

THE BENEFITS OF TAX FREE CHILDCARE



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WHAT IS TAX FREE CHILDCARE?

The government most recent scheme to save you money on your childcare costs, is Tax Free Childcare. This guide gives you information on how the scheme can benefit you, who it is available to, can the scheme be used with others and how you can check your eligibility.

Tax Free Childcare was designed by the government in 2017 to help working parents with the costs of childcare.

In total the scheme will help pay for up to £10,000 of childcare per child each year – giving you an extra £2,000 per child each year. For example every £8 that you pay into your account, the government will add £2.

Tax Free Childcare can be used for a number of childcare services including Nurseries and After School Clubs.

WHO IS TAX FREE CHILDCARE AVAILABLE TO?

Tax Free Childcare is available to parents who qualify for the scheme, including parents who are self-employed.

Your eligibility depends on the following circumstances –

- If you are working
- Your income (and your partner's income, if you have one)
- Your child's age and circumstances
- Your immigration status

You (and your partner, if you have one) must be working and earning a minimum of £140 a week and each parent also needs to earn less than £100,000 a year to be eligible to receive tax free childcare. The scheme is also available to those who are self-employed, and the same rules apply that on average you must earn £140 a week.

The scheme is currently available for children who are 11 or under. You child will stop being eligible on 1 September after their 11th birthday. Adopted children are eligible, but foster children are not. If your child is disabled you may be eligible to get up to £4,000 a year until they're 17.

You will not be eligible if you're from outside the EEA (European Economic Area) and your UK residence card says you cannot access public funds.



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CAN YOU USE THIS SCHEME WITH OTHERS?

There is a lot of confusion on if you can claim other schemes at the same time as tax free childcare. The government has confirmed that you can't claim this new scheme at the same as Working Tax Credit, Child Tax Credit, Universal Credit or childcare vouchers.

You can however, still apply for 30 hours funded childcare if eligible at the same time. If you would like to find out more on the 30 hours funded childcare government scheme, please click [here](#) to download our eBook with further information.



ARE CHILDCARE VOUCHERS STILL AVAILABLE AS AN ALTERNATIVE?

Childcare vouchers were offered through your employer and you could use them to pay for your child's care.

You could buy up to £243 of vouchers each month, which worked out as a maximum annual saving of £933 if you're a basic rate tax payer.

However, the scheme is now closed for parents that do not have an account. If you're a parent who does have an account and would like to move across to tax free childcare you must tell your employer to stop the vouchers within 90 days of registering for a tax free childcare account. You will have to give HMRC proof that you have left your voucher scheme through your employer.

HOW CAN I CHECK MY ELIGIBILITY?

The government has an online calculator which will work out how much you can save on childcare costs.

Click Here to access this tool.



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