



HM Revenue
& Customs

Tax-Free Childcare:
Draft Guidance for Comment

October 2014

Withdrawn, do not use

Draft Guidance: An Introduction

HMRC and the Government Digital Service are in the process of writing detailed guidance on Tax-Free Childcare. This guidance should provide easy-to-understand advice for users of the scheme, such as parents, childcare providers and employers.

To get this right, it needs to be tested. This is why HMRC have published the first draft version of this guidance for you to look at and tell us what you think. Your comments on this draft guidance will help make the final guidance as clear as possible.

As the government carries on developing Tax-Free Childcare, HMRC and the Government Digital Service will write more guidance (in this version, this is often indicated by <_>). The draft guidance published here is just the first step.

Your comments can be sent to: tax-free.childcare@hmrc.gov.uk by 15th December 2014.

Please view the summary document entitled 'Tax-Free Childcare: Understanding the Draft Guidance', published alongside this draft guidance, for further details on this opportunity to comment.

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Please note this contents page won't form part of the final guidance when it's published on GOV.UK. This page has been added to the draft guidance so that you can look at it more easily and tell us what you think.

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Tax-Free Childcare

1. Introduction

Overview

Tax-Free Childcare is a new way the government is helping working families with the cost of childcare.

You can open a childcare account to pay someone to look after your children. This is like a bank account, but the government will top up any money that you put in it.

You could get Tax-Free Childcare for each child you're responsible for if they're:

- Under 12 years old
- Under 17 years old if they're [disabled](#)

You must:

- be in [work](#) - employed or self-employed. You can apply if you're [on leave](#) or about to start a new job. If you have a partner, you both need to be employed or self-employed
- not be an [additional rate taxpayer](#) - and if you have a partner, they can't be an additional rate taxpayer either
- not get financial help with childcare costs through another [government childcare scheme](#)
- be in the UK

If you get tax credits or Universal Credit at the moment, you'll have to decide if you want to keep getting those, or get a childcare account instead.

If you already get childcare vouchers from your employer, you can keep getting them, or you can switch to a childcare account - you can't get both.

Use the [childcare support questionnaire](#) to check if you qualify and how much you might get.

Tax-Free Childcare will be introduced in stages. From [insert date](#) you may be able to apply based on your personal situation.

Information to help you decide when to apply for Tax-Free Childcare is available at [link to page when available](#)

How much you'll get

For every £8 you pay into a childcare account, the government will pay in an extra £2. This government payment is called a "top-up payment".

How much you get depends on how much money you pay into your account. The maximum top-up payment you could get is £500 every three months for each child.

Use the [childcare support questionnaire](#) to work out how much you might get.

You can use your childcare account to pay for childcare that is [registered or approved](#). This can include care provided at home, in school or another place by a childminder, playscheme, nursery or club.

You need to log into your account every three months to reconfirm your details and that you remain eligible.

If your personal circumstances change during your three month [entitlement period](#), you do not need to report these until you reconfirm.

This means you don't have to pay any top-up payments back if your circumstances change during this period.

Eligibility

Eligibility depends on your personal situation. Use this quick [childcare support questionnaire](#) to find out if you're likely to qualify for a childcare account and how much you may get.

Your age

You must be 16 years old or over to qualify.

Your child

You could get Tax-Free Childcare for each child you're responsible for if they:

- are under 12 years old
- are under the age of 17 years old if they're [disabled](#)
- normally live with you

You don't need to be the child's parent to qualify.

Your work

You and your partner (if you have one) must be [in paid work](#) (either with an employer or self-employed).

You can apply for Tax-Free Childcare if you're [on leave](#) or about to start a new job in the next 14 days.

If you're part of a couple, only one of you has to work if the other is getting [certain other benefits](#), for example [Carer's Allowance](#).

Your income

You and your partner, if you have one, must each:

- expect to earn the equivalent of 8 hours [National Minimum Wage rate](#) a week - for most, this is £52 per week on average - for the next 13 weeks
- not be an additional rate taxpayer - or expect to be one in the current tax year

More information on how to calculate your income for Tax-Free Childcare is found [here](#).

If you're [self-employed](#) and have recently started a new business you don't need to have income above the minimum level for your [start-up period](#).

The amount of Tax-Free Childcare you get does not change as your income changes.

Your other government support

To get Tax-Free Childcare you must not get:

- [tax credits](#)

If you successfully apply for Tax-Free Childcare, your tax credits claim will automatically end.

- [Universal Credit](#)

You can check your eligibility by using the [childcare support questionnaire](#). If you want to apply to Tax-Free Childcare, contact the Department for Work and Pensions to end your Universal Credit claim.

- [Childcare from your employer](#) (childcare vouchers or directly-contracted childcare)

If you get childcare vouchers or use directly-contracted childcare (childcare arranged by your employer with a specific provider), you can apply to Tax-Free Childcare. If you decide to use Tax-Free Childcare you must contact your employer to stop your other support in the three months after your application.

- [Other childcare support paid directly to you - e.g. Childcare Grant](#)

You must not be getting other childcare payments from [another scheme](#), or expect to get this for the three months after applying to Tax-Free Childcare.

If you use free childcare, for example [free early education](#), you can still use Tax-Free Childcare for any additional childcare you pay for.

If you want to apply

You can apply for Tax-Free Childcare by completing an [online application](#).

Tax-Free Childcare is being introduced in stages. When you can apply will depend on your personal circumstances. Use the [childcare support questionnaire](#) to check when you'll qualify for Tax-Free Childcare.

What you need to know

What you'll need before you apply for Tax-Free Childcare

You'll need to know your [Child Benefit number](#).

You'll need to send in your child's original birth or adoption certification if:

- your child is not registered for Child Benefit
- your child is registered for Child Benefit, but you're not the Child Benefit recipient for that child and you cannot get the Child Benefit number from the recipient

Or you can [apply for Child Benefit](#) first.

[Note: Later versions of the guidance will contain information on agreed documents that may be accepted instead of a birth or adoption certificate.]

2. You'll be asked to confirm your identity

You may be asked for information from your passport or driving licence.

This is to make sure that your personal information is safe and secure. More information on what information you need to provide to complete the identity assurance checks is available here: <[link](#)>

3. You can then complete your application for Tax-Free Childcare

You'll be asked a series of questions to determine if you're eligible.

You'll be asked to enter your personal details including your National Insurance number.

If you have a [partner](#), only one of you'll need to complete the online application form, but that person will need to enter details for both of you.

4. Submit your application

After you submit your application, HMRC will check the information you give.

In most cases, you'll be contacted in a few days to confirm your eligibility, along with information on how you can set-up your childcare account(s).

5. Set-up your childcare account(s) and start paying in

Apply for Tax-Free Childcare here: <[link](#)>

If you don't have access to the internet you can get assistance and support <[link to advice on this process when it becomes available](#)>.

In <[exceptional circumstances](#)> an application can be made by telephone or face-to-face, or you can [appoint someone](#) to open and manage the online account for you.

2. Who can get Tax-Free Childcare

Partners

You're considered as having a partner if you're both at least 16 years old and:

- you're married or in a civil partnership and live together in the same household
- you're living together as if you're married or in a civil partnership

You'll qualify for a childcare account if your partner is also:

- in work and expecting to earn at least £52 per week on average
- not an additional taxpayer
- not getting tax credits, Universal Credit or some types of childcare support provided by your employer
- not getting financial help with childcare costs through another government childcare scheme

If you don't have a partner, you can still apply for Tax-Free Childcare.

When your partner is temporarily away

If your partner is temporarily absent from your household, you should still provide their details on the Tax-Free Childcare application, unless:

- the absence exceeds or is expected to exceed, 6 months
- they're in prison

If you're married to more than one person

If you're married to more than one person, your partner is the first person you married.

Any other adults living in the household could apply to Tax-Free Childcare separately. Only one childcare account can be opened for each child.

Your child

Being responsible for a child

You can apply for Tax-Free Childcare for a child you're responsible for. You'll be regarded as being responsible for a child if you normally live with them.

You don't need to be the child's parent, but the child must usually live in your home.

Adoption

If a local authority places a child with you and you plan to adopt the child, you can apply for Tax-Free Childcare when a court has made an [adoption order](#).

Age of your child

You can apply to open a childcare account for a child who is:

- under 12 years old
You can receive Tax-Free Childcare until the end of the week in which 1st September falls after the child's 11th birthday
- under 17 years old if they're [disabled](#)
You can receive Tax-Free Childcare until the end of the week in which 1st September falls after the child's 16th birthday

When your child reaches the upper age limit, your childcare account will become "[pay-only](#)". So long as you continue to work, you can still use money in your childcare account to pay for their care for the next 12 months; but you won't get more top-up payments.

The maximum amount of top-up payments you can get in an [entitlement period](#) can be reduced if the child no longer qualifies for the full [entitlement period](#) - for example, the child reaches the upper age limit.

Disabled child

You're entitled to Tax-Free Childcare if you're responsible for a disabled child under 17 years old if they:

- get Disability Living Allowance, Personal Independence Payment or Armed Forces Independence Payment
- have been certified as severely sight impaired or blind by a consultant ophthalmologist

Jointly responsible for a child

As only one person can receive Tax-Free Childcare for a child, if you're jointly responsible for a child, you should agree with the other person who should apply.

If you can't reach an agreement, [HMRC will decide](#) who can have a childcare account for the child.

You can't open a Tax-Free Childcare account for a child if:

- you're a foster carer for the child
- the child is living away from your home for a continuous period of 6 months or more

- the child is in a secure children's home, secure training centre or young offenders institution
- the child is being looked after by a local authority (even if the child lives in your house). This does not include short term respite care

Being in the UK

If you usually live in the UK (so that you're "ordinarily resident" in the UK) you'll be treated as being in the UK and will be entitled to Tax-Free Childcare.

Ordinarily resident

Ordinarily resident means you normally live in the UK, and have a settled plan to stay here for the time being. If HMRC looks at whether you're ordinarily resident in the UK, they'll look at things like:

- where your settled home is
- where your close family live
- why you came to the UK

Going Abroad

If you leave the UK for a period of less than 8 weeks, for example, if you go away on holiday or for a business trip, you'll still be regarded as being in the UK.

If you leave the UK for longer periods of up to 6 months, you'll be regarded as being in the UK if you:

- are undergoing medical treatment abroad
- accompany your partner or a child for whom you're responsible who is undergoing medical treatment abroad
- are a mariner
- are an oil worker working on the continental shelf
- are out of the UK because of the death of:
 - a partner or child you're responsible for
 - a close relative of you, your partner or a child for whom you're responsible

A close relative is a parent, parent-in-law, daughter, daughter-in-law, son, son-in-law, step-parent, step-son, step-daughter, sister or brother. If any of those people have a partner, that partner is also a close relative.

Living outside the UK

You'll be treated as if you live in the UK if:

- you're a Crown servant or member of HM Armed Forces posted overseas

- your partner is a Crown servant posted outside the UK and you're accompanying your partner on their overseas posting
- you live outside the UK in another European Economic Area (EEA) state but are working in the UK

Moving to the UK

You can get Tax-Free Childcare if you've been granted:

- refugee status in the UK
- humanitarian protection or discretionary leave to remain in the UK
- temporary protection in the UK under EU rules governing displaced persons

You'll still need to meet the other eligibility rules - for example, you must be in paid work.

Immigration control

If you're subject to immigration control you can't get Tax-Free Childcare. You'll be subject to immigration control if you require leave to remain in the UK but do not have it, or there is a restriction on your receipt of public funds during your stay in the UK.

Your work

To get Tax-Free Childcare you and your partner (if you have one) must be in paid work.

If you're in paid work, this is work done for, or in expectation of, payment including:

- work you do for an employer in return for wages, salary or some other monetary value
- self-employment carried out for profit

This doesn't include payment made to cover expenses for any charitable or voluntary work you do.

You can still get Tax-Free Childcare if you're on leave or about to start a new job in the next 14 days.

You can also get Tax-Free Childcare if you or your partner (if you have one) are in work and the other receives any of the following:

- [Incapacity Benefit](#)
- long-term Incapacity Benefit
- [Severe Disablement Allowance](#)
- [Carer's Allowance](#)
- contribution based [Employment and Support Allowance](#)

- [National Insurance credits](#) on the grounds of incapacity for work or limited capability for work

Time off work

If you or your partner (if you have one) take time off paid work because of sickness or parenting responsibilities you may still get Tax-Free Childcare for:

- the period you're on ordinary and additional [maternity leave](#)
- the period you receive [maternity allowance](#)
- the period you're on [ordinary and additional paternity leave](#)
- the period you're on [ordinary and additional adoption leave](#)
- the period you're paid [statutory sick pay](#)
- the period you're on unpaid [parental leave](#) to look after your child

If you're self-employed, you may get Tax-Free Childcare for the time you take off work if you would've been eligible for the statutory leave had you been employed.

If you take leave because of the birth of a child or an adoption, you can still get Tax-Free Childcare for any existing children. You can't get Tax-Free Childcare for your new child until you resume work.

Childcare to help you work

You can only use your Tax-Free Childcare account to pay for childcare where one of the main reasons for using the childcare is to enable you and your partner (if you have one) to work.

You can use your Tax-Free Childcare account to pay for childcare when you're:

- working
- travelling to and from work
- taking annual leave
- taking sick leave
- on maternity, paternity, adoption or parental leave
- getting Employment Support Allowance or Carer's Allowance payments and your partner is working
- doing job-seeking activities; for example, going to jobcentres or attending job interviews

You can use your Tax-Free Childcare account to pay for block bookings if your childcare provider does not allow you to pay for individual sessions.

You can't use your Tax-Free Childcare account to pay for childcare if you stop working, apart from the costs you have already incurred (for example, as part of a contractual notice period with your childcare provider), unless one of the other conditions apply.

If you're self-employed, you can use your Tax-Free Childcare account for the time that you take off work, if this is of a reasonable length. It should be similar to the amount of leave that an employee in the same type of work would get.

Example 1

Mr and Mrs Fraser live in Darlington and both work five days a week in Newcastle. They pay their local nursery in Darlington to care for their four-year-old son from 7.30am to 6pm each of these days.

The childcare covers the travelling time from the nursery to work and back each day which enables them to work. Mr and Mrs Fraser can use their Tax-Free Childcare account to pay for their total childcare costs.

Example 2

Ms Jones works a rolling shift system covering 16 hours a week over four days. She pays a nursery to look after her one-year-old daughter for four morning sessions each week. Ms Jones does not always work on each of these four mornings, but the nursery requires childcare sessions to be booked on a regular weekly pattern.

Ms Jones can use her Tax-Free Childcare account to pay for this childcare as it enables her to work.

Example 3

Miss Peters works four days a week Monday to Thursday. She sends her son to a nursery for the whole week so she can spend time doing non-work activities and hobbies on Friday. Her nursery does not require that Miss Peter makes block bookings.

Miss Peters' payments to the nursery for four out of the five days childcare can be paid from her Tax-Free Childcare account. She should pay for Friday's childcare outside of the scheme.

Example 4

Mr Granam loses his job. His daughter is enrolled with a childcare provider and he is contractually required to pay this for the next two months. When he booked the childcare it was so that he could work.

Mr Granam can use his Tax-Free Childcare account to make payments to his childcare provider for the next two months.

Your income

Minimum income level

To get Tax-Free Childcare you and your partner (if you have one) must each meet the minimum income level. This means that you must reasonably expect to earn the equivalent of 8 hours [National Minimum Wage rate](#) a week - £52 per week on average - for the next 13 weeks.

If you are under 21 or are an apprentice, you must expect to earn the equivalent of 8 hours a week at the [National Minimum Wage rate](#) which applies to you.

All of your earned income should be taken into account in determining whether you expect to earn the minimum income level.

If you or your partner (if you have one) are self-employed, you can choose whether to assess your income:

- over the next entitlement period, in the same ways as above
- over the accounting period which ends in the tax year in which you apply or reconfirm your eligibility

If you choose to assess over the whole accounting period the minimum income level is the equivalent of 8 hours at [National Minimum Wage rate](#) a week for the whole 12 months - £2704 on average.

Additional rate taxpayer

You and your partner (if you have one) won't get Tax-Free Childcare if (on the date you make your declaration of eligibility for the scheme) one or both of you:

- is an additional rate taxpayer
- pays the dividend additional rate of tax
- pays tax on the remittance basis (under sections 809B or 809E of the Income Tax Act (ITA) 2007) on income or capital gains from outside the UK
- expects to pay the above tax rates within the current tax year.

The additional rate of tax is payable when your total taxable income in a tax year exceeds £150,000.

Your total taxable income includes income from all sources and not just from your employment or self-employment.

This could include:

- interest from savings before tax is taken off
- investment income including any UK company dividends you expect to receive or any 'chargeable event gains' from a life insurance policy (shown on the certificate issued by your insurer)
- pensions
- income from a property
- income from trusts, settlements and estates
- income from foreign investments
- income from employment outside the UK

The dividend additional rate is payable when your total income in a tax year exceeds £150,000 and includes income from UK-resident company shares, unit trusts and open ended investment companies.

For further information on current tax rates please see www.gov.uk/income-tax-rates.

Calculating how much you earn

Your earnings should include income from both your employment and self-employment.

Employees

If you're an employee, this is your total expected wage from all jobs you have (including employment outside the UK), before any deductions, including tax and National Insurance.

You should include employee benefits including any tips, but you shouldn't include any money your employer has given you to reimburse work expenses. For example, these may include fees and subscriptions to professional bodies or maintenance of tools or uniforms.

If you're a UK resident working overseas, you must include any foreign income that you expect to earn. For the purpose of calculating your income this should be converted into British pounds if necessary. To work this out, use the average [exchange rate](#).

Self-employed people

If you're self-employed, your income is based on your expected profits.

If you have more than one business, you should add up all of the separate business profits.

Your expected profits are the total receipts you expect to get from your trade, profession or vocation, less the amount of expenses (other than expenses to buy fixed assets like buildings and equipment) that you expect to incur for the same purposes.

If you're a member of a business partnership, your expected income will be calculated as your share of the receipts less your share of expenses (other than those used to buy fixed assets) that the partnership expects to receive.

Include any income you expect from working outside the UK.

For the purpose of calculating your income this should be converted into British pounds if necessary. To work this out, use the average [exchange rate](#).

Start-up periods for the self-employed

If you've been trading for less than 12 months when you first apply for Tax-Free Childcare, you'll be in what is called a "start-up period".

The "start-up period" equals four Tax-Free Childcare [entitlement periods](#).

You don't have to earn above the minimum income level to qualify for Tax-Free Childcare while you're in a "start-up period".

If you set up in self-employment whilst already receiving Tax-Free Childcare, you can still have a "start-up" period.

This will be the four entitlement periods from the date you started up your new business.

You can have one "start-up period" every 5 years.

If either you or your partner (if you have one) is self-employed outside the UK, you'll have to provide sufficient evidence to satisfy HMRC that you're carrying out self-employed work in the country you're working in.

Tax-Free Childcare and your other government support

If you're already getting tax credits

If you or your partner (if you have one) are claiming tax credits, applying successfully for Tax-Free Childcare means that your tax credits payments will end automatically.

You don't have a right of appeal against the automatic ending of your tax credits award so you need to be sure you want your tax credits payments to stop.

Part of your decision will be based on how much you would get under the different schemes.

Use the [<childcare support questionnaire>](#) to check if you qualify for Tax-Free Childcare and how much you might get.

If you apply for Tax-Free Childcare and HMRC don't think you're eligible, your tax credits award won't end.

Waiting for a decision on a tax credits claim

If you or your partner (if you have one) have applied for tax credits and HMRC hasn't yet decided to start making tax credit payments, you can still apply for Tax-Free Childcare.

You'll still get any tax credits payments that you would have been entitled to before your Tax-Free Childcare account opens.

Applying for Tax-Free Childcare in the tax credits renewal period

If you or your partner (if you have one) got tax credits in the previous tax year, you may still be getting tax credits payments.

If you're eligible for Tax-Free Childcare, any payments of tax credits will be stopped the day before your childcare account is opened.

You must finalise your tax credits award for the previous year even if you've moved to Tax-Free Childcare.

It's important to respond to any information requests from the Tax Credits Office so that you receive the amount of tax credits that you're due.

Tax credits claim reduced to nil

If your tax credits payments are reduced to nil you'll still be treated as getting tax credits.

If you or your partner (if you have one) apply successfully for Tax-Free Childcare, your tax credits nil award will end automatically.

If your [circumstances change](#) and you want to start getting tax credits again you'll have to make a new [tax credits claim](#).

Ongoing tax credits appeal or review

If you or your partner (if you have one) have an ongoing tax credit review or appeal you can still apply for Tax-Free Childcare while you wait for the tax credits decision to be looked at again.

If your tax credits appeal or review is successful and you're paid tax credits for an earlier period, any Tax-Free Childcare top-up payments you got for the same period will need to be paid back. This is because you'll be getting tax credits that cover the period instead.

HMRC will recover the top-up payments directly from the tax credits payments before they're paid to you.

When your tax credits payments start again, you won't get any more top-up payments.

If you're already getting Universal Credit

You can't get Tax-Free Childcare at the same time as claiming Universal Credit. You must be sure that you want your Universal Credit payments to stop before applying for Tax-Free Childcare.

Use the [<childcare support questionnaire>](#) to check if you qualify for Tax-Free Childcare and how much you might get.

Moving to Tax-Free Childcare

If you or your partner (if you have one) are already getting Universal Credit but you want to get Tax-Free Childcare instead, you can:

- check if you qualify for Tax-Free Childcare by using the [<childcare support questionnaire>](#)
- contact the Department for Work and Pensions to stop your Universal Credit payments
- apply for Tax-Free Childcare

Waiting for a decision on a Universal Credit claim

If you or your partner (if you have one) have applied for Universal Credit but the Department for Work and Pensions hasn't yet made a decision to start your Universal Credit payments, you must withdraw your Universal Credit claim before you can get Tax-Free Childcare.

Universal Credit claim reduced to nil

If your Universal Credit payments are reduced to zero you'll still be treated as getting Universal Credit.

Before you can join the Tax-Free Childcare scheme you must contact the Department for Work and Pensions to end your award.

Ongoing Universal Credit appeal or review

If you or your partner (if you have one) have an ongoing Universal Credit review or appeal you can still apply for Tax-Free Childcare while you wait for the Universal Credit decision to be looked at again.

If your appeal or review is successful and you're paid Universal Credit for an earlier period, any overlapping top-up payments made during the review or appeals period will need to be paid back. This is because you'll be getting Universal Credit that covers the period instead.

When your Universal Credit payments start again, you won't get any more top-up payments.

Childcare from your employer

There are different types of childcare support your employer might provide where you don't have to pay tax or National Insurance Contributions. These are:

- childcare vouchers
- directly-contracted childcare
- workplace nurseries

Childcare vouchers and directly-contracted childcare

If you already get support from your employer (where you don't have to pay tax or National Insurance contributions) you can keep getting it, or you can switch to a childcare account - you can't get both.

When Tax-Free Childcare is introduced, you can't start getting childcare vouchers or directly-contracted childcare. If you're already getting this support, you can continue to, for as long as your current employer continues to offer them.

If you change your employer after Tax-Free Childcare has been introduced, you won't get childcare vouchers or directly-contracted childcare with your new employer.

If you or your partner (if you have one) are getting childcare vouchers or directly-contracted childcare where you don't have to pay tax or National Insurance contributions, you can't also get Tax-Free Childcare. You can:

- choose to get Tax-Free Childcare, but if you do you must stop the childcare support you receive from your employer within three months of opening your Tax-Free Childcare account
- choose to keep getting your current support from your employer

Use the [childcare support questionnaire](#) to check if you qualify for Tax-Free Childcare and how much you might get.

Your employer will be able to tell you how to stop the support they provide.

Workplace nurseries

Workplace nurseries (where you don't have to pay tax or National Insurance contributions) are not affected by the introduction of Tax-Free Childcare.

You'll be able to continue using - or starting using - your workplace nursery and also open a Tax-Free Childcare account to pay for any additional childcare that you need.

Other government childcare schemes

You cannot get Tax-Free Childcare if you or your partner (if you have one) get other childcare support where:

- money is paid directly to you or your partner
- the payment is for the cost of childcare only
- it comes from funds from a national authority, for example, a government department

You also cannot get Tax-Free Childcare if you or your partner (if you have one) expect to get other childcare support in the three months after you apply or reconfirm eligibility for Tax-Free Childcare.

Other government childcare schemes could include childcare elements or grants, such as:

- a nursing bursary paid by the:
 - NHS Business Services Authority (BSA) on behalf of the Department of Health in England
 - NHS Wales Student Awards Unit (at the NHS Wales Shared Services Partnership)
 - Students Award Agency Scotland (SAAS)
 - the Business Service Organisation on behalf of the Department of Health, Social Services and Public Safety Northern Ireland (DHSSPSNI)
- Social Work Bursary Childcare Allowance paid by:
 - NHS Business Services Authority (BSA) on behalf of the Department of Health in England
 - Scottish Social Services council (SSSC)
- Allied Health Professional (AHP) / 5th Year Medical and Dental Bursary Scheme paid by the:
 - Education and Library Boards on behalf of the Department of Health, Social Services and Public Safety Northern Ireland (DHSSPSNI)
 - NHS Wales Student Awards Unit
- Childcare Grant paid by the Student Loans Company or Student Finance Wales (SFW)
- Discretionary Funding (UK Higher Education Institutions/Colleges).

If you use free childcare, for example [early years education](#), you can still use Tax-Free Childcare for any additional childcare you pay for.

Registered or approved childcare

You can use Tax-Free Childcare to pay childcare providers who are registered or approved by an appropriate regulatory authority.

Registered or approved childcare can include care provided at home, in school or another place by a childminder, play scheme, nursery or club.

The appropriate authority that childcare providers must be registered or approved by is different in every country.

Childcare providers in England

If your childcare provider is registered or approved in England they should have a Registration Number and a letter or certificate as evidence of their registration or approval if they're registered with:

- Ofsted
- Care Quality Commission (CQC)
- a Childminder Agency
- the Department of Education as an Independent School

Childcare providers in Wales

If your childcare provider is registered or approved in Wales they should have a Registration Number and letter or certificate as evidence of their registration or approval if they're:

- registered by the Care and Social Services Inspectorate Wales (CSSIW)
- approved under a home childcare providers scheme by the Care and Social Services Inspectorate Wales (CSSIW) under the Childcare at Home voluntary approval scheme

Childcare providers in Scotland

If your childcare provider is registered or approved in Scotland they should have a Registration Number and letter or certificate as evidence of their registration or approval from the Care Inspectorate (SCSWIS).

Childcare providers in Northern Ireland

If your childcare provider is registered or approved in Northern Ireland they should have a Registration Number and letter or certificate as evidence of their registration if they're:

- registered by a Health and Social Services Trust
- approved under the Home Child Care Providers Scheme
- registered by the Department of Education (DENI)

Childcare at schools

If your childcare is provided at a school, the care must be:

- under the management of the school or independently registered or approved; and
- outside of normal school hours, unless your child hasn't reached compulsory school age

Boarding schools

If you pay childcare charges for a child in a residential boarding school, you can use Tax-Free Childcare if the charges:

- don't include any element for compulsory education
- are for care outside of school hours
- can be distinguished on an itemised invoice

Childcare from partners and relatives

You can't use Tax-Free Childcare to pay for care provided by you, your partner, the child's parent, foster parent or step-parent, or anyone else with parental responsibility.

If your childcare is provided by a relative you can only pay them from your Tax-Free Childcare account if they're:

- a registered or approved childcare provider
- caring for your child outside your child's home

A relative means the child's:

- grandparent
- aunt or uncle
- brother or sister

Checking your childcare provider is signed up with Tax-Free Childcare

To get Tax-Free Childcare payments, your registered or approved childcare provider will need to [sign up](#) to Tax-Free Childcare.

You can check if your childcare provider is signed up to get Tax-Free Childcare, [<here>](#). From your childcare account you can also see a list of childcare providers who are:

- registered or approved by an appropriate authority (for example, Ofsted)

- signed up to get payments from Tax-Free Childcare

If your childcare provider has signed up for Tax-Free Childcare you can pay them immediately.

You can ask your childcare provider to register for Tax-Free Childcare if they haven't already. Information for your childcare provider is available [<here>](#).

Qualifying childcare costs

You can use Tax-Free Childcare to pay for a range of childcare costs including deposits, retainers (during holidays) and payments in advance - where these allow you to work.

Where registered or approved childcare is provided by a person working for you as an employee, for example a nanny, Tax-Free Childcare may be used to cover the costs of employing that person.

This can include the net pay of the employee as well as any PAYE and employer National Insurance Contributions which you may be liable to pay. You can make this payment from your childcare account direct to HMRC.

If you don't live in the UK

If you and your partner (if you have one) live in another EEA state, and you work in the UK and pay for registered and approved childcare, you may be eligible for Tax-Free Childcare.

You and your partner (if you have one) must meet the same conditions to those that apply to UK residents.

Your earnings and income

If you and your partner (if you have one) live in another EEA state, you need to:

- calculate your earnings to determine whether you can get Tax-Free Childcare
- confirm that you expect to meet the minimum earnings requirement to receive Tax-Free Childcare
- confirm that your annual income does not exceed the amount that would result in you being an additional rate taxpayer if you lived and worked in the UK

Income tax is payable at the additional rate by those with income over £150,000 per year.

You may be required to submit documentary evidence to prove your earnings.

Evidence of employment / self-employment

If you and your partner (if you have one) live in another EEA state, you'll need to provide sufficient evidence to confirm your employment status, as either employed or self-employed, before you can open a childcare account.

Benefits and other support you may get

Benefits and other statutory payments that you or your partner (if you have one) receive within another EEA state will be treated in a similar manner to the equivalent UK benefit or payment when determining your status for Tax-Free Childcare.

A benefit or statutory payment received within another EEA state is considered equivalent to the corresponding UK benefit if they have broadly the same intended effect and can be clearly compared with one another.

Examples:

- If you or your partner (if you have one) get an EEA benefit which is 'substantially similar in character to' tax credits or Universal Credit, or you or your partner gets EEA state funded childcare which is 'substantially similar in character' to tax and National Insurance exemptions for support that your employer gives you, you won't get Tax-Free Childcare.
- If you or your partner (if you have one) get a statutory payment in the EEA which is 'substantially similar in character' to Statutory Maternity, Paternity or Adoption pay then you or your partner (as appropriate) will meet the qualifying work condition for Tax-Free Childcare.
- If your child is in receipt of an EEA payment that is 'substantially similar in character to' Disability Living Allowance, Personal Independence Payment or Armed Forces Independence Payment, then they'll be treated as a disabled child within Tax-Free Childcare.

3. How to Apply

Applying for Tax-Free Childcare

Getting ready to apply

To apply for Tax-Free Childcare you'll need to have already verified your child's identity with the Government.

If your child is registered for Child Benefit you can use your Child Benefit number as proof of your child's identity.

- Your Child Benefit number starts with 'CHB' and is made up of 8 numbers and 2 letters e.g. CHB12345678 AB
- It's on your Child Benefit award notice and usually on paperwork from the Child Benefit Office
- If you don't have the number to hand you can also contact the [Child Benefit Office](#) by phone or post to get your number

If your child is registered for Child Benefit, but you're not the Child Benefit recipient for that child, and you cannot get hold of the Child Benefit number from the recipient, you'll need to [contact HMRC](#).

If your child is not registered for Child Benefit, you'll need to send in your child's original birth or adoption certificate for this to be confirmed before you can apply for Tax-Free Childcare:

- send your child's original birth or adoption certificate by [post](#) to HMRC. This will be used to verify your child's identity and will be safely returned to you
- it can take a number of weeks to process a Tax-Free Childcare application made in this way, so make your application as soon as possible
- you can order a new birth or adoption certificate [here](#) if you've lost the original

If HMRC confirms the identity of your child, you'll be given a Tax-Free Childcare reference number to use when you apply to Tax-Free Childcare.

[Note: Later versions of the guidance will contain further information on how to send your birth certificate to HMRC and timescales.]

Confirming your identity

You'll need to prove who you are online so you can use government services safely.

To make sure that your personal information is safe and secure you'll be asked for information from your:

- passport

- driving licence

[Note: Later versions of the guidance will include further information on the identity assurance process. The latest information on GOV.UK Verify is available <[here](#)>].

Completing your application for Tax-Free Childcare

You'll be asked questions to check if you're eligible to get Tax-Free Childcare.

You'll be asked to input your personal details including:

- your National Insurance number
- Child Benefit number or your Tax-Free Childcare reference number
- details of your employment(s) and/or self-employment
- confirmation of whether you're getting tax credits, Universal Credit, childcare vouchers or any other state funded childcare support

The online registration will tell you what type of information you'll need to have with you.

If you have a partner, only one of you can complete the online application form. You'll need to enter details about your partner including their National Insurance number, and details of their employment(s)/self-employment and benefits that they receive.

You can apply for more than one child at the same time. You only need to complete one application, but you'll need to confirm the eligibility of all your children.

Submitting your application for Tax-Free Childcare

HMRC will check the information you've provided against information that we hold to confirm that you're eligible to receive support.

In most cases, HMRC will confirm if you're entitled to Tax-Free Childcare within a few seconds. If your application to Tax-Free Childcare hasn't been successful you'll be told why, what further information is required and how you can ask for a review of this decision if you do not agree with it.

When you're told you can get Tax-Free Childcare, you can start using your childcare account.

Using Tax-Free Childcare

You can then start using your childcare account.

You'll need to nominate your childcare provider(s) and can then set up payments to that or those provider(s).

Once the account is opened you'll be responsible for managing the account, for example, paying money in and paying your childcare provider.

Applying for Tax-Free Childcare for an additional child

If you later want to open a Tax-Free Childcare account for an additional child, you'll only have to provide the same details as at reconfirmation. HMRC will need to check you're still eligible and the eligibility of the child you're opening an account for.

The account for the new child will be given the same reconfirmation dates as the account held for your existing child.

More than one application for the same child

Only one person can get Tax-Free Childcare for the same child.

If you're jointly responsible for a child, you should agree with the other person who should apply.

If you can't reach an agreement, HMRC will decide who can get the childcare account for the child.

HMRC will decide who gets a childcare account by looking at your circumstances, such as:

- whether you pay for childcare to help you work
- whether you need to pay for childcare if you're about to take up work or increase your hours
- the cost of your childcare and how many hours you use, or will use
- any support you previously received with your childcare costs before applying for the scheme, such as tax credits or Universal Credit

This list is not exhaustive.

If a childcare account is already open for a child, this will remain open until the decision on who should have a childcare account is resolved.

Example 1

Mum looks after Josh three and a half days a week, as does Dad. Dad drops Josh off at his Mum's on Sunday night ready for the school week. On Thursday Dad picks Josh up from school and he remains with him until Sunday night. Both consider themselves responsible for Josh. Mum works two days a week and aims to increase this to five days a week with the help of Tax-Free Childcare; Dad also plans to use the Tax-Free Childcare to reduce the cost of his childcare bill when he is at work for two days. They both apply for Tax-Free Childcare as they cannot agree who should get it.

HMRC assess that they're both eligible to open an account. On consideration of the evidence HMRC decides to allow Mum to open a childcare account on the basis that she is increasing her hours and will require more childcare than Dad.

Example 2

Emma lives with her Mum for four days of the week and her Dad three days. Although Emma spends more time each week with her Mum, both consider themselves responsible for Emma. Mum works only one of the days Emma lives with her whilst Dad needs childcare support for the three days Emma lives with him. So in this example, HMRC decides to allow the Dad to open the childcare account on the basis that it is supporting him working for more hours than Mum.

4. Managing your account

Paying money into a childcare account

You can pay as much as you like into a childcare account.

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

Other people can make payments into a childcare account, for example, your friends, family or employer.

Payments can be made regularly into the account by standing order, or as one-off payments when required. Payments can be made by electronic bank transfer or by a debit card.

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

You can't switch money between childcare accounts, or use money from one child's account to pay for the childcare costs of another.

Top-up payments made into childcare accounts are not regarded as income - you do not have to declare them for income tax purposes.

Paying money out

Your childcare provider(s) must be [signed up](#) for Tax-Free Childcare to get payments from you. You can set up regular or one-off payments to them from your online childcare account.

You'll be able to pay up to ten childcare providers from each childcare account.

You can also make payments to HMRC to cover the costs (such as employer National Insurance contributions) of employing a childcare provider, for example a nanny.

Withdrawing your money

The money you've paid into your childcare account can be withdrawn at any time.

When you make a withdrawal, your own contributions will be refunded to you and the corresponding top-up amount will be repaid to HMRC. There are no restrictions on the number of withdrawals that can be made from the account.

Pay-only account

Your account will become "pay-only" when you're no longer eligible for top-up payments or you have an outstanding unpaid Tax-Free Childcare debt. This means that if you pay into the account it won't get topped-up, but you can use any available funds in your account to pay your childcare provider(s) for childcare you need in order to work.

Reconfirming that you're eligible each quarter

You'll need to reconfirm your eligibility for Tax-Free Childcare every three months by logging into your online childcare account and reconfirming your details.

Your initial Tax-Free Childcare entitlement period starts on the day you open your childcare account and will normally run for three months.

You'll be sent reminders by text or email when you need to reconfirm your eligibility. You can decide whether or not you get these reminders by logging on to your childcare account and changing your preferences.

You'll have three weeks to reconfirm your eligibility to make sure your payments continue in your next entitlement period.

If your personal circumstances change during your entitlement period you don't need to report these changes until your next reconfirmation.

This means you can get support for the entire entitlement period and you don't have to pay any support back if you're no longer eligible.

Unable to reconfirm as not eligible

If your circumstances change and you're not eligible at the time of your next reconfirmation, you do not need to log onto your account to tell HMRC this.

Your account will automatically become “[pay-only](#)” - meaning you cannot get top-up payments until you next reconfirm, but you can continue to use funds in your account to pay your [childcare provider](#)(s) for childcare you need in order to work.

Your account will be closed if you haven't reconfirmed for two years, or if your child is one year over the [maximum age limit](#). You'll be contacted before your account is closed.

If your account is closed, your funds will be returned to the bank account you provided and the top-up amounts returned to HMRC.

Reconfirming late

If you did not reconfirm on time, but do so within the next [entitlement period](#), you can still get support.

How much you get will depend on whether or not you were eligible from the start of the entitlement period. If you were eligible, you can get the maximum amount of [top-up payments](#).

If not, your limit will be in proportion to the number of days left in the entitlement period.

Re-starting Tax-Free Childcare

If you become eligible again in the future, you can re-start your Tax-Free Childcare payments by [logging onto your childcare account](#) and reconfirming your details. You'll still have the same quarterly entitlement dates.

You can re-start your Tax-Free Childcare payments part of the way through an [entitlement period](#). How much you get will depend on whether or not you were eligible from the start of the entitlement period. If you were eligible, you can get the maximum amount of [top-up payments](#). If not, your limit will be in proportion to the number of days left in the entitlement period.

Your account will be closed if you haven't reconfirmed for two years, or if your child is one year over the [maximum age limit](#). You'll be contacted before your account is closed.

If your account is closed, your funds will be returned to you and the top-up amounts returned to HMRC.

Money not used each entitlement period

You don't have to spend all the money in the childcare account each [entitlement period](#). Funds can be built up in the account for when you need to pay for childcare.

Changing your personal information

Providing the correct information means you'll get the top-up payments you're entitled to.

If you wish to change your contact details or bank details you can change these at any time by logging onto your childcare account to update them. You do not need to report changes of circumstances as and when they happen, so you can wait until you need to reconfirm to change your details.

You must tell us of any changes to your circumstances when you contact us to reconfirm your entitlement each quarter.

Closing a childcare account

You can close your childcare account at any time. HMRC will close the account 12 months after your child reaches the [maximum age limit](#) or two years after you stop reconfirming that you're eligible.

When an account is closed, your money will be repaid to you and the Government top-up returned to HMRC.

You'll be contacted before your account is closed, unless you have requested it.

You'll be able to use any balance on an account to pay for childcare costs before the childcare account is closed if you're still waiting.

Nominating others to help you run your Tax-Free Childcare account

You can nominate someone else to help you run your Tax-Free Childcare account. This can be:

- your partner, who will be able to make payments into and out of your childcare account, and also reconfirm that both of you are eligible each quarter
- someone who is not your partner, who will be able to make payments into and out of your childcare account, but they won't be able to reconfirm your eligibility each quarter

You can only nominate one other person to help you run your account.

The person who you nominate to manage your account will need to prove <who they are online> before they can carry out actions on the account on your behalf.

You can use your childcare account as well as the person you nominate.

You'll continue to be responsible for the childcare account and the payments made out of the account. If mistakes are made by the person helping to run your account you could still be liable for penalties.

[The final guidance will have more detail on the process for nominating someone to help run your account.]

People you cannot nominate to help you run your account

Unless you're the partner of the account holder, you cannot manage an account on behalf of someone else if you're:

- employed by or providing services to the scheme's account provider (NS&I)
- a childcare provider who cares for the child
- already managing 5 other childcare accounts

Ending a nomination

You may end a nomination at any time.

[The final guidance will have more detail on the process for ending a nomination.]

Applying for Tax-Free Childcare and managing a Tax-Free Childcare account on behalf of someone else

If an eligible parent is unable to apply for Tax-Free Childcare and manage an account themselves then someone else can be appointed to do this for them.

This is different to being nominated to [help run someone else's Tax-Free Childcare account](#).

To be appointed, you must be one of the following:

- an appointee or an authorised representative appointed by the Secretary of State, Department of Work and Pensions, or
- in England and Wales, a Receiver appointed by the Court of Protection
- in Scotland, a Tutor, Curator or other Guardian appointed by law
- in Northern Ireland, a Controller appointed by the High Court

If you are appointed to act on behalf of someone else you can:

- open the childcare account;
- reconfirm the parent's eligibility each quarter; and
- manage the childcare account - for example, make payments to childcare provider(s)

You'll be responsible for the actions taken on an account.

Getting appointed

For you to be appointed, the person on whose behalf you wish to act must be incapable of managing their affairs because of mental incapacity or severe physical disability. There are clear guidelines in place that will need to be met before approval of an appointment can be given.

In some cases face-to-face contact may be required to organise an appointee.

[Advice on becoming an appointee will be contained in later versions of the guidance.]

Ending an appointment

Your appointment will end if:

- HMRC decide to end it
- you give HMRC a month's notice of your resignation in writing, unless you're court appointed
- HMRC are notified that you are no longer the person's Appointee, Receiver, Tutor, Guardian or Controller

5. Advice for Employers

Introduction

You're not required, as an employer, to play a role in Tax-Free Childcare. However you may decide to offer support to your employees through Tax-Free Childcare, as part of your wider family friendly employee package.

Employers are required to submit Pay As You Earn information about every payment made to employees. It is important that you continue to report your employees' Pay As You Earn information on time, as HMRC need to check employees' total earnings to ensure that their income falls within the relevant income thresholds for Tax-Free Childcare.

How you can get involved in Tax-Free Childcare

You can support your employees by making them aware of Tax-Free Childcare. You're encouraged to refer employees to GOV.UK for advice on Tax-Free Childcare, for example, those employees who are going on or returning from parental leave.

You may decide to take an active role by making payments, including bulk BACS payments, into the childcare account direct from the employee's net pay or as

additional payments. You can make this payment even if it takes the employee's remaining pay below the National Minimum Wage threshold, as payments into childcare accounts will still be classed as earnings.

You may not make payments into the childcare account direct from the employee's gross pay.

All additional payments made by employers will be classed as earnings. This means that tax and National Insurance Contributions must be paid on all additional payments made into a Tax-Free Childcare account.

[Note: Later versions of the guidance will provide further details on how you as an employer can make payments into your employees' accounts.]

Employer-Supported Childcare

Childcare vouchers

Employees new to childcare vouchers won't be able to get the tax exemption and National Insurance contributions disregard for childcare vouchers and you won't be able to get a disregard on employer National Insurance contributions. This includes new employees who were in receipt of childcare vouchers with a previous employer, even if that employer is within the same group of employers. If an employee moves to a different Pay As You Earn scheme they'll need to be treated as a new employee.

You'll be able to provide childcare vouchers to employees new to childcare vouchers, but these will be subject to tax and National Insurance contributions.

You can continue providing childcare vouchers that are subject to the tax exemption and National Insurance contributions disregard to employees who already receive them from you. They can continue to receive this support as long as they do not also choose to take up Tax-Free Childcare. If they do take up Tax-Free Childcare, they should give you a [childcare account notice](#).

Directly-contracted childcare

Employees new to directly-contracted childcare won't be able to get the tax exemption for directly-contracted childcare and you won't be able to receive a disregard on employer National Insurance contributions. This includes new employees who were in receipt of childcare vouchers with a previous employer, including an employer within the same group of employers. If an employee moves to a different Pay As You Earn scheme they'll need to be treated as a new employee.

You can provide directly-contracted childcare to employees new to the scheme, but this will be subject to tax and Class 1A National Insurance contributions as a benefit in kind.

You can continue providing directly-contracted childcare that is subject to the tax exemption and National Insurance contributions disregard to employees who already receive them from you. They can continue to receive this support as long as they do not choose to take up Tax-Free Childcare. If they do take up Tax-Free Childcare, they should give you a [childcare account notice](#).

Workplace nurseries

Workplace nurseries are not affected by the introduction of Tax-Free Childcare. Your employees can continue to get an unlimited tax exemption and National Insurance disregard on childcare they receive through a workplace nursery, and you can continue to receive an unlimited employer National Insurance contributions disregard.

This is the case both for employees who already receive support through your workplace nursery, and those who haven't previously used your workplace nursery.

Employees joining Tax-Free Childcare

To join Tax-Free Childcare, any employee getting the tax exemption and National Insurance disregard on childcare vouchers or directly-contracted childcare must commit to stop receiving this support within three months of joining Tax-Free Childcare as part of their application to that scheme.

Where employees leave a 'salary sacrifice' arrangement for childcare vouchers or directly-contracted childcare to join Tax-Free Childcare, this will be classed as a life event. This won't call into question the previous salary sacrifice arrangement.

Your employees will be able to get the tax exemption on National Insurance disregard for support they receive through your workplace nursery whilst receiving support through Tax-Free Childcare.

Childcare account notice

When an employee decides to stop receiving childcare vouchers or directly-contracted childcare with a tax and National Insurance exemption they must give you a childcare account notice. The childcare account notice is a written notification from an employee saying they wish to permanently stop receiving the tax exemption and National Insurance contributions disregard for childcare vouchers and directly contracted childcare. This notice may take any format, so can follow whatever process you, or your voucher provider if you use one, already use, provided it is clear that the employee wishes to permanently stop receiving the tax exemption and National Insurance contributions disregard.

The tax exemption and National Insurance contributions disregard will no longer apply if you provide childcare vouchers or directly-contracted childcare after you have been given a childcare account notice, even if your employee subsequently

leaves Tax-Free Childcare. You must apply the normal tax and National Insurance contributions rules to these payments or benefits in kind.

6. Advice for Childcare Providers

Introduction

Tax-Free Childcare allows parents to pay for their childcare directly to their childcare provider(s). To receive childcare payments through Tax-Free Childcare you must be

- registered or approved by an appropriate [regulatory authority](#)
- signed up to get Tax-Free Childcare payments.

Sign-up to get Tax-Free Childcare payments <[here](#)>.

Registering with a regulatory authority

To get Tax-Free Childcare payments you must be registered or approved with one of the following UK regulatory authorities:

- Ofsted in England
- Social Care and Social Work Improvement Scotland (SCSWIS)
- Care and Social Services Inspectorate in Wales (CSSIW)
- your local Health and Social Services Trust in Northern Ireland
- the Independent Schools Inspectorate (ISI) in England or other inspectorates operating in the independent schools sector
- the Care Quality Commission

If you're not currently registered or approved and would like to do so you should contact the relevant authority:

- in England you should contact
 - Ofsted (<http://www.ofsted.gov.uk/> or by telephoning 0300 123 1231)
 - the Care Quality Commission (<http://www.cqc.org.uk> or by telephoning 03000 616161)

- in Scotland you should contact the Care Inspectorate (<http://www.scswis.com> or by telephoning 0845 600 9527)

- in Northern Ireland you should contact your local Health and Social Services Trust Early Years Team (<http://www.nidirect.gov.uk> and search for Early Years Teams)

- in Wales you should contact the Care and Social Services Inspectorate (<http://cssiw.org.uk/> or by telephoning 0300 062 8800)

The regulatory authority will provide you with a letter or certificate confirming your registration or approval number as evidence that you're registered or approved.

Signing up to get Tax-Free Childcare payments

You must be signed up to the Tax Free Childcare scheme itself in order to receive payments from parents under the scheme.

The sign-up process is simple, quick and free. When signing up with Tax-Free Childcare you'll need to provide the following information:

- name (person responsible for handling your Tax-Free Childcare payments)
- contact number
- email address
- registration or approval number
- banking details (Name, Account Number and Sort Code where payment will be made)

Sign-up to receive Tax-Free Childcare payments [<here>](#).

Childcare provider ID number

Once you've signed up for Tax-Free Childcare you'll be given a unique Tax-Free Childcare ID number. This number will be required each time you contact us.

You should not give this ID number to anyone else.

Providers registered with childminder agencies

If you're registered with a childminder agency you can get Tax-Free Childcare payments paid to:

- the agency (who will pay or pass on the money to you)
- you directly

Tax-Free Childcare payments can only be used to pay for the costs of childcare. The payments cannot be used to cover an agency's administrative costs.

Changing your bank details

If you change your contact and/or bank details you need to update the information held by Tax-Free Childcare.

Getting further help with Tax-Free Childcare payments

If you need further help with Tax-Free Childcare payments please contact [<link>](#).

7. Tax-Free Childcare Checks

It's important that you give accurate information to HMRC, so that HMRC can make sure that you're entitled to Tax-Free Childcare.

If you're asked for more information

1. You'll be contacted by HMRC

HMRC will contact you if they want to check your details or request more information. This is to confirm that you're eligible for Tax-Free Childcare.

This might be by telephone, or we may send you a formal request for more information.

2. What you'll need to provide

HMRC can ask you for more information about details that affect your eligibility, for example, your income, your employment or self-employment, your child or your childcare payments. Third parties such as your employer or childcare provider may also be asked for information.

3. Providing your information

HMRC will tell you when they'll need this information by. If you do not give this information to HMRC by this deadline you may be sent a final warning notice. If you do not give the information by this new deadline, you might have to pay a penalty of up to £300.

4. Results of a check

If HMRC believe you received Tax-Free Childcare top-ups that you were not entitled to, you'll have to pay these back. HMRC will calculate and tell you the amount of top-up that you need to repay.

A penalty may also apply if you:

- made an inaccurate declaration because you failed to take reasonable care. This can be up to £125
- deliberately made an inaccurate declaration. This can be up to £250
- repeatedly used your childcare account funds for non-permitted childcare purposes
- provided inaccurate information or false documentation to try and prove your eligibility. In such cases, HMRC can fine you up to £3000
- committed fraud

If you're asked to repay money or pay a penalty

HMRC will write to you if you need to repay amounts back to HMRC. You'll get a letter telling you:

- how much you need to repay
- the reasons for the decision
- how to repay this amount
- what your review and appeal rights are

You'll need to repay this money:

- within 30 days, if you do not apply for a review
- within 30 days from the end of the review, if you're not appealing against its decision
- the day an appeal is decided or withdrawn, if following an unsuccessful review, you've subsequently appealed

If you don't repay this money by the due date HMRC:

- will automatically set your account to pay-only meaning you'll not be entitled to receive further top-up payments
- will try to take the money directly from your childcare account. If you don't have enough funds in your childcare account, then HMRC will get the money back through its normal debt recovery processes
- can start to charge interest on any unpaid amounts

Debts can be a combination of top-up payments, penalties and interest. HMRC will treat any money it receives as paying off any debt in this order:

- 1) Penalties and other amounts not included under 2) and 3)
- 2) Recoverable top-up payments
- 3) Interest

8. Reviews, Appeals and Complaints

If you disagree with a Tax-Free Childcare decision

You can ask for your Tax-Free Childcare decision to be looked at again.

<Contact> the Tax-Free Childcare team first. They can check your childcare account(s) and may be able to make changes if anything is wrong.

If you still disagree, you can make a formal request to have the decision looked at again (which is sometimes called a “mandatory review”). You must do this within 30 days of the date on your decision letter or secure message.

Your decision letter will tell you if you can ask for a mandatory review.

When making a request for a mandatory review, you may wish to use this form [\[link\]](#). To complete the request you’ll need to tell HMRC:

- your Tax-Free Childcare account reference number(s)
- your full name and address
- details of the decision you disagree with
- the reasons for seeking a review of that decision

HMRC will then check the decision. Based on their review HMRC may uphold their original decision or change it. HMRC will have 30 days to complete their review. In some cases HMRC may need more information, which they’ll ask you to supply. To allow time for provision of this extra information, in these cases, HMRC can take 45 days to complete their review of the decision.

After HMRC has reviewed your decision

If you’re still unhappy with the outcome of HMRC’s mandatory review, you can take things further and appeal to the first tier tribunal against the decision. The letter HMRC send you about confirming the outcomes of your review will tell you how to do this.

If you haven’t heard back from HMRC on your review after 30 (or 45) days, the original decision will stay standing. In these cases you can appeal this decision without waiting any longer.

Complaints

You can complain when:

- mistakes have been made
- you have experienced unreasonable delays
- you’re unhappy about the way you’ve been treated

How to complain about Tax-Free Childcare

Complaints can be made by contacting [<insert link>](#).

When you complain, please include:

- your Tax-Free Childcare account reference number(s)

- your full name and address
- what went wrong
- when it happened
- how you would like us to put things right

HMRC will contact you to let you know when to expect a response.

Getting someone to complain for you

You can ask someone else to complain for you, for example, a relative, friend, professional adviser or voluntary organisation. If you do, you'll have to authorise us to give that person private information about your financial matters.

Putting things right

Sometimes HMRC may get things wrong. When this happens, we'll contact you and try to put things right as quickly as possible.

In cases where our wrong actions have caused you to lose out on any money you may have been entitled to, we'll fix this. This might be when:

- you win an appeal or review against HMRC's decision not to allow you to open a childcare account
- you win an appeal or review against a wrong HMRC decision
- you miss out on top-ups because of a system outage in HMRC, NS&I or your bank's systems that prevents you from making a payment into your account in the last few days of an entitlement period

In the above cases HMRC can increase the maximum amount of top-up payments you can get in an entitlement period. With your agreement, this may be spread out over several entitlement periods.

If your childcare costs are less than £2500 in 3 months, HMRC can offer you a compensatory payment. This will enable you to get 20% of any qualifying childcare costs you incurred during the period in which you had been denied top-up payments.

The Adjudicator

If you're still unhappy with your treatment, you can ask the [Independent Adjudicator](#) to look into your complaint. This is an independent service, and won't cost you anything. The Adjudicator will only look at your complaint after it has been considered by Tax-Free Childcare.

The Parliamentary and Health Service Ombudsman

You can ask your MP to refer your complaint to the [Parliamentary and Health Service Ombudsman](#). The Ombudsman will normally expect you to have had your complaint considered by HMRC and the Adjudicator before they'll consider your case. You can find out who your MP is by looking [here](#).

Withdrawn - do not use