



Childcare
Choices

Supporting families
with childcare costs

childcarechoices.gov.uk



 HM Government

Top things parents need to know about Tax-Free Childcare

What is Tax-Free Childcare?

Tax-Free Childcare is a government scheme to support working parents with childcare costs. If eligible, you set up an online childcare account which you can use to pay your childcare provider directly. For every £8 you pay in, the government will pay in an extra £2 (the tax you would have paid on that money).

You can get up to £500 every 3 months (£2,000 a year) for each of your children to help with the costs of childcare. You can use your Tax-Free Childcare account to pay your childcare provider (Leedon Lower School Out of School Club) instead of paying by cash or cheque.

Parents can apply at www.childcarechoices.gov.uk and find further information.

Am I eligible for Tax-Free Childcare?

You will be eligible for Tax-Free Childcare:

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 parental, maternity, paternity or adoption leave

If you're on parental leave, you cannot apply for the child you're on leave for.

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 Employment and Support Allowance.

You can apply if you're starting or re-starting work within the next 31 days.

How much you earn

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.

For example, over the next 3 months you expect to earn at least £1,707.68 - the National Living Wage for people over 25.

If you have a partner, they'll need to expect to earn at least this much too.

If you're self-employed and do not expect to make enough profit in the next 3 months, you can use an average of how much you expect to make over the current tax year. This earnings limit does not apply if you're self-employed and started your business less than 12 months ago.

If you or your partner have an 'adjusted net income' over £100,000 in the current tax year you will not be eligible. This includes any bonuses you expect to get.

You cannot get Tax-Free Childcare at the same time as claiming Working Tax Credit, Child Tax Credit, Universal Credit or 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.

I'm on childcare vouchers. How do I switch to Tax-Free Childcare?

First, you can find out which scheme best suits you by completing the Childcare Calculator on www.childcarechoices.gov.uk.

If you wish to switch from childcare vouchers to Tax-Free Childcare, you need to notify your employer, and send HMRC confirmation that you've stopped your vouchers within three months of successfully applying for Tax-Free Childcare. The email you send your employer telling them you wish to stop using childcare vouchers can be used as confirmation.

You can continue to use any childcare vouchers already accrued prior to joining Tax-Free Childcare.

How do I apply for Tax-Free Childcare?

You can apply for Tax-Free Childcare via www.childcarechoices.gov.uk.

You, and your partner if you have one, will need your:

- National Insurance number(s)
- Details of one or more of the following – your UK Passport, tax credits, P60 or a recent payslip.

In most cases, you'll be told straight away if your application is successful. If you're eligible, you'll get a childcare account. You can use this to pay your childcare provider. In some cases, HMRC may need to do some additional checks to confirm whether you're eligible, so it's important to apply in good time. If you're found not to be eligible, we will tell you why.

I don't have access to the internet. How do I apply?

If you need assistance or do not have access to the internet, you can call the childcare service helpline on 0300 123 4097 and apply over the phone.