person’s adjusted net income for that tax year as determined under section 58 of ITA 2007.
- (3) “Week” means a period of 7 days beginning with a Monday; and a week is in a tax year if (and only if) the Monday with which it begins is in the tax year.”