

## **A selection of 10 Case Studies showing families hitting Higher Rate Child Benefit Tax Charge**

### **Case Study 1**

I am in the military and due to numerous house moves as a result of postings, my wife's career has been limited. After 5 years, 4 moves, and 2 children, as a married couple we decided to lay some roots and buy our own home in Salisbury. As a couple we wanted to invest in our family and children as much as possible. We wanted to live together and be around for each other. The military is now providing wrap around childcare to support people like us to get back into having two incomes. Whilst this seems at first glance to be a great offer, it reinforces the issue of paying other people to raise our children. Every month we float in and out of debt as our disposable income is so low. From the outside, my wider family always questions why we struggle financially as I earn reasonably well (60K+), we have even questioned it ourselves. As I look deeper it becomes clear the tax we pay as a single earning household, (where child benefit no longer brings benefit) takes a huge toll. What we perceive to be a respectable and beneficial societal choice to have a parent at home to raise our own children has and continues to cost us greatly.

### **Case study 2**

Before becoming a parent I knew that I wanted to care for my child myself full time at home. Making that a reality has not been easy. My husband and I had to move to another county where property prices were lower and buy the cheapest property we could get that had a mortgage that was affordable on one salary. That is no mean feat in the current housing market. We bought our property in 2017. I was working as a florist after that, a job which pays minimum wage. My husband was earning the national average. When our son was born in 2021 we couldn't afford a second vehicle, so I spent a whole year only able to go out and about locally on foot. In 2022 my husband got a new job with a higher salary and the bonus of a company car. Now I could finally go out and about with my son during the week. However, we were penalised as the company car pushes him into the next tax bracket and despite me earning nothing, we will have some of our child allowance taken away. Other couples both earning £49k are able to keep all of their child allowance. How is this fair? Nearly double the household income and receiving help. It feels like every effort you make to improve your financial situation, the government wants to knock you down as a family where one parent is choosing to stay home to care for their child.

### **Case study 3**

I recently quit my job to work in the home and care for my two sons (1 and 7).

While I love my day job, there are certain things that would make my life much easier

- We are on a single income and my husband has started making 50-60k a year which means we are going to lose our child benefit. Even though I meal plan a month in advance, buy only used clothing and we don't go on holiday or eat out or go to the pub, my husband's salary just about covers our basic expenses. Not having to pay back child benefit would make a big difference. When I emailed my MP about this issue, the response I got back was that collecting data about households would be a burden and the tax system is based on individual taxation. I found both of these answers flimsy and, to be honest, almost insulting of my intelligence. I know with other benefit claims, household data is taken into account and joint incomes are assessed. The child benefit system, especially with inflation, is not fit for purpose.

- I feel politically invisible as a mother choosing to work in the home. Why is there no support for parents like us who choose to care for their own children? The 30 hours of nursery care is not a choice, it is railroading parents into paid work rather than offering women (and some men) a genuine choice. I would love to see tax breaks or benefits for households. I would love to be asked, "what do you want to do? What works best for your family?"

- I would love some acknowledgement that what I do, caring for my two kids, is of value. It feels ridiculous that on the one hand there is a big zero to three early years drive, we know how much early experiences affect everything from health to educational attainment and on the other hand there is very little choice for what

that early years provision looks like. Why is my labour so invisible both politically and socially? I would love to see being a stay-at home mum on the menu of choices presented to parents.

#### Case study 4

Dm for Anne Fennel re. childcare enquiry. My situation is that my husband earns just over the child benefit threshold as a train driver, he works unsociable shifts changing every day and I am a stay at home parent to a 2 year old. We pay 8k more a year in tax than if we earned his salary between us. I wouldn't give up this precious time with my son and it is my dream to be a stay at home parent but I do feel the government will pay anyone to look after your children but stay at home parents and the tax penalty is ridiculous. Our shopping bill has gone up by 20 percent and we have dramatically decreased our standard of living to make this work. The reality is my husband could not do this safety critical role without someone else handling the night wakings, general life admin and running of a house that having a child requires. Last year he had a fatality on the railway (an unavoidable suicide) and had 3 months off to receive counselling but lost all of his overtime pay for that time

He is now striking regularly which has gone on for months and sadly not been resolved meaning we miss out on more pay. It's very tough as a single income household and we are in an extremely privileged position with him earning so much money and us owning our own home. Yet we are finding it tough! It must be so impossible for so many people to be a stay at home parent and not live in poverty. All research clearly shows this is the best thing for our children so all parents who want to stay at home should be supported to do so. It will save the nhs millions in later years as supports extended breastfeeding and all the health benefits that entails and better mental health for our future adults

#### Case study 5

To give you an introduction to us. My husband is a senior lecturer at a University and I have stayed at home with our children (10,7,4) since the oldest was born, and now home educate them. Previous to having my eldest I had completed my Doctorate in Engineering. It was important for me to be at home with my children when they were little until they started school, but then the plan changed and instead we decided to home educate. We live in a 3 bed terrace, with no drive or garage, have one car, and take UK holidays.

I have been very aware of the day I start losing my Child Benefit. This is something I firmly disagree with, as this is my money that I use for the Children. As we home educate, we have to pay for all lessons and activities. This is what I use this Child Benefit for, tennis lessons, french, musical theatre, books, and it doesn't stretch far. I don't know how we will continue to afford these.

My husband's employer has been great over the last year helping with the increased cost of living. We have received a cost of living increase and an additional point increase on his scale in August, as well as an additional £1000 spread over 10 months from October. He then got his usual point this January, and an advanced cost of living increase. However, when I do the calculations, I really wish they hadn't because these extras that we weren't expecting have now pushed us into a far worse tax situation, meaning not only are we subject to the High Income Child Benefit Tax, we lose our married tax allowance and he becomes a higher rate tax payer. On this whole pay rise from August to the new tax year, he will have had a marginal tax rate of 73% (including High Income Child Benefit Tax, 56% without) if my figures are correct. With the rate being higher when just looking at the later rises. What is worse is that a lot of this tax hasn't actually been paid yet, as the PAYE system can not cope with you changing tax bands mid year and becoming a higher rate tax payer. So I

estimate we are going to have roughly a £1000 tax bill and will have to repay £320 child benefit, neither of which we have planned for based on his salary at the start of the tax year.

### Case Study 6

Recently we bought a house and the reality of mortgage and bills has meant I am now working 16 hours/week at Tesco. I chose this job particularly for the flexibility (I can still be there for our children 4yrs, 2yrs, during the daytime and then my husband can have them when I go to work in the evening) but - wow, it's hard! I'm exhausted even with working just 16 hours.

As a result, I'm much less patient with the kids and my relationship with my husband is more distant. I can't stay on top of the housework and cooking as well as I previously did. This is a temporary Christmas job (that I took on because we have a big bill to pay in January) so we will reassess in a couple of months' time. It's just making me really appreciate the homemaker/stay-at-home mum role even more than I already did! I never intended to stay home with my kids but it's been an absolute blessing in my life. I only hope I can continue to do it. I'm burned out but I probably do need to supplement our income somehow.

### Case Study 7

Response from my MP Ed Davey on the high income child benefit charge. They ain't changing or doing anything to alter the principle of "independent taxation" of married couples. In essence.

So I'm a top rate taxpayer, my wife's a full time carer of our 2 young ASD sons and not only do I lose my personal allowance, I do not benefit from hers either. Sole earner households with full time mums are the most screwed of all in the present tax system. Which won't change.

### Case Study 8

After watching GMTV last week it really brought it all back to me an emotional overwhelming feeling. Me and my husband already had three children, and life was good pretty comfortable, then we received a letter to say my husbands wages were over 50k so stopped our child benefit and requested the last two years of it to be paid back in one lump not instalments. From that day on we have been struggling, we had to get a loan to pay back the 3k, so not only were we £200 down a month from no child benefit but then the loan cost per month! We then fell pregnant with our 4th child, we wanted so much but we knew it was going to financially push us, I was booked in for a termination but on the day couldn't go through with it. So now 4 children later, no child benefit, childcare to pay for plus holiday clubs in the school holidays, even though my husband is deemed to have a good job, he gets taxed a lot and I earn minimum as I can't work more due to childcare. It really sucks this system

### **Case Study 9**

I'm no longer in paid employment and my husband now earns on his own about what we earned combined a few years ago.

You'd think we're really well off on the surface! But we're loose at his take home and it will be much less than when we both worked (pre family) because it's a single tax code higher bracket not one lower and one higher, each with the personal allowance. To add to that the child benefit is 100% deducted from his salary.

So add a larger mortgage (we needed a house now we have a child) and bigger bills etc, we are in fact much "poorer" with the same gross income. (I completely appreciate we are very privileged for me to stay at home and for us to be on this income. I know many people are much worse off, but it is still tough to swallow that we gross what we did then but now we need more money we get less.)

### **Case Study 10**

My name is Betty, 32 years old, from Oxford. I am the very proud mother of two children, Renato (3) and Ivo (3 months). I have two degrees and ten years of work experiences in publishing corp.

I always wanted to be a mum, and I love spending time with my children. I am qualified to teach and a musician, so every day I try and balance play and learning. We spend lots of time outdoors, because small tots really need nature. We are not 'alternative' folks: very ordinary people, with a mortgage, routines for the children and one income coming in (my husband works as a researcher for the university).

We are not wealthy, because we chose to marry young and be a young family before having a large capital covering our back. (And before you ask: no, we are not a religious family, although that should not matter!). We have savings, but the kind of savings two people in their early thirties would have: just enough to cover our back in case we could not pay the mortgage for a little while.

Since having children, our council tax has increased, and since my husband finished his PhD and started working as a researcher, the taxation weighing on our single income has increased as well.

We are intelligent, organised people, and we still manage to get to the end of the month with £100 to spare by cutting here and there (no clothing for ourselves, ever, shop only at Lidl and Aldi, we don't own a car, no TV, etc.). It's a sacrifice we are well willing to make, because we believe that, for our children, a mother who is always present in their early years is much more important than a holiday abroad. But it's a sacrifice.

We want to know why the tax system is financially punishing us (punishing me, really) for playing against the rulebook of the 'equalised' society: have children, go back to work, leave your children in childcare. I do not fantasise about going back to 1955: I am grateful to live in a society and in a time in history in which I am entitled to opinions and work. But I believe that what I am doing is work, and a very important one for a society in the middle of a demographic crisis.

What do we talk about, when we talk about equality? Financial equality, or emotional equality? How many mothers are stripped off their emotional equality by being forced to put their children in childcare, because the opposite is just not affordable?