

# CHILD BENEFIT

Child Benefit is a UK government payment designed to help parents or carers with the cost of raising children. It's administered by HMRC and is one of the most widely claimed benefits in the UK.

## What is Child Benefit?

---

Child Benefit is a regular cash payment paid to one person per child who is responsible for bringing up a child. It is not means-tested, meaning most families can claim it regardless of whether they work or how much they earn—although higher earners may have to repay some or all of it through the tax system.

## Who can claim?

---

You can usually claim Child Benefit if:

- You are responsible for a child under 16, or
- Under 20 if they are in approved education or training
- You live in the UK and have the right to claim public funds
- Only one person can claim per child, even if there are two parents or carers.

## How much do you get?

---

The current weekly rates are:

- £26.05 per week for the first or only child
- £17.25 per week for each additional child

Payments are usually made every 4 weeks directly into your bank account

## High Income Child Benefit Charge (HICBC)

---

If you or your partner has an adjusted net income over £60,000, you may have to pay back some or all of the Child Benefit through a tax charge:

- Between £60,000 and £80,000: part of the benefit is repaid
- Over £80,000: the tax charge equals the full Child Benefit amount, meaning there's no financial gain

Importantly, you can still claim Child Benefit but opt out of receiving the payments to avoid the charge, while keeping other advantages.



## Why claim even if you're a higher earner?

---

Even if you don't keep the money, claiming Child Benefit can be valuable because:

- It gives the claimant National Insurance credits, which help protect their State Pension
- Your child is automatically issued a National Insurance number at age 16

This is especially important where one parent is not working or earning below the NI threshold.

## Key things to remember

---

- Only one claim per child
- Not affected by savings or employment status
- Must be claimed—it is not automatic
- Can usually be backdated up to 3 months

## Why Child Benefit and Self Assessment are linked

---

Child Benefit itself is not means tested, but since 2013 HMRC has applied a tax clawback called the High Income Child Benefit Charge (HICBC).

The charge is collected through Self Assessment, not by stopping payments automatically.

So the link exists only if:

- You receive Child Benefit, and
- You or your partner has adjusted net income above the income threshold

## When Self Assessment is required

---

You must register for and submit a Self Assessment tax return if both apply:

- Child Benefit is paid to you or your partner, and
- One of you has adjusted net income over £60,000

The person who earns more is responsible for reporting and paying the charge—even if the

Child Benefit is paid to the other partner.

## What counts as "adjusted net income"

---

Adjusted net income is not just salary. It includes:



- Employment income
- Self-employed profits
- Rental income
- Dividends
- Savings interest

It is calculated before personal allowances, but after certain deductions such as Gift Aid donations and pension contributions.

### **How the High Income Child Benefit Charge works**

---

The charge:

- Starts when income exceeds £60,000
- Equals the full Child Benefit when income reaches £80,000

If income sits between those levels, part of the benefit is effectively repaid via tax.

The tax charge can never exceed the Child Benefit received.

#### **Key point:**

HMRC does not calculate this automatically unless you submit Self Assessment.

### **What happens in Self Assessment**

---

On the tax return you must:

- Declare that Child Benefit was received
- State the number of children
- Calculate (or allow HMRC to calculate) the HICBC
- Pay the additional tax due

Failure to register for Self Assessment when required can lead to penalties and interest, even if the underpaid tax is relatively small (this is a frequent HMRC compliance trigger).

Opting out of payments but still claiming

You can:

- Claim Child Benefit but
- Opt out of receiving the payments

This avoids the tax charge and avoids the Self Assessment obligation for Child Benefit purposes, while still preserving:

- National Insurance credits, which protect State Pension entitlement



- Automatic issue of your child's National Insurance number at age 16
- This is commonly recommended where income is expected to be consistently above £80,000.

## Couples and common mistakes

---

Important points HMRC stresses:

- The charge is based on individual income, not household income
- Only one partner pays the charge, even if the other receives the benefit
- Living together as spouses or partners links your incomes for this purpose
- Many people incorrectly assume their PAYE tax code covers it—it does not.

## Summary table

Situation	Self Assessment needed?
Child Benefit received, both incomes $\leq$ £60k	✗ No
Child Benefit received, one income $>$ £60k	✓ Yes
Claimed but opted out of payments	✗ No (for HICBC)
Income $>$ £80k and receiving payments	✓ Yes

