



Elstree School

Tax-Free Childcare and additional 15 hrs funded Childcare

You may already know about the Tax-Free Childcare Scheme which was launched in April 2017 and provides parents with support towards childcare costs of up to £2,000 per child per year. What you may not be aware of is that this scheme will over time replace the existing Childcare Voucher Scheme, which closed to new entrants in April 2018. However, those in the Childcare Voucher Scheme can stay in the old scheme if they wish to. Set out below is some important and useful information about the service.

1. You will be able to open an online account

You will be able to open an online account, which you can pay into to cover the cost of childcare with a registered provider. This must be done through the government website, www.gov.uk. You will be able to apply for all your eligible children at the same time.

2. For every 80p you or someone else pays in, the government will top up an extra 20p

This is equivalent of the tax most people pay - 20% - which gives the scheme its name, 'tax-free'. The government will top up the account with 20% of childcare costs up to a total of £10,000 - the equivalent of up to £2,000 support per child per year (or £4,000 for disabled children).

3. The scheme will be available for children under the age of 12

It will also be available for children with disabilities under the age of 17, as their childcare costs can stay high throughout their teenage years.

If your child has not started primary school, you can get help paying for childcare provided by a school, including nursery school fees. You can only get help paying for care that is outside school hours, for example after school clubs or breakfast clubs. You cannot get help paying for private lessons during school time (for example, private music lessons during school hours)

4. To qualify, you (and your partner if you have one) have to be in work, and each earning at least £140 a week and neither parent earning more than £100,000 each per year

To qualify, you will both need to be working and earn a minimum of the equivalent of 16 hours/week at the national living or minimum wage (currently £140/week).

You can work fewer than 16 hours/week as long as your weekly income is more than the £140/week minimum. If you are self-employed and your income varies hugely on a weekly basis – eg, £50 one week, nothing the next, then £500, then £750 – it will not matter; as long as your three-monthly average meets the £140/week minimum, you will be eligible.

You also need to earn less than £100,000 a year – this applies to both, so if one earns more than, as a couple, you cannot access Tax-Free Childcare. It will also be available to parents on paid sick leave.

If you are on paid and unpaid statutory maternity, paternity and adoption leave, it still counts as being in work so you can still benefit from the scheme; however, eligibility is limited to the last 14 days of leave (for the baby whom you are off with). You can apply for other children you have though so you can still use the scheme for older siblings.

5. Any eligible working family can use the Tax-Free Childcare scheme - it does not rely on employers offering it

Tax-Free Childcare does not rely on employers offering the scheme, unlike the current scheme Employer-Supported Childcare. Any working family can use Tax-Free Childcare, provided they meet the eligibility requirements.

6. The scheme will be available for parents who are self-employed

Self-employed parent(s) will be able to get support with childcare costs in Tax-Free Childcare, unlike the current scheme (Employer-Supported Childcare) which is not available to self-employed parents. To support newly self-employed parents, the government is introducing a 'start-up' period. During this, self-employed parents will not have to earn the minimum income level.

7. If you currently receive Employer-Supported Childcare (Childcare Voucher Scheme) then you can continue to do so

You do not have to switch to Tax-Free Childcare if you do not wish to. Employer-Supported Childcare vouchers will continue to be accepted. Parents already registered will be able to continue using it for as long as their employer offers it.

However, should you wish to move to the Tax-Free Childcare account then you must tell your employer within 90 days to stop your childcare vouchers. You will be unable to re enter the childcare voucher scheme once you have left it.

8. Parents and others can pay money into their childcare account as and when they like

This gives you the flexibility to pay in more in some months, and less at other times. This means you can build up a balance in your account to use at times when you need more childcare than usual, for example, over the summer holidays.

It is also not just the parents who can pay into the account - if grandparents, other family members or employers want to pay in, then they can.

9. The process will be as simple as possible for parents

The process will be as easy as possible for you. For example, you will re-confirm your circumstances every 3 months using a simple online process; and there will be a simple log-in service where parents can view accounts for all of their children at once.

10. You will be able to withdraw money from the account if you want to

If your circumstances change or you no longer want to pay into the account, then you will be able to withdraw the money you have built up. If you do, the government will withdraw its corresponding contribution.

To find out more please visit;

www.childcare-support.tax.service.gov.uk/per/app

or www.moneysavingexpert.com/family/tax-free-childcare

Additional 15 hrs funded childcare, giving a total 30 hrs funded Childcare

Many of you are already aware of the 15 hrs free childcare. There is also a top up 15hrs to make 30hrs per week (term time) free childcare for eligible families. Set out below is some important and useful information about the funding.

1. To qualify, you (and your partner if you have one) will have to be in work, and each earning at least £140 a week and neither parent earning more than £100,000 each per year

To qualify, the same criteria as the tax-free childcare account apply. In summary you will both need to be working and earn a minimum of the equivalent of 16 hours/week at the national living or minimum wage (currently £140/week).

You can work fewer than 16 hours/week as long as your weekly income is more than the £140/week minimum. If you are self-employed and your income varies hugely on a weekly basis – eg, £50 one week, nothing the next, then £500, then £750 – it will not matter; as long as your three-monthly average meets the £140/week minimum, you will be eligible.

You also need to earn less than £100,000 a year – this applies to both, so if one earns more than, as a couple, you cannot access Tax-Free Childcare. It will also be available to parents on paid sick leave.

If you are on paid and unpaid statutory maternity, paternity and adoption leave, it still counts as being in work so you can still benefit from the scheme; however, eligibility is limited to the last 14 days of leave (for the baby whom you are off with). You can apply for other children you have though so you can still use the scheme for older siblings.

2. To claim use the same online account as the Tax-free childcare account

Once your application has been approved, you will get a code for 30 hours free childcare to give to your childcare provider.

3. When to apply

You can apply from when your child is 2 years and 36 weeks old.

When your child turns 3	When they can get 30 hours from	Recommended time to apply
1 September to 31 December	Term starting on or after 1 January	15 October to 30 November
1 January to 31 March	Term starting on or after 1 April	15 January to 28 February
1 April to 31 August	Term starting on or after 1 September	15 June to 31 July

You can apply outside of these recommended dates but you might not receive your code in time. You must have a valid code by the end of the month before a new term starts.

Check with your childcare provider to find out the exact date your 30 hours free childcare starts.

You have to reconfirm your eligibility every 3 months. If you apply more than 3 months before the term starts, you will have to reconfirm your eligibility in your account in order to keep your code valid.