

Tax-Free Childcare

20% Government
top up for your
childcare costs



What is Tax-Free Childcare?

- Government support for **working parents**, including the self-employed, **in the UK** earning **at least £142** per week (equal to 16 hours at the National Minimum or Living Wage).
- Parents and carers can earn up to £100k each per year and still be eligible for TFC.
- With children aged 0-11 (or until 17 if disabled)
- For every £8 a parent pays into an online account, the government will add an extra £2, **up to £2,000 per child per year** - or £4,000 each year if the child has a disability.
- For parents who **aren't** receiving Tax Credits, Universal Credit or childcare vouchers



What can you use Tax-Free Childcare for?

- You can use it to pay for approved childcare, for example:
 - childminders, nurseries and nannies
 - after school clubs and play schemes that are registered with the relevant regulator e.g Ofsted in England.
- Your childcare provider must be signed up to the scheme before you can pay them and benefit from Tax-Free Childcare.
- Check with your provider to see if they're signed up.



Eligibility Criteria

Your eligibility depends on:

- if you are working
- your income (and your partner's income, if you have one)
- your child's age and circumstances
- your immigration status

If you are working

- you can usually get Tax-Free Childcare if you (and your partner, if you have one) are:
 - in work
 - on sick leave or annual leave
 - on shared parental, maternity, paternity or adoption leave
- if you are on adoption leave, you cannot apply for the child you're on leave for unless you're going back to work within 31 days of the date you first applied.



Eligibility Criteria - continued



If you're not currently working

- You may still be eligible if your partner is working, and you get Incapacity Benefit, Severe Disablement Allowance, Carer's Allowance or contribution-based Employment and Support Allowance.
- You can apply if you're starting or re-starting work within the next 31 days.

Your income

- You'll need to expect to earn a certain amount over the next 3 months. This is at least the [National Minimum Wage or Living Wage](#) for 16 hours a week on average.
- If you have a partner, they'll need to expect to earn at least this much too.

TFC and Childcare Vouchers

You cannot get Tax-Free Childcare at the same time as claiming childcare vouchers.

Which scheme you're better off with depends on your situation. Use the [childcare calculator](#) to work out which type of support is best for you.

Childcare vouchers

You must tell your employer within 90 days of applying for Tax-Free Childcare to stop your [childcare vouchers](#) or [directly contracted childcare](#). They'll then stop giving you new vouchers or directly contracted childcare.

You will have to give HMRC evidence you've left your employer's childcare voucher scheme, for example:

a copy of the letter telling your employer you're leaving the childcare voucher scheme.

copies of your payslips showing your pay before and after you've left the scheme.



Tax-Free Childcare Myths

Myth

“I’m not eligible, because I get 30 hours free childcare”

Reality

You can use both offers at the same time.

You may be entitled to 30 hours free childcare, if you live in England and have a child aged 3 or 4. Scotland, Wales and Northern Ireland have their own arrangements.

Myth

Using Tax-Free Childcare will affect my tax

Reality

Tax-Free Childcare will not affect your tax. It simply gives you 20% towards your childcare costs

For more information visit www.childcarechoices.gov.uk

Tax-Free Childcare Myths

Myth

“My child is too old for me to claim Tax-Free Childcare”

Reality

Your child **doesn't stop** being eligible for Tax-Free Childcare until the September following their 11th birthday (or 17 if disabled).

For example, Tax-Free Childcare can be used to help pay for registered afterschool or breakfast clubs for a child age up to 11, or up to age 17 if they have a disability.

Myth

“Reconfirming every 3 months is too much hassle”

Reality

Reconfirming is **easy** - Login to your childcare account, click on **'Reconfirmation'** then click 'continue' to see 'Your reconfirmation summary'.

If your details are correct, read the 'Declaration', click 'Accept' and then click 'Send'. You've reconfirmed when you see **'Thank you'**.

Tax-Free Childcare Q&A

If you're still undecided about signing up to Tax-Free Childcare, the following may help:

Can I get Tax-Free Childcare if I'm a higher rate taxpayer?

Yes, because your eligibility isn't dependent on how much tax you pay, so it won't affect your income tax liability or any other tax you pay, for example, VAT.

Will my employer deduct my Tax-Free Childcare payments from my pay?

No, your employer isn't involved in the Tax-Free Childcare process. You pay money into your childcare account and the government will top this up. You can use this money to pay your childcare provider.

I'm a single parent can I get Tax-Free Childcare?

Yes, Tax-Free Childcare (TFC) is paid per child, rather than per parent, so lone parent households get the same support as those with two parents.

Can I use my childcare account to pay my childcare provider if they're not signed up to Tax-Free Childcare?

No, childcare providers need to sign up to Tax-Free Childcare before you can pay them. They can find out how to do this on GOV.UK.

Further FAQs are available www.childcarechoices.gov.uk

Tax-Free Childcare Q&A

If you're still undecided about signing up to Tax-Free Childcare, the following may help:

I can use Tax-Free childcare to pay a registered childcare provider, but what does this include?

This includes:

- childminders, nannies and au-pairs
- before and after school clubs, nurseries and playgroups.

Plus, many holiday activities are included too and even some holiday camps!

Can I use Tax-Free Childcare to pay family or friends looking after my child?

No, you can only pay for registered childcare, for example, a childminder or a before and after school club.

Do I pay my childcare provider, then claim the money back through my childcare account?

No, you pay your childcare provider direct from your childcare account. Your childcare provider must be registered for Tax-Free Childcare before you can pay them.

Further FAQs are available www.childcarechoices.gov.uk

How Do I Apply?

- Use this service to apply for a childcare account.- <https://www.gov.uk/apply-for-tax-free-childcare>
- You can use your account to pay your childcare provider.
- You'll need your details (and your partner's, if you have one), including your:
 - National Insurance number
 - Unique Taxpayer Reference (UTR), if you're self-employed
- It takes around 20 minutes to apply.
- You can pay your provider with money from your account once the money is shown as 'cleared funds'. Payments should show in your provider's account within 24 hours, depending on their bank.
- As part of your application, you'll find out if you're eligible for Tax-Free Childcare. If you live in England, you'll also find out if you're eligible for 30 hours free childcare. You may find out straight away, but it can take up to 7 days.



HM Revenue
& Customs

TAX-FREE CHILDCARE JOURNEY



- 1**
Go to Childcare Choices & apply online (this is the application for both 30 Hours & Taxfree Childcare. You need to tick the appropriate boxes for one or both options)*
- 2**
Your eligibility will be checked by HMRC. If eligible, they'll open your childcare account
- 3**
Ensure the provider you want is already signed up and then add that provider to your account so you can pay them
- 4**
Pay money into your account. The top up will be added automatically
- 5**
Pay your childcare provider directly through your childcare account

Contact the FEEE Team on 01744 676542 should you require further information



St. Helens Council



Childcare Choices



HM Government

The 30-Hour Childcare Parent Journey is different from this point. Please refer to the 30-Hour Childcare Parent Journey document. You will need to follow both if choosing both.

30 hours free childcare in England and Tax-Free Childcare

If you apply for TFC and have a child of eligible age for 30 hours free childcare in England, you will be given 30 hours free childcare (and vice versa) if eligibility is met.



- You apply for one Childcare Account and can access both schemes

You may be able to get 30 hours free childcare if:

- you live in England
- your child is 3 to 4 years old

There are:

- [different schemes in Scotland](#)
- [different schemes in Wales](#)
- [different schemes in Northern Ireland](#)

To find out more information about 30 hours free childcare and the application process – <https://www.gov.uk/30-hours-free-childcare>¹²

Helpful Links

- For more detail on areas covered in the slides, you will find helpful information at –

<https://www.gov.uk/tax-free-childcare>

<https://www.childcarechoices.gov.uk/>

To Apply - <https://www.gov.uk/apply-for-tax-free-childcare>

