



All about Tax Free Childcare

Updated July 2017

This update contains the latest information available about **Tax Free Childcare**. You can register online now at <https://childcare-support.tax.service.gov.uk/>

We have also produced another factsheet all about **30 hours free childcare which will be introduced in September 2017**. Visit www.familyinfobrighton.org.uk to download a copy.

Visit www.childcarechoices.gov.uk to find out about all the different types of help available towards childcare costs. You can also visit www.gov.uk/childcare-calculator to work out how much you might be entitled to.

The Family Information Service offers

- Support and advice and where to go for help when you need it
- Information and advice about childcare and funding

For more information

- Search online for childcare, services for families and factsheets: www.familyinfobrighton.org.uk
- Visit our website: www.brighton-hove.gov.uk/fis

Need extra help?

- Email: familyinfo@brighton-hove.gov.uk
- Telephone: 01273 293545
- Follow us on Twitter @bhccfamilyinfo

Our range of factsheets to view online at www.familyinfobrighton.org.uk

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| The extended entitlement for 3 and 4 year olds (30 hours free childcare) | About the expansion of childcare funding for 3 and 4 year olds whose parents are working |
| Family Finance | Outlines the main sources of financial help available for families |
| Free childcare for two year olds | Some two year olds are now entitled to 570 hours of free childcare over the year |
| Free Early Learning | Three and four year olds are entitled to 570 hours of free childcare over the year |

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| New to Brighton & Hove | Information on services, activities and local information for families who are new to the city. |
| Family Breakdown | Outlines what to consider when relationships break down and where to go for help and advice. |

Ten important things to know about Tax Free Childcare

Tax-Free Childcare [will be available to around 2 million households](#) to help with the cost of childcare. The scheme offers you up to £2,000 of support with your childcare costs per child per year, with up to £4,000 for disabled children. Please note, families claiming tax credit, Universal Credit or childcare vouchers cannot also get Tax Free Childcare.

1. You can open an online account

You will have an online account, which you can pay into to cover the cost of childcare with a registered provider. For every £8 that you put in, the government will make a payment of £2 to a maximum of £2000 per year, or £4000 if your child is disabled. You'll be able to apply for all your children at the same time, when your youngest child becomes eligible. All eligible parents will be able to join the scheme by the end of 2017.

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 is available for children up to the age of 12

It is also available for children with disabilities up to the age of 17, as their childcare costs can stay high throughout their teenage years.

4. To qualify, parents need to be in work.

Lone parents must earn at least £120 per week which is equivalent to 16 hours per week at the National Minimum Wage, and couples must each earn at least this amount to qualify. You cannot earn more than £100,000 each per year. If you or your partner are on maternity, paternity or adoption leave, or you're unable to work because you're disabled or have caring responsibilities, you may still be eligible.

The scheme is designed to be flexible for parents if, for example, they want to get back to work after the birth of a child or work part-time.

5. Any eligible working family can use the Tax-Free Childcare scheme - it doesn't rely on employers offering it

Tax-Free Childcare doesn't 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 also be available for parents who are self-employed

Self-employed parents can get support with childcare costs with 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 won't have to earn the minimum income level.

The scheme is also available to parents on paid sick leave and paid and unpaid statutory maternity, paternity and adoption leave.

7. If you currently receive Employer-Supported Childcare 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 will continue to run. The current scheme will remain open to new entrants until April 2018, and parents already registered by this date will be able to continue using it for as long as their employer offers it.

However, Tax-Free Childcare will be open to more than twice as many parents as Employer-Supported Childcare. Employers' workplace nurseries won't be affected by the introduction of Tax-Free Childcare.

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.

**** Understanding top-ups**

The HMRC 20% top-up per 80% invested, is added at the point the money goes into the account, not when it comes time to spend it.

Your initial Tax-Free Childcare entitlement period starts on the day you open your childcare account and will normally run for three months. You can pay as much as you like into a childcare account.

Only the first £2000 you pay into each childcare account in an entitlement period will get topped-up by £500. Any further payments made into your account above this amount will be held separately and not get topped-up until the next entitlement period starts, if you're still eligible to get top-ups.

Example of how top-up payments will work:

| You pay in | Top-up paid | Total available for Childcare |
|------------|-------------|-------------------------------|
| 80p | 20p | £1 |
| £100 | £25 | £125 |
| £200 | £50 | £250 |
| £500 | £125 | £625 |
| £1000 | £250 | £1250 |
| £2000 | £500 (max) | £2500 |
| £3000 | £500 (max) | £3500 |

Sometimes payments received into the account won't attract top-up payments. This can be when:

- you haven't reconfirmed that you're eligible for the entitlement period
- your child no longer qualifies – for example, because they've reached the age limit
- your payments have exceeded the maximum quarterly limit for top-ups *
- the payment is a refund of money from your childcare provider

* So, if you have high ongoing childcare costs or high seasonal costs (such as summer holidays), putting money into your child's account throughout the year will help to accrue the full top-up as you go, thus avoiding the £500, 3 month limit.

It's 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 light-touch and as easy as possible for you. For example, you'll re-confirm your circumstances every three months via 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'll 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'll be able to withdraw the money you have built up. If you do, the government will withdraw its corresponding contribution.

Register NOW at <https://childcare-support.tax.service.gov.uk/>

This factsheet was produced by the Family Information Service. The information it contains was correct at July 2017. The Family Information Service cannot be held responsible for any errors or omissions.

For the latest updates, visit www.brighton-hove.gov.uk/fis or www.gov.uk

For help and support contact the Family Information Service

Email: familyinfo@brighton-hove.gov.uk Tel: 01273 293545