

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**

15 February 2011

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**

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

15 FEBRUARY 2011

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 2010. Not all information for 2009-10 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 2011. The figures quoted in this report were published in HMRC's Child and Working Tax Credits statistics for April 2010. 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 Commissioners to carry out enquiries into awards after the end of the year and section 20 allows Commissioners to revise a conclusive decision as a result of a claimant's income tax liability and where the decision is incorrect because of fraud or neglect. There were 25,919 enquiries or revisions using these powers conducted in 2009-10. Because of changes HMRC have made to their collection and recording of statistics, the figures cannot be separated.

(c) Number of penalties imposed

1221 penalties were imposed in 2009-10 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 54 prosecutions and 50 convictions for tax credits in 2009-10.

REPORT REQUIRED UNDER SECTION 40 OF THE TAX CREDITS ACT 2002 FOR THE TAX YEAR 2009-10

	WTC	CTC	Total
(a) The number of awards of tax credits (thousands)	2458	5596	¹ 6144
(b) Number of enquiries conducted under section 19	-	-	² 25919
(c) Number of penalties imposed	-	-	³ 1221

	Prosecutions	Convictions
(d) Number of prosecutions and convictions for offences connected with tax credits ⁴	54	50

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 were published in the HMRC's Child and Working Tax Credit statistics for April 2010.

² The total figure cannot be broken down into CTC and WTC because a case may involve both. This includes section 20 enquiries that cannot be broken down

³ The total figure cannot be broken down into CTC and WTC because a case may involve both. This figure includes 873 waived penalties.

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