

Should you still claim Child Benefit if one partner earns over £60,000 a year?

Under legislation brought in a few years ago the amount that can be claimed for child benefit is restricted if one parent earns over £50,000 per annum. It is the higher earner's income that is relevant even if the spouse/partner is the claimant of the child benefit.

The amount of the credit that can be claimed reduces by 1% for every £100 over £50,000 until at £60,000 the whole of the child benefit that can be claimed is reduced to nil. Any overpayment has to be repaid to HMRC.

It may be considered that it is not worth claiming child benefit if one parent is earning over £60,000.

This is dangerous thinking as it is possible to lose out by not claiming.

Child Benefit is a universal benefit payable to families as a contribution towards the cost of raising a child or children. It is paid to a person who is responsible for a child under 16 (or under 20 and in approved education or training).

The weekly rate is currently (2019) £20.70 for the first child and £13.70 for each additional child.

In addition to the payments, until the child is 12 years old a Child Benefit award also provides National Insurance Credits to the person who made the claim. These National Insurance Credits can help protect entitlement to the State Pension.

Only one person can claim Child Benefit for a child. For couples with one partner not working or paying National Insurance contributions, making the claim in their name will help protect their State Pension.

Even where the working partner claims Child Benefit, there is scope to transfer the National Insurance Credits and change who gets Child Benefit to protect the non-working parents State Pension.

Where one parent earns over £60,000 individuals may still claim Child Benefit and choose not to receive the payments, which means they do not have to pay the charge but still receive the associated National Insurance Credits and protect their State Pension.

Additionally, if the higher earner's income drops substantially it is possible to claim the full amount for the year if you have registered for child benefit. If you have not registered then the claim can only be backdated up to 3 months from the date of claim.

Tax Tip

Even if the income from one partner is in excess of £60,000 for the year, if you have young children make a claim for child benefit and choose not to receive the payments. This will ensure National Insurance credits for the state pension for a non-working parent.