

Childcare Voucher Schemes are a way for employers to help their staff pay for registered childcare.

Who can get vouchers?

Anyone who is working and has parental responsibility for a qualifying child can take part in a childcare voucher scheme, even if the child does not live with them.

Couples with parental responsibility for the same child can both take part in the scheme and double their savings.

When does a child qualify?

A child qualifies up to 1 September following their 15th birthday, or 1 September following their 16th birthday if they have a disability.

How does it work?

Employers can give you childcare vouchers worth up to £55 a week (or £243 a month) if you are a basic rate taxpayer, or £28 a week (or £124 a month) if you are a higher rate tax payer, this is also **free of income tax and National Insurance contributions (NICs)**.

This means that if you are a basic-rate taxpayer you could save around £900 a year and if you are a higher rate taxpayer you could save around £600 a year. If the vouchers are worth more you must pay tax and NICs on the extra.

You may be asked to have a reduction in your salary in return for the value you receive in childcare vouchers. This is called **salary sacrifice** and will legally change the terms and conditions of your employment contract relating to your pay.

Tax credits and statutory benefits, such as statutory sick and maternity pay, may be affected if you do this because of the way they are calculated.

Salary sacrifice can also affect company pension schemes. Talk to your employer or your pension scheme operator about this. Find more information about salary sacrifice at www.hmrc.gov.uk/specialist/salary_sacrifice.htm

You can't choose to sacrifice part of your salary if it would make your rate of pay below the national minimum wage.

If you are entitled to the childcare element of the Working Tax Credit receiving childcare vouchers will reduce the amount of tax credit you get. Use the online calculator at www.hmrc.gov.uk/calcs/ccin.htm to work out if you would be better off getting tax credits or childcare vouchers.

How do I use the vouchers?

Vouchers can be used in the week or month they are provided, and can also be saved up to use at a later time; such as during school holidays. They can't be backdated to pay for childcare you have already had.

What does my employer get out of the scheme?

Employers do not pay NICs on the childcare vouchers they provide to staff. This can save your employer up to £373 for each basic rate taxpayer or £190 for each higher rate taxpayer.

It also helps staff have a healthy work life balance and helps companies recruit and retain staff.

What does my childcare provider get out of the scheme?

Your provider claims the funds from the voucher scheme company for the amount of vouchers they have received. The money is then paid directly to the provider's account and is guaranteed funds once it is received.

Who runs the scheme?

Childcare vouchers can be produced and administered by employers. However voucher provider companies normally run the scheme on behalf of employers.

If you think that childcare vouchers would suit you, or you want to know more, speak to your employer or visit www.familyandchildcaretrust.org/pages/category/help-with-childcare-costs