

Christian Workers – Finance for Living Series

a guide to  
child benefit  
incorporating  
guardian's allowance

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## DISCLAIMER

Whilst every care has been taken in the preparation of this material, Stewardship cannot be responsible for action taken or refrained from in reliance thereon. It is recommended that appropriate professional advice be sought in each relevant individual circumstance.

## general position

Child Benefit is currently a universal non means-tested<sup>1</sup> cash payment payable to those who live in the UK and who are responsible for at least one child. Child benefit is not taxable in the hands of the recipient and in certain circumstances the claimant is not necessarily the parent.

Although Child Benefit has no rules and conditions that apply specifically to Christian workers, we would still recommend that you read the overview paper in the Finance for Living series: [a guide to the UK benefits system](#) as a general introduction before reading this paper.

## health warning

This paper was written in October 2012, in the 2012/13 tax year. The rules described and the various percentages or monetary values all relate to that period. Should significant time have elapsed between then and now, we would strongly advise you to visit [www.direct.gov.uk/en/MoneyTaxAndBenefits](http://www.direct.gov.uk/en/MoneyTaxAndBenefits) to ensure that there have been no significant changes to the legislation that would impact onto your situation.

## basic rules

The key basic features of Child Benefit are:

- Only one claim can be made per child
- The whole payment must be paid to one claimant only, it can't be split
- The claimant must live in the UK – but see **special situations iv** for how this might impact on overseas workers
- The child for whom you are claiming lives with you - see **special situations ii** for how this might apply to overseas workers leaving children with family members in the UK
- Child benefit can be claimed up until the child is 16, and depending upon the child's educational status perhaps up to the age of 20 (see Appendix 2)
- Payments are made on a tiered basis with a larger payment made in respect of the first child (for 2012/2013 £20.30 per week) and a lesser payment (for 2012/2013 £13.40 per week) made in respect of any other children
- Payments are normally made every four weeks



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<sup>1</sup> A form of means testing will be introduced from January 2013 with the benefit being removed on an incremental basis from households where one of the parents of the child has a taxable income threshold in excess of £50,000p.a., being removed completely once the threshold reaches £60,000p.a.

- Payments are universal – made irrespective of the claimant’s income and savings (please see comments above regarding changes to this position).

## special situations

The more common special cases are considered in the next few paragraphs. This is by no means an exhaustive or comprehensive list and if you are in any doubt regarding your own situation and the ability to make a claim then you should either look at the information contained in the website or if still uncertain then contact the Child Benefit helpline (details for both can be found in the further information section towards the end of this paper).

### i adoption and fostering

You may be entitled to Child Benefit for children that you foster (whether a formal or informal arrangement) or adopt. This largely depends upon whether you receive payments from the local authority for the child’s accommodation or basic maintenance. If you do, then you are unlikely to receive Child Benefit.

As only one claim can be made per child, it may be that agreement has to be reached with an existing claimant for them to give up the benefit to allow the claim to be made by another person. If agreement cannot be reached on a voluntary basis the Child Benefit office can provide a ruling.

If you are responsible for a child that has lost either one or both parents then you may be able to claim Guardian’s Allowance which is paid in addition to Child Benefit (see Appendix 1).

### ii your child is not living with you or is away from home

In general, the child for whom you are claiming will be living with you at home, although there are a number of situations where this may not be the case. Where a child is living away from home, there are two time periods to consider, with different rules applying to each:

- For the first 8 weeks following this arrangement, you may still be able to claim child benefit as long as no other person is also making a claim.
- For the period after the first 8 weeks, claims can only be made where **all** the following criteria are met:
  - You are contributing to your child’s maintenance and accommodation<sup>2</sup>
  - You are contributing at least as much as the value of the Child Benefit<sup>3</sup>
  - No other claim to child benefit is being made by anyone else.

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<sup>2</sup> Detailed rules can be found at the website address listed in the further information section

<sup>3</sup> As above

Where you are working abroad and your child remains in the UK with family or friends, it is likely that they will be able to claim child benefit for that child. In cases where day-to-day care often switches due to short absences abroad, these situations should be discussed with the Child Benefit office.

### iii Your child is ill in hospital or in residential care

If your child is ill in hospital or in residential care, then you will still be able to claim Child Benefit for them for a period of 84 days (12 weeks). After that, unless you are spending money on them, the ability to claim the benefit stops. This is true regardless of whether your child is being treated in the UK, or abroad.

### iv Living or working abroad

In most cases you will only be able to claim Child Benefit if you live in the UK.

If you work in an overseas ministry, then your personal circumstances will be taken into account. As a rule of thumb, if your whole family moves out of the UK for an extended period then you will be unlikely to be able to claim. For shorter periods of absence, or in cases where one person is travelling, leaving the remainder of the family in the UK, it is possible that their claim may continue.

If that is a situation that applies to you, please discuss your personal situation with the Child Benefit helpline as soon as you can.

## making a claim

The only way that you are able to make a claim is to complete a claim form and send it to the Child Benefit Office. Claims cannot be made either over the phone or online. Forms can be obtained from the Child Benefit Office, downloaded from the website or are usually contained in packs (known as bounty packs) received by mothers in hospital following the birth of their child.

Original birth certificates or adoption certificates will need to be provided with the form. Once completed the forms should be sent to:

Child Benefit Office (Washington)  
Freepost  
NEA 10463  
PO Box 133  
Washington  
NE38 7BR

Always keep the Child Benefit Office fully informed of any changes to circumstances that you think may alter your position to receive Child Benefit.



## further information

For more detailed information on the topics covered in this paper or for information specifically regarding:

- What happens on the death of a child
- How, in the event that more than one person makes a claim regarding a specific child, a claim is determined

please visit the website or call the helpline.

[www.direct.gov.uk/en/MoneyTaxAndBenefits/ChildBenefitsandChildTrustFunds/ChildBenefits/index](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ChildBenefitsandChildTrustFunds/ChildBenefits/index).

Helpline: 08453 021 444

The Finance for Living series of papers forms part of Stewardship's resources for Christian Workers. With contributions from a panel of advisors each of whom has significant experience within the area of mission, the series draws on their expertise to offer biblical teaching and practical guidance on issues affecting those living on personal financial support. The papers are available to download from the Stewardship website see <http://www.stewardship.org.uk/resources/finance-for-living>

This paper has been written by Alan Hough and edited by Stewardship. Alan has a background in corporate finance, compliance and risk alongside church leadership and trusteeship.

If you have any questions or comments arising from the material presented here, you can contact us at [education@stewardship.org.uk](mailto:education@stewardship.org.uk) or by telephone on 0208 502 8585.



## Appendix 1: Guardian's Allowance

Guardian's Allowance (GA) is a tax-free payment for people who are bringing up children whose parents have died. In certain cases it can still be claimed where only one parent has died. There are three criteria that need to first be fulfilled before you can consider making a claim for this allowance:

- You are bringing up someone else's child
- Either the parent or parents of that child have died
- You are able to claim Child Benefit in respect of that child

In addition there are two further criteria, either one of which must be met:

- One of the parents must have been born in the UK
- On the date that the parent or parents died at least one of them had to have been in the UK for a period of 52 weeks in the last two years

If successful, Guardian's Allowance pays £15.55 per week (2012/2013 rates) for each child in addition to child benefit.

### making a claim

A claim form can either be downloaded from the website or obtained from the Guardian's Allowance Unit. Completed forms together with the necessary paperwork must be returned to the same office:

The Guardian's Allowance Unit  
Child Benefit Office  
PO Box 1  
Newcastle upon Tyne  
NE88 1AA

For more detailed information regarding this allowance and for details of situations where you can make a claim even though only one parent has died please refer to the website:

[www.direct.gov.uk/en/MoneyTaxAndBenefits/ChildBenefitsandChildTrustFunds/ChildBenefits/index](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ChildBenefitsandChildTrustFunds/ChildBenefits/index)

## Appendix 2: Further education or training: qualifying criteria

To continue to claim Child Benefit for a child over 16, the child must be in full-time “non advanced” education or “approved” training.

In this context full-time means that during term time more than 12 hours per week is spent on tuition, practical work, supervised study or exams. Non-advanced education **includes:**

- GCSEs
- A levels
- NVQ/SVQ level 1, 2 or 3
- BTEC National Diploma, National Certificate and First Diploma
- SCE higher grade or similar

Non-advanced education specifically **excludes** the following which are deemed to be advanced education:

- a degree
- Diploma of Higher Education (DHE)
- NVQ level 4 or above
- BTEC Higher National Certificate (HNC) or Higher National Diploma (HND)
- teacher training

Child benefit can continue to be paid:

- For 20 weeks after your child is 16 or 17 and has left education or training if they have registered for training or work with a ‘qualifying body’. A qualifying body includes the local careers service (or Connexions), the Department for Employment and Education or the Education and Library Board (in Northern Ireland), the Ministry of Defence, or similar organisations in the EEA<sup>4</sup>.
- Until the child’s 20<sup>th</sup> birthday if they are in full-time non-advanced education, or approved training.

The details above are not complete and exhaustive. Further information regarding approved training, non-advanced education and precisely when benefit stops, can be found at the website:

[www.direct.gov.uk/en/MoneyTaxAndBenefits/ChildBenefitsandChildTrustFunds/ChildBenefits/index](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ChildBenefitsandChildTrustFunds/ChildBenefits/index)

### Theological or bible training

Where your child leaves school and seeks Bible training at theological college, your ability to continue to receive Child Benefit will be determined by the nature of the course and the qualification to be gained. With courses leading to a degree or diploma of higher education being specifically excluded and distance learning unlikely to qualify, it appears that most theological courses or bible training will not meet the necessary criteria to claim child benefit. However, once a suitable course has been determined which you feel may meet the necessary criteria, you should contact the Child Benefit helpline to confirm whether this is the case.

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<sup>4</sup> The European Economic Area.



## Appendix 3: Changes to Child Benefit from 7 January 2013

Child Benefit is currently a universal benefit in the sense that it is neither means-tested nor is it taxed. However, from 7 January 2013 this is set to change. Benefit will no longer be paid to households where one of the parents of the child has a taxable income threshold in excess of £60,000 p.a. Households where one parent has taxable income in excess of £50,000 but not more than £60,000 will see their benefit reduced on a tapered basis until income reaches £60,000.

Where the taxable income of both parents is above £60,000 p.a., the highest income only will be taken into account in restricting Child Benefit.

Restriction will be achieved through a new income tax charge. So, benefit will continue to be paid, but will be clawed back by HMRC through the tax system. For most, this will mean that their PAYE tax will increase by the amount of the restriction (in other words, their take home pay from their employer will reduce). For those not liable to PAYE tax, the charge will be added to the tax that they are liable for following submission of their self assessment tax returns.

The amount of the charge will be 1% of the amount of child benefit for every £100 of income above £50,000. For example:

One parent has taxable income of £54,000 p.a. and the family receives child benefit of £1,752 p.a. (based on two children). Total income above £50,000 is £4,000. The charge is therefore 40% of the child benefit received ( $1\% \times £4,000 \div 100$ ).  $40\% \times £1,752 = £701.60$  which is rounded down to £701.

### The new income tax charge in 2012/13

The new charge will apply from 7 January 2013. For 2012/13, this will be calculated on the parent's full income for the year 2012/13 but will be restricted only by reference to Child Benefit received in the period 7 January 2013 to 5 April 2013.

If you fall within the charge for 2012/13, you do not need to do anything yet. HMRC will write to taxpayers in Autumn 2012 to explain what they need to do next and what options will be available. If you do not hear from HMRC in the Autumn, you will be able to find information on HMRC's website at that time which will tell you what you should do.

### Future years

Future years will be calculated on the parent's full income and Child Benefit entitlement for the whole year.

### Notifying HMRC of your income

If you are liable to pay the charge, HMRC should send you a tax return to complete during April 2013. You can find general information about tax returns and Self Assessment on the HMRC web site.

## Stewardship comment

The onus for disclosure seems to rest firmly on the shoulders of the tax payer. For example if the benefit claimant does not have income above £50,000 but their partner does, it will be for the family to make sure that HMRC know. This presumably will be handled via the tax returns that HMRC will be sending out.

One area that could be problematic for claimants is the time lag between receiving the benefit and payment of the tax charge claw back to the extent that it is not handled through the earner's PAYE coding. This could leave households having to find a significant amount of cash in a short time period to settle the liability, and at worst may tempt some to simply keep quiet.

It is the sole responsibility for a higher rate tax payer to inform HMRC of their personal situation. Failure to do so will result in a regime of fines.

Although mitigated from earlier proposals, it is still widely recognised that the application of these rules will produce anomalies. Households with income of up to £100,000 p.a. may still receive the benefit in full if income is equally split between the partners, whereas households on much lower total incomes may lose the benefit where one tax payer earns taxable income above £50,000.

