

HM TREASURY

HM REVENUE & CUSTOMS

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

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

DATE: FEBRUARY 2014

REPORT REQUIRED UNDER SECTION 40 OF THE TAX CREDITS ACT 2002

Section 40(1) of the Tax Credits Act 2002 (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) 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

This is based on information processed by 5 April 2013. Not all information for 2012 - 13 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 in May 2014. The figures quoted in this report were published in HMRC's Child and Working Tax Credits statistics for April 2013. The figures include out of work families with children receiving CTC, but does not include families receiving 'family support' through the benefits administered by the Department for Work and Pensions (i.e. Income Support or income based Jobseekers Allowance.)

(b) 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. There were 67409 enquiries conducted in 2012-13.

(c) Number of penalties imposed

8020 penalties were imposed in 2012-13 for tax credit related offences.

(d) Number of prosecutions and convictions for offences connected with tax credits

For serious offences, HMRC continues to adopt a policy of selective prosecutions and publicise the results. There were 75 prosecutions and 83 convictions for tax credits in 2012-13.

REPORT REQUIRED UNDER SECTION 40 OF THE TAX CREDITS ACT 2002 FOR THE TAX YEAR 2012-13

	WTC	CTC	Total
(a) The number of awards of tax credits (thousands)	2409	4083	4626 ¹
(b) Number of enquiries conducted under section 19	-	-	67,409 ²
(c) Number of penalties imposed	-	-	8020 ³

	Prosecutions	Convictions
(d) Number of prosecutions and convictions for offences connected with tax credits ⁴	75	83

¹ 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 2013.

² 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.

³ The total figure cannot be broken down into CTC and WTC because a case may involve both. The figure includes 151 waived penalties.

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