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HIGH INCOME CHILD BENEFIT CHARGE

Budget Representation by Association of Taxation Technicians

1 Introduction

- 1.1 The Association of Taxation Technicians (ATT) is pleased to have the opportunity to make representations in relation to the 2021 Autumn Budget.
- 1.2 In the 2021 Budget, it was confirmed that the higher rate threshold of £50,270 for 2021/22 will be frozen for the four-year period from 2022/23 to 2025/26. However, no compensatory increase was made to the point at which the High Income Child Benefit Charge (HICBC) applies, which still has an income threshold of £50,000. As a consequence, the HICBC now affects basic rate taxpayers, which is directly contrary to the original policy intent announced in the Spending Review in October 2010, which stated that the charge should only affect families with a higher-rate taxpayer. The ATT considers that as a minimum the starting threshold for the HICBC should be in line with the higher rate threshold which applies for England, Wales and Northern Ireland (the Scottish Higher Rate threshold being different).
- 1.3 We are aware that the Low Incomes Tax Reform Group (LITRG) have also made representations both for this Autumn Budget and in previous years on this point and have gone further to suggest that the £50,000 threshold should in fact be increased further in line with inflation since the limit has not been uplifted since the policy was introduced in 2013. They have suggested that the threshold is uprated to a minimum of £60,000 and the point at which the benefit is fully withdrawn lifted to £75,000. We would support their proposals in this regard. We also endorse their comments regarding individuals missing out on NI credits as a result of disclaiming the benefit and agree that there is a need to resolve this issue.
- 1.4 The primary charitable objective of the ATT is to promote education and the study of tax administration and practice. We place a strong emphasis on the practicalities of the tax system. Our work in this area draws heavily on the experience of our members who assist thousands of businesses and individuals to comply with their taxation obligations. This response is written with that background.

2 Contact details

- 2.1 We would be pleased to join in any discussion relating to this representation. Should you wish to discuss any aspect of this representation, please contact our relevant Technical Officer, Helen Thornley on atttechnical@att.org.uk.

The Association of Taxation Technicians

23 September 2021

3 Note

3.1 The Association is a charity and the leading professional body for those providing UK tax compliance services. Our primary charitable objective is to promote education and the study of tax administration and practice. One of our key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Drawing on our members' practical experience and knowledge, we contribute to consultations on the development of the UK tax system and seek to ensure that, for the general public, it is workable and as fair as possible.

Our members are qualified by examination and practical experience. They commit to the highest standards of professional conduct and ensure that their tax knowledge is constantly kept up to date. Members may be found in private practice, commerce and industry, government and academia.

The Association has more than 9,000 members and Fellows together with over 5,000 students. Members and Fellows use the practising title of 'Taxation Technician' or 'Taxation Technician (Fellow)' and the designatory letters 'ATT' and 'ATT (Fellow)' respectively.