

A young girl with brown hair, wearing a blue raincoat with white polka dots and a red button, is holding a clear umbrella. She has her mouth wide open in a joyful shout, looking upwards. The background is a soft-focus outdoor scene with greenery and a bright light source on the right.

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QUALITY OF LIFE SERVICES

TAX-FREE CHILDCARE & CHILDCARE VOUCHERS BY SODEXO



NEWS

The planned closure of the Childcare Voucher scheme to new entrants in April 2018 has been extended for a further six months, to 5th October 2018.

WHAT IS TAX-FREE CHILDCARE (TFC)

The government's Tax-Free Childcare scheme launched April 2017 and was fully rolled out to children up to 12 on 14th February 2018.

The scheme provides annual savings of up to £2,000 per child if your childcare costs are £10,000 + per child per year.

Parents have an online account and each quarter must confirm their eligibility.

The account is topped up by the government with 20p for every 80p contribution by parents, employers or family members, up to a maximum of £2,000 per child per year (£500 per quarter).

For disabled children, the saving is doubled to a maximum of £4,000 based on £20,000 childcare costs.

TAX-FREE CHILDCARE Eligibility Criteria	CHILDCARE VOUCHERS Eligibility Criteria
Self-employed parents are eligible	Self-employed parents are not eligible
Both parents must work	Only one parent needs to work
Parents must have minimum earnings of more than £125* per week	Parent earnings must be above National Minimum Wage
Maximum earnings of £100,000 per year	No maximum earnings
Parents cannot be in receipt of tax credits	Parents can be in receipt of tax credits
Separated or divorced parents living at separate addresses, only one household can claim	Separated or divorced parents living at separate addresses, both households can claim if the parents have parental responsibility
For children up to 12 or 17 if disabled	For children up to 15 or 16 if disabled

* From April 2018 £125.38 per week

HOW DOES TFC AFFECT CHILDCARE VOUCHERS?

- The Childcare Voucher scheme is an employer scheme for working parents who can save up to £933 per year in tax and NI based on a minimum registered childcare cost of £2,916 per year.
- The saving is per working parent not per child and two parents can save up to £1,866 per year.
- The Childcare Voucher scheme will stay open for new joiners until October 2018. After then only existing members can continue to receive childcare vouchers.
- If you leave the childcare scheme to join TFC, you CANNOT re-join the Childcare Voucher scheme.



HOW DOES TFC AFFECT CHILDCARE VOUCHERS?

- TFC is aimed at parents with a high childcare cost.
- General rule of thumb - TFC is better if a family's childcare costs are over £9,330 for a basic rate taxpayer and £6,252 for a higher rate taxpayer.
- If you are eligible for the 30 free hours of childcare for 3-4 year olds - you are likely to be better off in the Childcare Voucher scheme.
- If you leave the Childcare Voucher scheme to join TFC, you CANNOT re-join the Childcare Voucher scheme.

WHO BENEFITS FROM CHILDCARE VOUCHERS AND TFC?

- If you leave the Childcare Voucher scheme to join TFC you will not be able to re-join the voucher scheme, so consider your personal circumstances for the next few years.
- Sign up to Childcare Vouchers now to give yourself a choice once Childcare Vouchers are not available to new joiners from October 2018.
- You can still receive 30 hours free childcare alongside Childcare Vouchers or Tax-Free childcare.
- From October 2018 if you are receiving childcare vouchers from your present employer and you leave your job, you will no longer be eligible for the Childcare Voucher scheme.
- Childcare Vouchers are available per parent whereas Tax-Free Childcare is per child. Therefore, both parents need to be in the same scheme.



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