STATUTORY INSTRUMENTS

2010 No. 870

SOCIAL SECURITY

The Social Security (Claims and Payments) Amendment (No. 2) Regulations 2010

Made - - - -	*18th March 2010*
Laid before Parliament	*24th March 2010*
Coming into force - -	*30th April 2010*

The Secretary of State for Work and Pensions makes the following Regulations in exercise of powers conferred by sections 5(1)(p) and 189(1) and (4) to (6) of the Social Security Administration Act 1992(**a**).

In accordance with section 172(1) of the Social Security Administration Act 1992, the Secretary of State has referred proposals in respect of these Regulations to the Social Security Advisory Committee.

Citation and commencement

1. These Regulations may be cited as the Social Security (Claims and Payments) Amendment (No. 2) Regulations 2010 and come into force on 30th April 2010.

Amendment of the Social Security (Claims and Payments) Regulations 1987

2.—(1) The Social Security (Claims and Payments) Regulations 1987(**b**) are amended as follows.

(2) In Schedule 9 (deductions from benefit and direct payment to third parties)—

(a) in paragraph 7C(9)(**c**) (eligible loans) after "eligible benefit" insert "under this paragraph";

(b) after paragraph 7D(**d**) (integration loans) insert—

"**Tax credits overpayment debts and self-assessment debts**

7E.—(1) In this paragraph—

"self-assessment debt" means any debt which—

(**a**) 1992 c.5. Section 189(1) was amended by the Social Security Act 1998 (c.14), Schedule 7, paragraph 109(a) and Schedule 8, by the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c.2), Schedule 3, paragraph 57(1) and (2) and by the Tax Credits Act 2002 (c.21), Schedule 6. Section 189(4) to (6) were amended by the Social Security Act 1998, Schedule 7, paragraph 109(c) to (e) and Schedule 8.

(**b**) S.I. 1987/1968.

(**c**) Paragraph 7C was inserted by S.I. 2006/3188.

(**d**) Paragraph 7D was inserted by S.I. 2007/1866.

(a) has arisen from submission of a self-assessment to Her Majesty's Revenue and Customs under section 9 of the Taxes Management Act 1970 (returns to include self-assessment)(**a**); and

(b) is recoverable under Part 6 of that Act;

"tax credits overpayment debt" means any debt which is recoverable under section 29 of the Tax Credits Act 2002 (recovery of overpayments)(**b**).

(2) Where the conditions set out in sub-paragraph (3) are met, the Secretary of State may deduct from a specified benefit to which the beneficiary is entitled a sum which is up to a maximum of 3 times 5 per cent of the personal allowance for a single claimant aged not less than 25 and pay that sum to Her Majesty's Revenue and Customs towards discharge of any outstanding tax credits overpayment debt or self-assessment debt owed by the beneficiary to Her Majesty's Revenue and Customs.

(3) The conditions mentioned in sub-paragraph (2) are—

(a) that the beneficiary has given written consent to Her Majesty's Revenue and Customs for deductions to be made from a specified benefit towards discharge of any outstanding tax credits overpayment debt or self-assessment debt owed by the beneficiary to Her Majesty's Revenue and Customs; and

(b) no sum is being deducted under this paragraph.

(4) The Secretary of State shall cease making deductions from a specified benefit under this paragraph if—

(a) there is no longer sufficient entitlement to a specified benefit to enable deductions to be made;

(b) entitlement to all specified benefits has ceased;

(c) the beneficiary withdraws consent for the Secretary of State to make deductions from a specified benefit; or

(d) the beneficiary is no longer liable to repay any tax credits overpayment debt or self-assessment debt.

(5) The Secretary of State shall notify the beneficiary in writing of the total sums deducted under this paragraph—

(a) on receipt of a written request for such information from the beneficiary; or

(b) on the termination of deductions.

(6) Where a deduction is made under this paragraph from a specified benefit, paragraph 8 (maximum amount of payment to third parties) is to have effect as if—

(a) in sub-paragraph (1) for "and 7A" there were substituted ", 7A and 7E"; and

(b) in sub-paragraph (2) for "and 7D" there were substituted ", 7D and 7E".";

(c) in paragraph 9(**c**) (priority as between certain debts)—

(i) in sub-paragraph (1)(A)(a), for "7A or 7C" substitute "7A, 7C or 7E"; and

(ii) after sub-paragraph (1)(B)(h) add—

"(i) any liability mentioned in paragraph 7E (tax credits overpayment debts and self-assessment debts).".

(**a**) 1970 c.9. Relevant amendments to section 9 were made by sections 121(4) and (8) and 122(1) of the Finance Act 1996 (c. 8), section 98(2) of the Finance Act 1998 (c. 36), the Income Tax (Earnings and Pensions) Act 2003 (c. 1), Schedule 6, Part 2, paragraphs 123 and 125, the Income Tax (Trading and Other Income) Act 2005 (c. 5), Schedule 1, Part 2, paragraphs 357 and 361 and Schedule 3, the Finance Act 2008 (c. 9), Schedule 12, Part 2, paragraphs 7 and 10 and the Finance Act 2009 (c. 10), Schedule 19, paragraph 9(b).

(**b**) 2002 c.21. Section 29 was amended by the Income Tax (Earnings and Pensions) Act 2003, Schedule 6, paragraph 266 and by the Finance Act 2009, Schedule 58, paragraph 8.

(**c**) Sub-paragraphs (1)(A) and (1)(B) were inserted by S.I. 1993/495 and were amended by S.I. 1997/827, 2005/777, 2006/3188, 2007/1866 and 2008/2767.

Signed by authority of the Secretary of State for Work and Pensions.

Jonathan Shaw
Parliamentary Under Secretary of State
18th March 2010 Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 30th April 2010, amend the Social Security (Claims and Payments) Regulations 1987 ("the Claims and Payments Regulations") (S.I. 1987/1968).

Regulation 2(2)(b) inserts a new paragraph 7E into Schedule 9 to the Claims and Payments Regulations (which sets out the circumstances in which the Secretary of State may make deductions from benefits for the purpose of paying the amount deducted direct to a third party). The new paragraph 7E will enable the Secretary of State to make deductions from a specified benefit and instead pay the sum deducted direct to Her Majesty's Revenue and Customs, towards the discharge of any tax credits overpayment debt or self-assessment debt owed by the beneficiary. "Specified benefit" is defined in paragraph 1(1) of the Schedule to the Claims and Payments Regulations. "Tax credits overpayment debt" and "self-assessment debt" are defined in sub-paragraph (1) of the new paragraph 7E.

The remainder of regulation 2 makes further amendments which are consequential upon the addition of the new paragraph 7E.

A full impact assessment has not been produced for this instrument as it has no impact on the private or voluntary sectors.

© Crown copyright 2010

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.

STATUTORY INSTRUMENTS

2010 No. 870

SOCIAL SECURITY

The Social Security (Claims and Payments) Amendment (No. 2) Regulations 2010

£4.00

E6600 03/2010 106600T 19585