EXPLANATORY MEMORANDUM TO

THE REVENUE AND CUSTOMS APPEALS ORDER 2012

2012 No. [XXXX]

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

To insert a reference to the First-tier Tribunal in Great Britain into section 63(5) and (8) of the Tax Credits Act 2002 (c. 21). This reference was inadvertently omitted when tribunal functions were transferred to the new tribunal system by the Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56)

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

None.

4. Legislative Context

Section 63 of the Tax Credits Act 2002 provides for transitional arrangements for certain appeals and related matters.

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

The Economic Secretary to the Treasury, Chloe Smith, has made the following statement regarding Human Rights:

In my view the provisions of the Revenue and Customs Appeals Order 2012 are compatible with the Convention rights.

7. Policy background

- ***What is being done and why***

7.1 When Tax Credits appeals were transferred from the Social Security and Child Support Appeals Tribunal into the successor body, the Social Entitlement Chamber of the First-tier Tribunal, amendments were made to section 63 of the Tax Credits Act 7.2 2002 (by S.I. 2009/56) to reflect that change. However, in error, reference to this new Tribunal was not included in

some of the amendments made to section 63(5) and (8). The consequence is that the settlement process provided for in section 63(8)(c) currently only applies to Northern Ireland cases.

7.2 To restore the legislation to the intended policy position this Order is made under Section 124 of the Finance Act 2008.

7.3 As this instrument corrects a defect in S.I. 2009/56, it will be issued free of charge to all known recipients of that instrument.

- ***Consolidation***

Not applicable.

8. Consultation outcome

No formal consultation has taken place.

9. Guidance

Guidance on the tax credits appeals process can be found on Her Majesty's Revenue and Customs website.

10. Impact

10.1 This instrument has no impact on business, charities or voluntary bodies.

10.2 An Impact Assessment has not been prepared in respect of this Order. An Impact Assessment covering the changes made by S.I. 2009/56 was published with that Order. A copy is annexed to the Explanatory Memorandum to that Order which is available alongside the instrument on the legislation.gov.uk website.

11. Regulating small business

The legislation does not apply to small business.

12. Monitoring & review

This change is technical in nature and does not require further review.

13. Contact

Phillip Dearne at Her Majesty's Revenue and Customs Tel: 020 7147 2504 or email: phillip.dearne@hmrc.gsi.gov.uk can answer any queries regarding the instrument.