Employers For Childcare

Working For Parents

A comprehensive guide to Tax-Free Childcare

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1. Introduction

Tax-Free Childcare is available to all eligible families with children up to the 1st September after the child's 11th birthday (16th birthday if the child has a disability). This guide will help you decide if Tax-Free Childcare will benefit your family financially or if you will be better off accessing another form of support.

The UK Government's website beststartinlife.gov.uk can help parents understand what support is available. You can use this website to apply for Tax-Free Childcare. While the Government's website contains information on schemes that give access to 15 hours and 30 hours free childcare for eligible families in England, these schemes are **not available in Northern Ireland**. Parents in Northern Ireland who are eligible for Tax-Free Childcare can instead apply for a 15% discount on childcare costs through the Northern Ireland Childcare Subsidy Scheme.

If you are a parent in England, it is not necessary to join Tax-Free Childcare in order to receive the 15 or 30 free hours of childcare. These can be accessed alongside Universal Credit or Childcare Vouchers.

Childcare can be a significant cost for working families. We want to ensure that all parents:

- know what support is available and
- are claiming all that they are entitled to.

Tax-Free Childcare is a support that will help some families become better off. However, some families may be financially better off on Universal Credit or continuing to use Childcare Vouchers if they are already benefiting from that scheme. Each family should make the choice depending on their own circumstances however Employers For Childcare's Family Benefits Advice Service is here to help and can advise you on what is right for your family.

2. Overview of Tax-Free Childcare

What is Tax-Free Childcare?

Tax-Free Childcare allows eligible working families to claim 20% of their childcare costs, up to a maximum of £2,000 per child per year or £4,000 for a child with a disability, from the Government.

Who can join the Tax-Free Childcare scheme?

At a glance:

- Working families, including the self-employed, in the UK, for children until the 1st September after the child's 11th birthday (16th birthday if the child has a disability)

Child eligibility

The scheme is available to parents of eligible children - children stop being eligible on 1st September after their 11th birthday (16th birthday for children with disabilities).

Adopted children are eligible, but foster children are not.

Work related eligibility

Both parents in a couple must be in employment, or one parent in a single-parent household, earning between £203.36 per week and £100,000 per year[1] each.

If you are self-employed, you are eligible to join provided you have registered your business with HM Revenue and Customs (HMRC). You can use income from both employment and self-employment to meet the minimum income requirement. Your first 12 months of self-employment is your start-up period. During this time, you don't have to earn the minimum £203.36 a week to be eligible for Tax-Free Childcare. You can average your self-employment income across the year to meet the minimum income criteria (however you will need to meet the minimum income using just your self-employment income if you take this approach).

Parents continue to be treated as being in employment if they are on **sick leave or annual leave** and can usually continue receiving, or apply for, Tax-Free Childcare.

Additionally, a parent can apply for or continue claiming Tax-Free Childcare for older children, throughout the whole period they are on **ordinary or additional maternity, paternity or adoption**

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[1] This refers to you or your partner's 'adjusted net income' in the current tax year. This includes any bonuses you expect to get. Your adjusted net income is your total taxable income before any personal allowances and minus grossed up qualifying Gift Aid or pension contributions.

leave for a new child. Where a claimant, or their partner, are claiming Tax-Free Childcare in respect of a child whose birth or adoption is the reason for the period of leave, they will only be eligible for Tax-Free Childcare for the last 31 days before they return to work.

In a couple where one parent does not work, it may still be possible to get Tax-Free Childcare if the parent who is not in work is receiving certain benefits, for example, Employment and Support Allowance or Carer's Allowance. This is not the case in a single parent household.

If you apply for Tax-Free Childcare you will not be able to receive Universal Credit or Childcare Vouchers.

If you successfully apply for Tax-Free Childcare you should immediately inform Universal Credit, they will then stop your Universal Credit payments. Informing them as soon as possible should help avoid any overpayment of Universal Credit. If you are using Childcare Vouchers you will need to tell your employer as soon as applying for Tax-Free Childcare so that they can stop providing the Childcare Vouchers. HMRC may require you to provide proof that you have left the Childcare Voucher scheme. **Remember you are unable to re-join the Childcare Voucher scheme if you leave it to use Tax-Free Childcare.**

Households living in Northern Ireland and claiming Tax-Free Childcare are able to access additional support through the Northern Ireland Childcare Subsidy Scheme, this is because eligibility for Tax-Free Childcare is one of the requirements of that scheme.

You will still be eligible for Child Benefit if you are using Tax-Free Childcare.

Immigration status

Parents must usually live and work in the UK unless you are a Crown servant or member of the Army and posted overseas. The scheme also extends to those living in any EEA country and working in the UK. You (or your partner, if you have one) must have a National Insurance number and at least one of the following:

- British or Irish citizenship
- settled or pre-settled status, or have been living in the UK before 1 January 2021 with the right to reside
- permission to access public funds.

If you are living in an EU country, Switzerland, Norway, Iceland, or Liechtenstein, you (or your partner if you have one) might still be eligible for Tax-Free Childcare if:

- your work is in the UK
- the work started before 1st January 2021
- you have worked in the UK at least once every 12 months since you started working here.

This is known as being a 'frontier worker'.

If you are paying a childcare provider who is not located in the UK you may be able to use Tax-Free Childcare to help with the childcare costs provided the provider is based in a European Economic Area (EEA) country.

Northern Ireland Childcare Subsidy Scheme

The Northern Ireland Childcare Subsidy Scheme reduces the cost of registered childcare for eligible working parents in Northern Ireland by 15%, for all qualifying children.

The Northern Ireland Childcare Subsidy Scheme is linked to Tax-Free Childcare to ensure the subsidy is targeted at working parents more likely to be incurring higher childcare costs, this also streamlines the eligibility checking process and minimises displacement of other existing financial support for parents.

Childcare providers must be signed up with HMRC to accept Tax-Free Childcare and be registered with Early Years, early-years.org, to participate in the Northern Ireland Childcare Subsidy Scheme. Childcare providers will discount the normal fee they charge to eligible parents by 15% up to a maximum of £203 per month per child, or £406 per month for a disabled child. Parents can then obtain a further 20% contribution towards their reduced bill through Tax-Free Childcare.

For further information on the Northern Ireland Childcare Subsidy Scheme see our factsheet at https://www.employersforchildcare.org/information-factsheets/

How does Tax-Free Childcare work in practice?

The amount you save with Tax-Free Childcare will depend on your childcare costs. For every £8 you pay into your account, the Government will give you £2, up to a maximum of £2,000 per year per child (i.e. you would need to put in £8,000 for the Government to top up your account with £2,000).

You can pay into your account at any time and receive the top up, up to a maximum of £500 top up per quarter (£2,000 top up per annum). These figures increase to £1,000 per quarter (£4,000 per annum) if your child has a disability. Other people, such as family, friends and employers, can also pay into the account. Payments are made directly to the childcare provider through the online account.

If you have more than one child in childcare you will need to **open an account for each child,** however you can do this as part of a single application.

The application process

If you do not already have one, you will need to open a Government Gateway account through the childcare service. You will need to have the following information to hand:

- Your National Insurance Number and date of birth
- Your partner's National Insurance Number and date of birth (if applicable)
- A payslip, P60 form or your passport
- Each child's date of birth
- The date you and your partner (if applicable) started your most recent employment (this can be an approximate date provided the employment has been for more than three months).

Your application will be assessed by HMRC who will let you know if you are eligible for Tax-Free Childcare. This can take up to 10 working days.

Please note that if you work in certain Government roles with enhanced security you may be unable to complete an application online. If this appears to be the case, please contact the Childcare Services Helpline on 0300 123 4097 and they will guide you through the application process.

All users need to reconfirm they are still eligible for Tax-Free Childcare every 3 months using their childcare service account. You can do this by checking your details and ticking a box to confirm that your details have not changed. You will be reminded to do this 4 weeks before the reconfirmation deadline.

If you have any queries regarding the process, you can contact the Childcare Service Helpline on 0300 123 4097.

Using the online childcare service account

Once you have successfully applied for your online account, you will be able to:

- view all your children's Tax-Free Childcare accounts in one place
- confirm every 3 months that you are still eligible for Tax-Free Childcare
- make payments into each child's Tax-Free Childcare account, and
- use each account to pay for your childcare costs.

You will be able to make one-off payments into each Tax-Free Childcare account, or you can set up a standing order to make regular payments. The Government top up will be added to the account automatically, and it should be received within one working day. You will then be able to use the full balance to pay for your childcare.

You will be able to pay up to 10 childcare providers from each Tax-Free Childcare account. You will need to make a separate payment for each eligible child if you have a number of children at one childcare provider.

If you are no longer eligible for Tax-Free Childcare you will still be able to add money to the account but will not receive any Government contributions. You will still be able to use the balance in the account to pay for childcare. If you no longer want to use the Tax-Free Childcare account you can withdraw your money but the Government will take back its contributions.

3. FAQs for parents

1. Will all childcare providers be able to accept payment through Tax-Free Childcare?

All childcare providers will be able to accept payments through Tax-Free Childcare provided they:

- are registered or approved as childcare providers in the UK, and
- have signed up with HMRC to accept payments from parents.

Childcare providers can sign up to receive payments through the scheme but it can take a few weeks to complete the process. See Section 5 for further information for childcare providers.

2. Can cross-border workers join the Tax-Free Childcare scheme?

While eligibility criteria states that only parents who live and work in the UK will be eligible, this extends to those living in Ireland (or who are a resident of another EEA state) and who are working in the UK. You may be able to use Tax-Free Childcare to pay a provider based in a European Economic Area (EEA) country.

If you work in the Republic of Ireland (or another EEA country) make sure you also report your income to HMRC through Self-Assessment to ensure you are recognised as eligible for the Tax-Free Childcare scheme. Where a parent uses a childcare provider in the Republic of Ireland, they can still be eligible for Tax-Free Childcare, however, HMRC may be unable to access information from regulatory bodies outside of the UK so will be unable to sign up childcare providers through their IT system. This may mean that parents who choose to use a Republic of Ireland provider will instead need to use the manual option to receive 'Compensatory Payments'. This is a complex area for families, and if you think it might be relevant to you, we advise you to contact our Family Benefits Advice Service on fbas@employersforchildcare.org.

3. Are there any circumstances where a family will be eligible for Tax-Free Childcare if one parent is working and the other is not working?

Both parents must usually be working. However, if one parent meets the work requirements and the other is unable to work, for example, due illness, disability or caring responsibilities, then they may still be able to claim Tax-Free Childcare. For example, a couple with one parent claiming Carer's Allowance or New Style/Contributory Employment and Support Allowance (ESA) will be eligible for the scheme, provided the other parent meets the earnings criteria.

Parents can also usually get Tax-Free Childcare if they are on maternity leave, paternity leave, shared parental leave, adoption leave, statutory neonatal care pay or bereaved partner paternity leave.

4. Can I use Tax-Free Childcare alongside other forms of help with childcare costs?

Households in Northern Ireland are able to use Tax-Free Childcare alongside the Northern Ireland Childcare Subsidy Scheme.

Employees benefiting from a **workplace nursery** provided by their employer will also be eligible for support through the Tax-Free Childcare scheme, for example, if they use a workplace nursery for one child and have additional childcare costs associated with another child or time spent at another childcare provider.

Parents in England, Scotland or Wales who are accessing 15 or 30 hours free childcare are able to use Tax-Free Childcare to help pay for additional childcare costs not covered by the Government's free childcare offer.

Tax-Free Childcare cannot be used in conjunction with any other forms of childcare support, i.e. Childcare Vouchers or Universal Credit.

5. Can I apply for Tax-Free Childcare if I am a single parent?

Yes, if you are a single parent you can apply for Tax-Free Childcare provided you are working and meet the eligibility requirements. Only one account can be set up per child so if parents are separated, and both want to contribute to childcare costs, this can be done through one account managed by the primary carer.

6. Must I apply for Tax-Free Childcare to be eligible for the NI Childcare Subsidy Scheme?

Yes, it is a requirement of the Northern Ireland Subsidy Scheme to provide proof of eligibility for Tax-Free Childcare.

7. Can I switch between Universal Credit or Childcare Vouchers and Tax-Free Childcare?

If you are considering moving from Universal Credit or the Childcare Voucher scheme to Tax-Free Childcare you should seek advice before applying for Tax-Free Childcare.

You can move from Universal Credit to Tax-Free Childcare, and vice versa, however there may be a delay in being accepted into the other form of support so the timing of these changes should be planned to ensure there are no childcare costs that you do not receive the financial support for.

If you leave your employer's Childcare Voucher scheme in order to use Tax-Free Childcare the HMRC rules mean that you will not be able to switch back to the Childcare Voucher scheme. This applies even if you find you are worse off using Tax-Free Childcare.

8. How will Tax-Free Childcare affect Universal Credit?

You cannot claim both Tax-Free Childcare and Universal Credit. If you join the Tax-Free Childcare scheme your Universal Credit will be stopped and you will remain ineligible for Universal Credit while you are still a member of the scheme. This applies to all elements of Universal Credit, not just the childcare element. If you currently claim Universal Credit it is important that you are aware of this before considering joining Tax-Free Childcare.

9. If I am on maternity leave with a new baby, can I still pay into a Tax-Free Childcare account for my older children?

You can continue to use and make savings through Tax-Free Childcare accounts for your older children while on maternity leave for the newborn as long as you met all the eligibility criteria prior to maternity leave starting. You will be able to retain and pay into those accounts, even if you do not use childcare for the older children during your maternity leave period.

However, while you are on maternity leave you will not be able to open a Tax-Free Childcare account for the newborn child you are on maternity leave for until 31 days before your return to work.

You can only use Tax-Free Childcare to pay for childcare where one of the main reasons for using the childcare is to enable you to work. Typically, you cannot use Tax-Free Childcare to pay for childcare on days that you are not working. You can, however, use Tax-Free Childcare for non-working days if your childcare provider requires you to block book (for example, by week) or pay in order to retain a space, or you need access to childcare to facilitate your work.

10. The Government's website for Tax-Free Childcare also says that parents can get 15 or 30hours free childcare, can I apply for those?

The Government's website contains information on a range of schemes to assist parents with their childcare costs.

The 15 hours or 30 hours free childcare offers are **not available in Northern Ireland** and will only apply to families living in England, Scotland or Wales, who are allowed to use this alongside Tax-Free Childcare. If you are a parent in GB, it is important to note that it is not necessary to join Tax-Free Childcare in order to receive the free hours of childcare.

11. Will my family be financially better off on my current support or switching to Tax-Free Childcare?

This will depend on each family's individual circumstances. Contact the Family Benefits Advice Service on fbas@employersforchildcare.org for a personalised 'better-off' calculation.

12. Any other questions?

It can be complicated working out what support you are entitled to depending on your family's unique circumstances. Many factors need to be considered such as your childcare costs (both now and what they are likely to be in the future), your household income, if there is a child with a disability in the home, any support you are already receiving, or whether you are separated parents with childcare costs shared across households.

If you have any questions, please contact our Family Benefits Advice Service by emailing fbas@employersforchildcare.org. Our team can offer free, confidential and impartial advice based on your circumstances and carry out calculations which will help you to work out which is the best form of support for your family.

4. FAQs for Employers

1. **Do employers have a role in the Tax-Free Childcare scheme?**

Employers do not have a role in the Tax-Free Childcare scheme; employees apply directly to HMRC to access Tax-Free Childcare.

Employers can choose to pay into an employee's Tax-Free Childcare account, however there is no direct saving for employers through the Tax-Free Childcare scheme whereas under the Childcare Voucher scheme employers could save on Employer's National Insurance Contributions.

2. **Has Tax-Free childcare replaced the Childcare Voucher scheme?**

Yes, the Tax-Free Childcare scheme was introduced on a phased basis in 2017. On 4 October 2018 the Childcare Voucher scheme closed to **new entrants**. Employers can continue to operate the Childcare Voucher scheme for parents who joined prior to this date, and both employers and employees who have remained in the scheme since that date continue to make the relevant savings.

3. **How did the closure of Childcare Vouchers to new entrants affect employers?**

The Childcare Voucher scheme closed to new entrants on 4 October 2018. From then, an employer could not allow anyone else to join their existing scheme, therefore the number of employees using the scheme has been reducing.

The exception to the prohibition of new entrants joining an employer's Childcare Voucher scheme is where a new employee has joined an employer on or after the 4 October 2018 under The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and was in receipt of Childcare Vouchers through their previous employer.

HMRC definitions of an 'eligible employee' for Childcare Vouchers is available at https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim16230

Any other questions?

If you have any questions, please contact our Family Benefits Advice Service by emailing fbas@employersforchildcare.org. Our team can offer free, confidential and impartial advice to employers.

5. FAQs for Childcare Providers

Registered Childcare providers must sign up with HMRC to accept payments from parents who use Tax-Free Childcare.

1. **How will childcare providers receive payments through Tax-Free Childcare?**

HMRC will provide childcare providers with a user ID which childcare providers use to sign up for Tax-Free Childcare, access their account and when calling the Government's childcare service helpline. It is important that childcare providers sign up to accept Tax-Free Childcare payments. Providers can sign up at any time, but it can take up to 12 weeks for registration to be processed.

If you are a childcare provider and you have not yet signed up to receive Tax-Free Childcare payments, then you should do so. The process is:

1. Phone the Childcare Service helpline on 0300 123 4097 and request an 11-digit user ID to get a childcare provider account to receive payments from parents using Tax-Free Childcare.
2. You will receive a letter with an 11-digit user ID.
3. Go to the Government website and follow the directions to sign up using your:
    - 11-digit user ID
    - Bank details
    - Business postcode (the one registered with your regulator, i.e. the Health and Social Care Trust in Northern Ireland or Ofsted in England)

After signing up to Tax-Free Childcare you can still accept payments from parents using any other method, such as Universal Credit or Childcare Vouchers. More information is available on the Government's website: www.gov.uk/guidance/sign-up-to-tax-free-childcare-if-youre-a-childcare-provider

2. **How will payments work?**

Parents will pay their childcare provider through their online Tax-Free Childcare account. The payment will be made directly into the childcare provider's bank account with a reference number for each child so the childcare provider can identify their payments. Payment should take approximately 2 to 3 working days to arrive in the childcare provider's account after parent has authorised the payment.

3. **Can all childcare providers sign up to accept payments?**

Only regulated or approved childcare providers will be eligible to receive payments through Tax-Free Childcare. HMRC will check a provider's details with the relevant regulator before accepting them for Tax-Free Childcare payments.

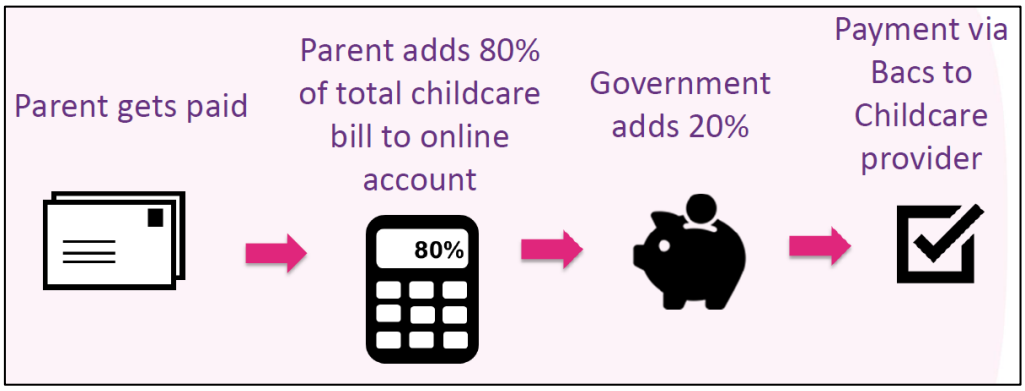
Once childcare providers have signed up to Tax-Free Childcare, parents can use the childcare provider checker within their account to search for them using either their name, address, postcode, or regulator reference.

6. How to find out what is the best form of support

Tax-Free Childcare is one form of financial support available to assist families with the cost of childcare. It cannot be accessed alongside any other support such as Childcare Vouchers or Universal Credit.

These different forms of childcare support have differing eligibility criteria and maximum savings amounts, therefore it can be complicated working out what is best for your family.

Tax-Free Childcare
The amount that you save through Tax-Free Childcare is dependent on how much your childcare costs are. For every £8 you pay into your Tax-Free Childcare account, the Government will pay in £2, up to a maximum of £2,000 per year per child (£4,000 if the child has a disability). To receive the full £2,000 benefit from Tax-Free Childcare you must have childcare costs of £10,000 per child per year. If your childcare costs are lower than this, your saving will be less than £2,000.



Households living in Northern Ireland and using Tax-Free Childcare can also be eligible for a further saving through the **Northern Ireland Childcare Subsidy Scheme**.

Universal Credit is a means-tested benefit and therefore the amount of support that you can receive for childcare costs is included in the calculation and paid as part of the overall household entitlement. The amount of support is received through Universal Credit is dependent on many factors including income, childcare costs and household circumstances.

Childcare Vouchers has a fixed limit on the amount of savings that can be made by each parent which is linked to the income tax bracket of the parent. The Childcare Voucher scheme is closed to new entrants, so savings through this scheme are only available to those parents currently using the scheme.

Employers For Childcare's Family Benefits Advice Service can advise you on whether you meet the eligibility criteria for the various forms of support and calculate the potential savings on your childcare costs. Contact us by email fbas@employersforchildcare.org.

7. Case studies

Case study 1 Northern Ireland only

Amanda and Bill's childcare provider has registered for The NI Childcare Subsidy Scheme. They still pay £90 a week (£390 per month) for an afterschool club for their son Freddie. Both parents are still working, availing of the Childcare Voucher scheme and meet the eligibility criteria for Tax-Free Childcare and the NI Childcare Subsidy Scheme.



Childcare Vouchers: Amanda and Bill split the childcare bill between themselves and each sacrifice £195 from their monthly salary as Childcare Vouchers. They each make a saving of £54.60 per month; their joint monthly saving is £109.20.

NI Childcare Subsidy Scheme: The childcare provider can now apply the 15% NI Childcare Subsidy to each bill giving a monthly discount of £58.50 per month.

Tax-Free Childcare: Through Tax-Free Childcare the Government will give Amanda and Bill 20% of their remaining childcare bill, i.e. £390 less £58.50 = £331.50. Each month the Government will top-up their Tax-Free Childcare account by £66.30, giving them a total combined saving of £124.80 per month.

The couple are now better off using a combination of the NI Childcare Subsidy Scheme plus Tax-Free Childcare by £15.60 per month.

Case study 2

Peter and Jan have two children, Ella, who is in full-time childcare, and Jack, who attends an afterschool club. The childcare bill for Ella is £168 per week (£728 per month), for Jack it is £90 per week (£390 per month). Their total monthly childcare bill is £1,118. Both parents are availing of the Childcare Voucher scheme and meet the eligibility criteria for Tax-Free Childcare.

Childcare Vouchers: Through Childcare Vouchers Peter and Jan can each sacrifice a total of £243 from their salary. They both currently sacrifice this full amount and make a monthly saving of £136.08.



Tax-Free Childcare: Through Tax-Free Childcare the couple will be able to claim 20% of each child's childcare bill. For Ella they can claim £145.60 per month and for Jack they can claim £78 per month. Their total monthly saving will be £223.60.

The couple are better off switching to Tax-Free Childcare by £87.52 per month.

Case study 3

Rebecca and Dave both work full-time and have two children. They pay £300 per week in registered childcare costs. Due to their household income and family circumstances, they are eligible for the childcare element of Universal Credit or Tax-Free Childcare



Universal Credit: As part of the overall entitlement to Universal Credit the couple is entitled to help for their monthly childcare costs of £1300 through the Childcare Element of Universal Credit. The couple receive a total of £557.48 per month in Universal Credit.

Tax-Free Childcare: Through Tax-Free Childcare the couple adds £1,040 to their accounts and claim £260 from the Government. A household cannot be in receipt of both Tax-Free Childcare and Universal Credit.

Rebecca and Dave are better off claiming Universal Credit by £297.48 per month.

Case study 4

James and Carol are a couple paying for childcare for their disabled son Peter, who is eligible for Disability Living Allowance. Their monthly childcare bill is £950. Both Carol and James work full time. They have no entitlement to Universal Credit as their income is too high.



Childcare vouchers: Through Childcare Vouchers Carol and James can each sacrifice a total of £243 from their salary. They both currently sacrifice the full amount and make a monthly saving of £136.08.

Tax Free Childcare: Through Tax-Free Childcare the couple will be able to claim 20% of their child's childcare bill. Because Peter has a disability, the amount that the couple can claim is capped at £4,000 per year, not £2,000. The monthly saving will be £190. In a year this will add up to £2,280.

The couple are better off switching to Tax-Free Childcare by £53.92 a month.

Case study 5 Northern Ireland only



Sean and Tanya have twins, Fiona and Freddie who are 11 months old, they will both be going into full-time registered childcare. Their total monthly childcare bill is 1,840, split evenly between the 2 children, £920 for each child.

As new parents Sean and Tanya are not eligible to join the Childcare Voucher scheme, and their joint earnings are too high to be eligible for Universal Credit. However, both parents meet the eligibility criteria for Tax-Free Childcare and, living in Northern Ireland, they also meet the eligibility criteria for the Northern Ireland Childcare Subsidy Scheme.

NI Childcare Subsidy Scheme: Their childcare provider applies the 15% NI Childcare Subsidy to each bill giving a monthly discount of £138 per month, per child, a total saving of £276 per month.

Tax-Free Childcare: Through Tax-Free Childcare the couple will be able to claim 20% of each child's remaining childcare bill, i.e. £920 less £138 = £782. For each child they can claim £156.40 per month. Their total monthly saving will be £312.80 through Tax-Free Childcare

The couple are best using a combination of the NI Childcare Subsidy Scheme plus Tax-Free Childcare giving them a total combined saving of 588.80 per month.

8. Points to remember when considering joining the Tax-Free Childcare Scheme

Employers For Childcare wants to ensure that all parents have the information they need to make the best choice regarding financial support for their family, whether this is Tax-Free Childcare, Childcare Vouchers or Universal Credit. There are a number of issues parents should keep in mind when considering joining the Tax-Free Childcare scheme:

1. Make sure you work out the savings you will make on Tax-Free Childcare before joining the scheme. The headline saving of £2,000 per child is the maximum amount available. In order to make this saving you will need to have childcare costs of £10,000 per child per year. You may be financially better off remaining in the Childcare Voucher scheme or claiming childcare assistance through Universal Credit (depending on your eligibility).

2. Households living in Northern Ireland also need to take into account the potential additional savings through the NI Childcare Subsidy Scheme. Through this scheme households can save up to £2436 per year per child in addition to the Tax-Free Childcare savings.

3. Check that your childcare provider has signed up to accept Tax-Free Childcare payments and the Northern Ireland Childcare Subsidy Scheme.

4. You cannot claim Tax-Free Childcare in conjunction with Childcare Vouchers or Universal Credit. You and your partner's Universal Credit award will be stopped once you make a successful application for Tax-Free Childcare. Make sure you calculate the impact this may have on your household income before joining the scheme.

5. Make sure you meet all the eligibility criteria for Tax-Free Childcare before cancelling Childcare Vouchers or Universal Credit. For example, if you are in a couple do both of you meet the income and employment rules?

6. Consider your needs both now and in the future, factoring in any changes in circumstances, for example, do you expect a decrease in the amount of childcare you will be using? This would reduce the savings you could make using Tax-Free Childcare.

7. If you move to Tax-Free Childcare, from Childcare Vouchers, you will be unable to re-join the Childcare Voucher scheme in the future, even if you find you are worse off. You can move between Tax-Free Childcare and Universal Credit at any time should your circumstances change.

We urge all parents to contact our Family Benefits Advice Service by emailing fbas@employersforchildcare.org to get personal advice on what is best in your circumstances - we will be happy to help you!

9. Where to get further information

Employers For Childcare's Family Benefits Advice Service was specifically set up to ensure families are claiming all the support available to them, particularly with the cost of childcare.

Our Advisors can provide advice and information on Tax-Free Childcare, Childcare Vouchers, Universal Credit and the Northern Ireland Childcare Subsidy Scheme and calculate which form of financial support is best for your circumstances. Contact us by email fbas@employersforchildcare.org.

You will also find information on the Government's website, Best Start in Life:



Employers For Childcare

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