EXPLANATORY MEMORANDUM TO

THE CHILD BENEFIT (GENERAL) AND THE TAX CREDITS (RESIDENCE) (AMENDMENT) REGULATIONS 2014

2014. No. 1511

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs on behalf of Her Majesty's Treasury and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 This instrument introduces, with effect from 1 July 2014, a three month residence qualification to be satisfied by people who have recently arrived in the United Kingdom before they are able to access Child Benefit or Child Tax Credit awards. A number of exemptions are also set out where the three month residence condition does not need to be satisfied

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Context

4.1 Part 6 of The Child Benefit (General) Regulations 2006 prescribe the circumstances where a person is to be treated as being or not being in Great Britain or Northern Ireland and Regulation 3 of The Tax Credits (Residence) Regulations 2003 prescribe the circumstances where a person is to be treated as being or not being in the United Kingdom.

4.2 Regulations 3(4) and 4(3) of these regulations insert new regulations into the Child Benefit (General) Regulations 2006 so as to introduce an additional condition for eligibility to Child Benefit in Great Britain and Northern Ireland, with the application of a number of certain specified exceptions. The new condition requires the claimant to have been living in the United Kingdom for three months before becoming entitled to the benefit unless the claimant falls within one of the specified exceptions listed in new paragraph (6) of regulation 23 or new paragraph (5) of regulation 27.

4.3 Regulations 3(2), 3(3) and 4(2) of these regulations amend existing regulations 23(2), 23(3) and 27(2) so that Crown Servants posted overseas or their partners and persons in the United Kingdom as a result of their deportation, expulsion or other removal

by compulsion of law from another country are also excluded from having to satisfy this new condition.

4.4 Regulation 6 of these regulations makes similar changes in respect to claims for Child Tax Credit. Regulation 6(4) inserts new paragraphs (6) to (9) into regulation 3 of the Tax Credits (Residence) Regulations 2003 so as to introduce a new condition for entitlement to Child Tax Credit that the claimant must have been living in the United Kingdom for three months, subject to certain specified exemptions. Regulations 6(2) and (3) of these regulations amend regulations 3(2) and (3) of the Tax Credits (Residence) Regulations 2003 as to also exempt Crown servants posted overseas and their partners and persons in the United Kingdom as a result of their expulsion or other removal by compulsion of law from another country from having to satisfy the new condition.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- What is being done and why

7.1 As well as being responsible for a child, any claimant has to be physically present, ordinarily resident and have a right to reside in order to receive Child Benefit or Child Tax Credit.

7.2 Following these amendments a person entering the United Kingdom, who is not working, or has no, or other, socio economic link to the United Kingdom will not be able to qualify for Child Benefit or Child Tax Credit as soon as they arrive in the United Kingdom. Instead, they will need to have lived in the United Kingdom for three months immediately before being entitled to such benefits.

7.3 This policy is being introduced, as part of a package of measures, to protect the benefit system and requires that a person claiming Child Benefit or Child Tax Credit has a reasonable connection with the United Kingdom before becoming entitled to such benefits. It is considered that living in the United Kingdom for a three month period establishes that required connection.

- Consolidation

7.4 None

8. Consultation outcome

8.1 There is no statutory requirement to consult on the Regulations. However, the Social Security Advisory Committee has been given these regulatory changes under its Memorandum of Understanding with Her Majesty's Treasury and Her Majesty's Revenue and Customs.

9. Guidance

9.1 The provisions of these amending Regulations will be reflected in the Child Benefit and Tax Credits technical manuals. These are available on the HMRC website.

Tax Credits Technical Manual - http://www.hmrc.gov.uk/manuals/tctmanual/index.htm ,
Child Benefit Technical Manual - http://www.hmrc.gov.uk/manuals/cbtmanual/index.htm

10. Impact

10.1 The impact on business, charities or voluntary bodies is nil.

10.2 The impact on the public sector is nil.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 These changes are consequential or technical and do not require further review.

13. Contact

Phillip Dearne at Her Majesty's Revenue and Customs Tel: 03000 586535 or email: phillip.dearne@hmrc.gsi.go.uk can answer any queries regarding the instrument.

.