

# Tax Free childcare

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## Tax-Free childcare

Tax-free childcare offers working families support towards qualifying childcare costs. The scheme is delivered by HM Revenue and Customs (HMRC)

It replaces the Employer Supported Childcare Scheme, also known as the Childcare Voucher Scheme.

It is available to parents who are:

- full-time employees
- self-employed including those starting their own business
- working part time
- on paid and unpaid maternity, paternity or adoption leave
- on paid sick leave

The scheme is available in England, Wales, Scotland and Northern Ireland.

## How does Tax-Free Childcare work?

Parents can open an online account through GOV.UK. They use the account to pay for childcare costs whilst working. The government will top up the account up to a maximum amount (for details of amounts see [GOV.UK](#)).

The childcare must be obtained from a registered or approved childcare provider.

The online childcare account is provided by National Savings & Investments (NS&I) in partnership HMRC.

Other people can pay into the account; for example grandparents, other family members or employers.

### **Eligibility for Tax-Free Childcare**

For the parent or their partner (if they have one) to be eligible for a Tax-Free Childcare account all of the following must apply. They:

- must be over 16 years old
- live and work in the UK (special rules apply if they live or work in another country)
- do not receive tax credits or Universal Credit or childcare vouchers. (Child Benefit, child maintenance payments and free childcare for 2-4 year olds are unaffected)
- are working either employed or self-employed (If part of a couple, both must be working)
- earn at least £115.20 a week each on average
- do not expect to earn more than £100,000 each in the current tax year
- responsible for a child under 12 or under 17 (if in receipt of Disability Living Allowance or Personal Independence Payment, or certified as severely sight impaired or blind by a consultant ophthalmologist)

Further information can be found on [Gov.uk](http://Gov.uk)

### **Universal Credit and Tax-Free Childcare**

Claimants won't be eligible to open a Tax-Free Childcare account if they are receiving, or have any outstanding claim to receive, any payment of Universal Credit.

Claimants can move between Tax-Free Childcare and Universal Credit as their circumstances change, provided they meet the eligibility.

Where there are no changes of circumstances, a claimant will be limited to the number of times they can switch between the schemes.

Claimants with a Tax-Free Childcare account will remain entitled to the top up payments until the end of the quarterly entitlement period in which they claim Universal Credit. They can also claim for childcare costs through Universal Credit.

In a limited number of cases, some claimants moving to Universal Credit from Tax-Free Childcare will temporarily receive 105% of their childcare costs in support from the two schemes, 85% from Universal Credit and 20% from Tax-Free Childcare.

Parents in receipt of Universal Credit will be able to use any money in their online Tax-Free Childcare account for up to two years after they cease to qualify for the top-up payments.

### **Childcare Calculator**

Parents need to consider which is the best route for them and must be signposted to the childcare calculator on [GOV.UK](#) The calculator can be used to see what help is available with childcare costs.

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