Child benefit payback warning

If you have children and your partner is earning significantly less than you and claiming Child Benefit, it could be tempting to think that as a family you are unaffected by the changes to the benefit system introduced earlier this year.

But you could well be affected. Any family which has one earner bringing in £50,000 or more will find that they are expected to pay back some or all of the child benefit paid to them between January and April 5th 2013.

Heidi Marshall, a partner in Dodd and Co and a NASDAL member, spoke on a number of key issues including the subject of Child Benefit at the recent British Dental Trade Association Showcase. Afterwards, she said, she had more queries about Child Benefit than anything else.

“Many dentists are unaware that it doesn’t matter who is claiming the Child Benefit, what matters is that if one of you earns more than £50,000, you will not be able to keep it all. And if you earn more than £60,000, all of it has to be paid back.”

She explained that the money was paid back via a tax charge which was borne by the higher earner. This could be included in your tax code if you are employed. Whatever happens, the higher earner needs to do a tax return to prove what their income level is.

“If your spouse/partner has a higher income than you and they don’t currently complete a tax return, they will need to register with HMRC to do a tax return each year.”

She continued: “There is a risk of penalty if you don’t declare this and/or haven’t registered for self assessment in time. The penalty will be calculated under HMRC’s usual rules i.e. up to 100% of the tax charge due, although they
may be lenient in the first year of new rules.”

There was an October deadline for registration for those people earning over £50K but not currently submitting self assessment tax returns, said Heidi who thought HMRC would be lenient if people registered before the deadline for submission (31/01/2014).

She encouraged everyone working in the dental world with children and claiming Child Benefit to check out their position. “This is another over-complicated way of charging healthcare professionals more tax! If you or your family need help with child benefit charges or any other tax issues, please contact Dodd and Co or another NASDAL accountant.”

**Note to editors**
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