

Childcare vouchers



Family Information Service

01905 790 560

Childcare vouchers

What are they?

Some employers choose to run a childcare voucher scheme to help their employees with the cost of childcare. Working parents can choose to take part of their salary in childcare vouchers (known as a salary sacrifice) which can then be used to help pay for eligible* childcare. Your normal salary is subject to National Insurance Contributions (NI) and income tax, but the amount that is paid in vouchers is NI and tax free for an amount of up to £55 per week, or £243 per month.

How do I get childcare vouchers?

You can only buy childcare vouchers if your employer runs a childcare voucher scheme. Vouchers are received with the monthly salary and may be in paper or electronic format. These can then be given to your childcare provider towards the cost of the childcare. If there are two parents working, both can access vouchers for the same child as long as both employers offer a childcare voucher scheme.

Where can they be used?

Childcare vouchers can be used as full or part payment for eligible* childcare costs.

*Eligible childcare is:

- Childcare that is registered with Ofsted (Office for Standards in Education), which may include day nurseries, preschools/ playgroups, childminders, holiday playschemes and before/ after school clubs
- Childcare that is registered with Ofsted on a voluntary basis. This may include home based carers such as nannies and au pairs, care provided for over eights, and activity based clubs
- Care provided by a school, on school premises
- Childcare that is provided by a relative, as long as the relative is registered with Ofsted, the care is provided away from the child's home and to non related children in addition to the related child.

For more information on where childcare vouchers can be used in your area, please contact the Family Information Service.



Which children qualify?

- A child can qualify from birth up to September 1 following their 15th birthday, or September 1 following their 16th birthday if he/she has an additional need.
- The employee wishing to use childcare vouchers must have parental responsibility for the child, but does not have to be living with the child.

How much money can I save?

Savings are dependent on salary, tax rate, NI contributions and the amount of vouchers purchased. Some voucher companies insist on a 12 month contract, in which case you will need to calculate your childcare costs over the year to work out how many vouchers you will need per month. HM Revenue and Customs (HMRC) have developed a childcare indicator which can calculate how much you could save. Visit www.hmrc.gov.uk/childcare to use the childcare indicator.

Remember - savings can be doubled if both parents are able to access childcare vouchers through their employer.

Points to consider

- Be careful that taking some of your salary in childcare vouchers does not take your salary below the minimum wage as certain benefits such as statutory sick pay or statutory maternity pay may be affected.
- Working tax credit, and in particular the childcare element of the working tax credit, may be affected if childcare vouchers are used. If you want to know whether you would be better off with tax credits or childcare vouchers, the childcare indicator developed by HMRC can calculate this for you and compare your savings. Additional advice should be sought from the tax credits helpline on **0845 300 3900**.
- Statutory Maternity Pay (SMP) can be affected by the childcare voucher scheme. It may be advisable to withdraw from a scheme if you become pregnant as your SMP is calculated during weeks 18 to 26 of your pregnancy. Anything that reduces your salary during this time will affect the amount of SMP you receive when you start your maternity leave. Your employer should be able to advise you on the amount of SMP you will receive.
- Pension contributions can be affected and advice should be sought from the pension company before joining a childcare voucher scheme.

More information

Further information for parents who may be in receipt of tax credits can be obtained from the HMRC website by visiting www.hmrc.gov.uk/childcare or telephoning **0845 300 3900**.

The Family Information Service can provide additional advice on how childcare vouchers work and lists of eligible childcare settings in your local area.

You can contact the Family Information Service in the following ways:

By telephone:

01905 790 560 (Monday to Friday, 9am to 5pm. Answer machine at all other times)

By fax:

01905 790 551

By post:

Family Information Service,
3 De Salis Court, De Salis Drive, Hampton Lovett, Droitwich,
Worcestershire, WR9 0QE

By email:

familyinfo@worcestershire.gov.uk

Online:

www.worcestershire.gov.uk/familyinfo

This publication can be made available in other languages (including British Sign Language) and alternative formats (including large print, audio tape, computer disc and Braille) on request from the Marketing Team on 01905 728912 or by emailing njones4@worcestershire.gov.uk

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Find out more online:
www.worcestershire.gov.uk/familyinfo