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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Tax Credits (Claims and Notifications) Regulations 2002 (S.I. 2002/2014) in order to modify the effect of the “backdating” provisions in regulation 7 in circumstances where a claimant or, in the case of a joint claim, either or both of them, has made a declaration of eligibility under section 4(2) Childcare Payments Act 2014 (c. 28) (“the CPA”). The CPA makes provision for the making of payments to persons towards the costs of childcare and is also commonly referred to as “tax free childcare”.

Regulation 1 of these Regulations provides for citation and commencement.

Regulation 2 of these Regulations inserts a new regulation 7A into the Tax Credits (Claims and Notifications) Regulations 2002.

Paragraph (1) of new regulation 7A provides that, subject to specific provisions in new regulation 7A(3) and (4), where the claim for tax credits is made during an entitlement period under the CPA, the backdating provisions in regulation 7 shall not apply.

Paragraph (2) of new regulation 7A provides that, subject to the specific provisions in new regulation 7A(3) and (4), where the claim for tax credits is made within 31 days beginning with the last day of the entitlement period, the backdating provisions can only apply to the extent that they do not allow the backdating period to overlap with any day falling within that entitlement period.

Paragraphs (3) and (4) of new regulation 7A apply to modify the backdating provisions in regulation 7 so that where, during an entitlement period for tax free childcare or during the period of 31 days beginning with the day following the last day of the entitlement period, HMRC makes an account restriction order under section 24 of the CPA (imposing restrictions on childcare accounts) in order to give effect to a determination made under section 18(2) of the CPA (cases where there is more than one eligible person), or a tax free childcare account is closed in accordance with regulations made under section 25 of the CPA (closure of childcare accounts) or a child ceases to be a “qualifying child” for the purposes of the CPA as defined by regulation 5 of the Childcare Payments (Eligibility) Regulations 2015 (S.I. 2015/448) (except in cases where the child ceases to be a qualifying child by no longer being a “disabled child” as defined in paragraph (5) of that regulation), the backdating rules in regulation 7 do not allow the tax credits claim to be backdated any earlier than the date that the account restriction order is made, the childcare account is closed or the child ceases to be a “qualifying child” (as appropriate).

Paragraph (5) of new regulation 7A contains relevant definitions.

Regulations 3 to 5 of these Regulations make consequential amendments as a result of the introduction of a new regulation 7A into the Tax Credits (Claims and Notifications) Regulations 2002.

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