Closure of tax credits

General Features



19 May 2025

The tax credits system closed on 5 April 2025 and there are now no live tax credit awards of either working tax credit or child tax credit. The main system of support for working age people on low and middle incomes is now universal credit. Most people who were receiving tax credits have started to claim universal credit instead or, depending on their age and circumstances, pension credit.

Working tax credit and child tax credit, known as tax credits, ended on 5 April 2025 after 22 years.

Universal credit (administered by the Department for Work and Pensions (DWP) in Great Britain and the Department for Communities (DfC) in Northern Ireland) has been gradually replacing tax credits and other legacy benefits under the government’s welfare reform agenda, and the change over from tax credits is now complete.

HMRC are still operating their tax credits helplines and postal services, but tax credits services are no longer available via HMRC’s digital channels, including the

app and the personal tax account.

Most people who were claiming tax credits in 2024/25 received a migration notice advising them when their tax credits award would end and inviting them to claim universal credit. Depending on their age and circumstances, some claimants may have received a tax credits closure notice inviting them to claim support through pension credit instead.

Universal credit and pension credit are not like-for-like replacements for tax credits with many differences in the rules. Where people made their claim for universal credit or pension credit in line with the instructions in their notice, transitional protection was available to smooth the impact of the changeover. Transitional protection attempts to protect the amount of financial support provided under tax credits, where the amount under the newly claimed benefit is lower in certain situations.

Transitional protection does not apply where existing tax credit claimants claimed universal credit outside of the managed migration exercise (apart from a specific addition in relation to legacy benefit severe disability premiums).

People who had a tax credit nil award, where household income was too high for an award, were not issued with migration notices. Any future entitlement to support relies on them making a fresh claim for universal credit (or pension credit). Some people, not entitled to claim either universal credit or pension credit, received tax credits to 5 April 2025 only.

Ongoing tax credits work

There are still some residual aspects of tax credits that remain ongoing for the time being.

- HMRC need to make final decisions about entitlement for anyone who had a live award up to 5 April 2025 and who did not receive a migration notice or tax credits closure notice. This finalisation exercise involves HMRC issuing finalisation packs, similar to renewal packs in previous years but with different deadlines. HMRC continue to deal with tax credit appeals, complaints, overpayment disputes and late reporting of certain changes.

- The longer backdating rules for tax credit disability elements still apply and HMRC will amend a closed tax credit award, if appropriate, where a former claimant notifies them within a month of the decision that they have been awarded a qualifying disability benefit backdated to a period where the person was still receiving tax credits.
- For tax credit overpayments, where the person moves over to claim universal credit or pension credit, HMRC will transfer any outstanding tax credit overpayment debt to DWP (DfC in Northern Ireland) for them to recover. Other tax credit overpayments will largely remain with HMRC for recovery.

Further information can be found on the LITRG website (www.litrg.org.uk).

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