

## **Tax credit overpayments after a Move to Universal Credit – an overview How are tax credit customers notified of a tax credits overpayment?**

HMRC send tax credit customers a letter advising them of a tax credit overpayment, which includes when the overpayment occurred, and the amount owed. When a tax credit customer moves to Universal Credit (for whatever reason), HMRC send a letter to the customer. This letter is called a 'TC1131 (UC)' and sets out the details of any overpayment. How will a customer know if they have a tax credit overpayment? If someone is unsure whether they have a tax credit overpayment, or how much they might be, they can check with HMRC. Tax credits overpayments: Overview - GOV.UK ([www.gov.uk](http://www.gov.uk)) If there are any questions about when the overpayment happened, or why money is owed, the customer should use the link above or contact the HMRC helpline 0345 300 3900

### **What will happen to any tax credit overpayments when a household moves to Universal Credit?**

Once a claim is made for Universal Credit, any tax credit overpayments owed to His Majesty's Revenue and Customs (HMRC) will be transferred to the Department for Work and Pensions (DWP) to collect from Universal Credit. The overpayment will be transferred to and recovered by DWP's Debt Management Service. DWP will refer to this overpayment as a 'debt'. DWP Debt Management keeps records of money owed and will ask a claimant to repay that debt. DWP does not hold details of when or why the overpayment (or debt) occurred. Once the debt has been transferred to DWP, HMRC does not hold details of how or when the debt will be recovered or the debt balance once recovery has started. DWP will take an amount from a household's UC payment to pay towards the money owed. The amount paid usually depends on how much a claimant gets and their household income, up to a maximum of 25% of the standard allowance. How soon will the DWP start to take payments for any monies owed once a household moves to Universal Credit? When the DWP receives the tax credit overpayment details from HMRC, it will be put into recovery against the Universal Credit award straight away, unless other debts with a higher priority are in place. A maximum of 25% of the standard allowance of Universal Credit payment can be deducted to repay a tax credit overpayment.

### **What about customers who have an existing payment plan with HMRC?**

If there was an existing repayment plan for the tax credit debt (also known as a 'Time to Pay' arrangement), it will end after HMRC send the TC1131 (UC) letter. HMRC will cancel any Direct Debits. If customers had other payment arrangements in place to repay a tax credit debt with either HMRC, or a Debt Collection Agency acting on their behalf, they should check and ensure these are cancelled. Tax credits overpayments: If you get Universal Credit - GOV.UK ([www.gov.uk](http://www.gov.uk)) What support is available for households who cannot afford repayments? If someone needs help with managing their debts, they should call DWP Debt Management Service on 0800 916 0647 talk to them about affordable repayment.

### **What support is available for households who cannot afford repayments?**

If someone needs help with managing their debts, they should call DWP Debt Management Service on 0800 916 0647 talk to them about affordable repayment options and arrange a plan to suit their needs. To determine an appropriate repayment rate, customers may be asked about:

- any savings and income - including benefits and pensions.
- living expenses - including rent, mortgage or childcare payments and household costs.
- any other repayments being made - including loans, credit cards and utility bill repayments.

If a customer disagrees with the overpayment, what can they do? The customer should call HMRC first on **0345 300 3900** if they think HMRC have made a mistake.

However, customers need to be aware that they must complete the dispute form within 3 months of either:

- the date on the first letter, statement or notice received informing that there has been an overpayment.
- the 'decision date' on the Annual Review notice

While a dispute is being considered by HMRC, recovery of the overpayment will continue by DWP Debt Management Service. If HMRC determine that the overpayment is incorrect (either in part or in full), they will notify DWP of the outcome of the dispute. DWP will consider if any monies due to the customer from the successfully disputed tax credit overpayment should be taken from any other tax credit overpayments outstanding before repaying them to the customer.

Tell HMRC online or by post. Tax credits: appeals and complaints: Overview - GOV.UK ([www.gov.uk](http://www.gov.uk))  
How to contact the DWP Debt Management Contact Centre (Mon-Friday, 8hrs – 19.30hrs:  
Telephone: 0800 916 0647 • Textphone: 0800 916 0651 • NGT text relay (if you cannot hear or speak on the phone): 18001 then 0800 916 064