

## Childcare Vouchers and Tax-Free Childcare

Updated April 2018

### Tax-Free Childcare

From 14 February 2018, Tax-Free Childcare fully opened to all eligible families: parents whose youngest child is under 12. The new scheme from HM Revenue and Customs helps working parents with the cost of childcare. To be eligible, you (and your partner, if you have one) must be working and earn at least £120 a week each and neither of you has a taxable income of more than £100,000 in the current tax year.

You create an on-line account and for every £8 you pay in, the government will add an extra £2, up to £2,000 per child, per year.

The money can go towards a whole range of regulated childcare, including nurseries, childminders, after-school clubs and holiday clubs.

Parents, including the self-employed, can apply online for Tax-Free Childcare by visiting [Childcare Choices](#). Parents can also access the government's childcare calculator through Childcare Choices, which helps parents to choose which government support is best for them.

### Childcare Vouchers

UCL operates a Childcare Voucher scheme in partnership with Kiddivouchers Ltd. This is a salary sacrifice scheme, so parents chose an amount to put towards the cost of childcare and this is deducted from their pay each month, before tax and NI contributions are calculated, providing a saving.

The maximum you can sacrifice depends on how much tax you pay:

£243 per month for Basic Rate Tax payers

£124 per month for Higher Rate Tax payers

£110 per month for Additional Rate Tax payers

(If however you joined before 6th April 2011, you can claim £243.00 of vouchers free from tax and National Insurance Contributions irrespective of your marginal tax rate.)

You can use Childcare Vouchers for many different kinds of childcare, up to age 15, ranging from nurseries and childminders through to out-of-school activities, breakfast clubs and afterschool care for older children.

However because of the introduction of Tax-Free Childcare, the Government has decided that voucher schemes must close to new entrants. **A period of grace has been given so the schemes will now close on 4th October 2018.** This means that anyone not already in the scheme, who wishes to join, must do so in time for the

first deduction to me made from their **September** pay. UCL Human Resources will accept applications closer than usual to the payroll deadline, to enable as many colleagues to join the existing scheme as possible, **but these must be received by 13th September 2018**. To join the scheme please visit <https://www.kiddivouchers.com/>.

If you are currently taking a break from Childcare Vouchers, please make sure your break is no longer than 12 months to avoid losing your entitlement to re-order vouchers.

*Some staff will be better off in the existing Childcare Vouchers scheme, whilst others will be better with Tax-Free Childcare, depending on individual circumstances. For advice on the best childcare arrangements for your family, visit the [Childcare Choices](#) website.*

## **Q&A**

**I'm not sure which scheme is really best for me, can I sign-up to Childcare vouchers now and change my mind?**

Yes, if you are eligible you can join the scheme up to September 2018.

**I have adopted my child/children can I access these schemes?**

Yes, adopted children are eligible, but foster children are not.

**If I sign up to vouchers, do I have to sacrifice the full amount possible (£243 per month for basic rate taxpayers)**

No, you can choose to sacrifice a minimum amount now and can increase it later. Under scheme rules you can change the amount once in any 12 month period.

**Where can I use the vouchers?**

With any Ofsted registered childcare provider (this includes nurseries, childminders, after-school clubs, playschemes etc)

**Can I continue to get vouchers if my partner signs up for tax-free childcare?**

No, unfortunately not. For tax-free childcare you must sign-up as a 'household' and if you choose to do that you would have to leave the voucher scheme.

**Can I still get the 15/30 hours free childcare for 3 & 4 year olds?**

If eligible, you can still claim the 15/30 hours free childcare for 3 & 4 year olds and could use your vouchers for wrap-around or holiday care, for example.

**Do KiddiVouchers childcare vouchers expire?**

Under HMRC rules, childcare vouchers can be used until the 1st September following the child's 15th birthday, so KiddiVouchers childcare vouchers don't expire until this point. Meanwhile, any unused vouchers are simply carried forward in the parent's voucher account, which means parents can save up for times when they need more childcare. If you leave UCL, you will still continue to have access to your KiddiVouchers account.

### **Can I withdraw money from Kiddivouchers?**

No, you should ensure that your salary sacrifice amount is based on your projected costs for childcare, however you can continue to use vouchers for your child up to age 15.

### **How quickly can I pay my childcare provider?**

You can make a payment the day after you put money in your account. It usually takes 3 working days for the money to reach your provider's account.

### **Can I 'bank' tax-free childcare?**

Yes, you can pay money into your account as and when you like, so could pay in more some months and less in others. 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.

Also, it's also not just the parents who can pay into the account - if grandparents, for example, want to pay in, then they can too!

### **Can I withdraw money from tax-free childcare?**

Yes, 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.

### **What happens after I sign up for tax-free childcare?**

If you successfully apply for Tax-Free Childcare:

- Working Tax Credit or Child Tax Credit stops straight away
- childcare vouchers can continue for [up to 90 days](#)

If eligible, you can still claim the 15/30 hours free childcare for 3 & 4 year olds

To continue getting your Tax-Free Childcare, you must sign in every 3 months and confirm your details are up to date.

### **More information**

For further information about all government schemes which help with the cost of childcare, and a calculator to help you work out which scheme is better for your personal circumstances, please visit: <https://www.childcarechoices.gov.uk/>

For information about the UCL childcare voucher scheme and how to apply, please see: [http://www.ucl.ac.uk/hr/docs/childcare\\_voucher\\_scheme.php](http://www.ucl.ac.uk/hr/docs/childcare_voucher_scheme.php) You can also contact Kiddivouchers directly: <https://www.kiddivouchers.com/>

Additional information about tax-free childcare is available here:

<https://www.gov.uk/government/news/tax-free-childcare-10-things-parents-should-know>

<http://www.tax-free-childcare.info/resources/childcare-vouchers-vs-tax-free-childcare/>

If you have any queries please contact Emma Sweeney in Payroll and Pension Services on ext 58861 (020 3108 8861) or email [emma.sweeney@ucl.ac.uk](mailto:emma.sweeney@ucl.ac.uk)