

BCCG update: Disability – extension to the Autumn Statement 2016 correction

I am writing to inform you of additional help HMRC will provide to customers with disabled children receiving DWP disability benefits. Further to representations we have received from customers and stakeholder groups HMRC has looked again at the scope of the correction exercise that was announced at Autumn Statement 2016 and completed earlier this year. As you know, that exercise entailed an adjustment to the awards of customers whose children receive Disability Living Allowance (DLA) but who had not claimed Child Tax Credit (CTC) disability elements and where the back-up information sharing process with DWP partially broke down.

We have identified that two groups were not picked up by that exercise. These consist of cases:

1. where the claimant had informed HMRC of their eligibility for the disability element before the correction exercise was run but had done so more than one month after being informed by DWP of the decision to award DLA; and
2. where the rate of DLA in payment was changed.

In the former case the standard one month backdating had been applied.

In the case of the latter group HMRC plans to adjust the awards from 2016/17 to align with the Autumn Statement 2016 correction exercise. In the case of the former group, HMRC plans to adjust the awards from 6 April 2016, or from the date DLA was awarded, to the date from which the disability element was paid in order to make up any shortfall in backdating.

Where necessary, HMRC Commissioners have agreed to the use of discretionary powers, provided in the Commissioners for Revenue and Customs Act 2005, to pay these groups of customers. These powers are restricted to exceptional cases. This is because HMRC recognises that they should have been included in the 2016 correction exercise.

We intend to run a scan to identify eligible individuals so that we can adjust their awards accordingly. We estimate that around 5,000 to 10,000 customers are likely to be affected.

We would like to reiterate that it is a claimant's responsibility to inform HMRC about any changes in his or her circumstances. This includes informing HMRC when a qualifying benefit, such as DLA, becomes payable or there is a change in the rate at which that qualifying benefit is paid. **The claimant's obligation to claim what they may be eligible for remains a fundamental rule.**

Please let us know if you have any questions or feedback.