

# Apple Childcare Vouchers

Introduction to **Tax-Free Childcare**



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childcare vouchers

# introduction to tax-free childcare

In March 2016, the Government confirmed their plans to introduce Tax-Free Childcare (TFC) and to phase out employer supported Childcare Vouchers. Tax-Free Childcare will provide working parents (including self employed) with another option for saving on childcare fees direct through the Government.

Tax-Free Childcare was launched in April 2017 and the Government has started inviting parents to apply beginning with parents with the youngest children first.

Many parents will not be able to claim under the new Government Tax-Free Childcare, and are advised to join an employer supported Childcare Vouchers scheme whilst they still can. **Childcare Vouchers will remain open to new entrants up until April 2018. Childcare Vouchers will remain available to those that are registered in a scheme by April 2018 for as long as they are eligible.**

Parents cannot be in both Tax-Free Childcare and a Childcare Voucher scheme so it is important that parents understand the schemes and which option is best for their family situation.



# what is tax-free childcare?

Tax-Free Childcare will allow some working parents to claim up to £2,000 per child towards the cost of childcare per year.

Parents will be able to open an online account and for every 80p the parent's transfer, the Government will top this up by 20p, up to the maximum of £2,000 per child. **Therefore in order to receive the maximum £2,000, the parents will have to transfer £8,000 into the account.**

Not only parents but also others, such as grandparents and other family members can pay money into the Tax-Free Childcare account. Parents will be able to withdraw money from the account as and when required, however if the parent does withdraw from the account the Government will also withdraw its corresponding contribution.

Parents can use Tax-Free Childcare alongside the 15 and 30 hours free childcare schemes in England, or any free childcare hours provided by the Scottish, Welsh or Northern Ireland Governments. **Parents can't use Tax-Free Childcare at the same time as they receive Childcare Vouchers, Universal Credit or Tax Credits.**

# eligibility tax-free childcare?

To qualify both parents have to be working a minimum of 16 hours per week and earning at least £120 per week (equal to National Minimum Wage or Living Wage):

- **If one parent earns more than £100,000pa you are not eligible for Tax- Free Childcare.**
- **Tax-Free Childcare is available for parents who are self employed.**
- **Tax-Free Childcare is available for children up to the age of 12 – or up to the age of 17 for children with disabilities.**



# can I continue to use Apple Childcare Vouchers?

**Yes. The existing Childcare Vouchers scheme is open to new joiners until April 2018.** At this point the scheme will be closed to new entrants. If you are a member of the Childcare Vouchers scheme by this date you can continue in the scheme for as long as you and your children are eligible\*, and for as long as your employer offers the scheme.

## which scheme is best for me?

Please see the table below that shows different circumstances and potential savings with both schemes.

Circumstances	Savings Using Childcare Vouchers	Savings Using Tax Free Childcare	Difference
One Parent Working (basic rate taxpayer) one parent not working.	£933	Not eligible	£933 better off with Childcare Vouchers
Two parents working - both basic rate taxpayers. Childcare spend of £4,000 per year on one child.	£1,866	£800	£1,066 better off with Childcare Vouchers
Two parents working - both basic rate taxpayers. Childcare spend of £8,000 per year on two children.	£1,866	£1,600	£266 better off with Childcare Vouchers
Two parents working - both basic rate taxpayers. Childcare spend of £10,800 on one child.	£1,866	£2,000	£134 better off on Tax Free Childcare
Two parents working - both higher rate taxpayers. Childcare spend of £6,000 per year on one child.	£1,246	£1,200	£46 better off on Childcare Vouchers
Two parents working - both higher rate taxpayers. Spending £1,000 per year on childcare for a child between 12 and 15 years old.	£1,246	Not eligible	£1,246 better off on Childcare Vouchers
Two parents working - both additional rate taxpayers. Childcare spend of £6,000 per year on two children.	£1,244	Not eligible	£1,246 better off on Childcare Vouchers
Self-employed single parent, spending £10,800 on childcare per year on one child.	Not eligible	£2,000	£2,000 better off on Tax free Childcare

\*Parents are able to receive childcare vouchers to pay for any registered or approved childcare for children up to the age of 15 or 16 if the child is disabled. Apple Childcare Vouchers are not Financial Advisors. This table is for guidance only and parents are recommended to seek independent financial advice.

### More Information

The Government has launched a new website to assist parents with choosing appropriate childcare support. Please visit [www.childcarechoices.gov.uk](http://www.childcarechoices.gov.uk) for more information. If you have any further questions or queries about Tax-Free Childcare please call the HMRC for more information on: 0345 300 3900