



# Treasury Committee

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Mr Jon Thompson, Chief Executive and Permanent Secretary  
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Thank you for your recent letters on Child Benefit, and the additional statistics HMRC has compiled and sent to the Committee. I appreciate the time and effort you and your colleagues have put towards this work. In recognition of that work, HMRC should now continue to compile these statistics and publish them. If that is not possible, HMRC should update these statistics annually to the Treasury Committee.

I, like the Minister, remain concerned about the impact on the build-up of National Insurance credits for some individuals due to the unintended effect of the introduction of the High Income Child Benefit Charge on 7 January 2013. This is exemplified by the limited number of new opt-outs shown in Table 2 of the statistics you have provided. The need to understand the scale of this risk makes the consumer research you are undertaking all the more important. You have said that you expect a final draft of the results of the Child Benefit consumer research by mid-August. The Committee looks forward to receiving those results as soon as possible.

I also asked for information on the gender of child benefit claimants. The results you have provided are of interest. The proportion of male claimants, both in terms of stock and flow, has risen over the period you have provided statistics for. This, in part, will reflect changes in society around childcare arrangements and household formation.

There is, however, a risk in any household where one parent is not working due to childcare commitments and one parent earns, that if the earner also receives the child benefit, they deny the National Insurance credits to the parent undertaking the care of a child under 12. This will, in all likelihood, not be deliberate. The link between National Insurance credits and Child Benefit is poorly understood by the public.

If the statistics you have provided reflect, in part, a change in who is applying for the child benefit (with a shift from applications by mothers to fathers) but no underlying change in how the household is formed, who has childcare responsibilities or who earns, then an emerging future pension problem may present itself.

This risk is not unique to single-earner households with male earners. It is a potential problem for any household with one person earning and one person not earning but undertaking childcare commitments, regardless of the household's gender composition. I would welcome any analysis you have of this risk.

There may be reasons why families want one person in particular to have the child benefit payments. Parents can though transfer National Insurance credits between themselves using HMRC form CF411A without transferring who receives the money. I expect that this is little known or understood by claimants, and I am therefore concerned that HMRC do not monitor the number of transfers that have been asked for. What work has HMRC done to publicise the possibility of National Insurance credits transfer?

I appreciate the work HMRC is doing in this area, and look forward to your response. I will be placing this letter, and your reply, in the public domain.

Yours sincerely  
Nicky

Rt Hon Nicky Morgan MP  
Chair of the Treasury Committee