

Zobeida - Overpayments originating before 2006/07

In 2004/05, Zobeida's tax credit income was £15,000. During 2005/06, it increased by £7,000 so that her tax credit income for that year was finally assessed at £22,000. Therefore her 2005/06 entitlement was based upon current year income of £22,000 less disregard of £2,500, or £19,500.

This produced an overpayment based upon £19,500 less £15,000, which will have been collected from her payments in subsequent years when the disregard had gone up to £25,000. However, the increase in the disregard to £25,000 in 2006/07 and later years will have had no effect on the collection of her overpayment accrued from 2005/06, when the disregard was still only £2,500.