



Guidelines to Tax-Free Childcare

Childcare
Choices

The government has started inviting parents to apply for Tax-Free Childcare, beginning with parents of the youngest children first. Free childcare is offered by the government during term-time only. You can check whether Tax-Free childcare is the best offer for you by using the Childcare Calculator.

<https://www.gov.uk/childcare-calculator>

How much you pay into your Tax-Free Childcare Account, and when, is up to you. You can make one-off payments (for example, by debit) or set-up a standing order to make regular payments into your Tax-Free Childcare account.

For every £8 you pay in, the government automatically adds an extra £2 straight into your Tax-Free Childcare account. You'll then be able to use the full balance to pay for your childcare.

You can pay up to 10 childcare providers from each Tax-Free Childcare account. You'll need to make a spate payment for each eligible child.

Other people, such as family members and employers, can also pay into your Tax-Free Childcare account.

Parents can get up to £2000 government support per child per year towards their childcare costs.

Who can apply?

Your child is less than 12 years old, or

- Your child is disabled and less than 17 years old and they're either:
 - Receiving disability living allowance, a personal independence payment, or an armed forces independence payment
 - Severely sight-impaired or blind, confirmed by a consultant ophthalmologist
- The child you're applying for usually lives with you (you don't have to be their parent)
- You live and work in the UK, unless you're a Crown servant or member of the HM Armed Forces posted overseas
- You're working and expect:
 - To earn on average at least £120 per week (but see below if you're under 25)
 - Your total taxable income to be less than £100,000 per year

You are eligible for Tax-Free Childcare if:

- 16 years or over
- Live or work in the UK

- Are employed or self-employed
- Are over 21 and earn on average at least £120 a week, unless in your first year of self-employment. Different rates apply if you're under 21 or an apprentice
- Earn less than £100,000 a year each (you and your partner)
- Don't get other support with your childcare, including from a childcare voucher or salary sacrifice scheme.

You may also be eligible if you have a *partner and one of you gets any of the following:

- Carers Allowance
- Employment and Support Allowance
- Incapacity Benefit
- Severe Disablement Benefit

* A person is classified as your partner if:

You are married or in a civil partnership and you live together in the same household,

OR

A couple who live together as if you are married or in a civil partnership.

If you're under 25, you should expect to earn at least £111 (not £115) a week.

If you're under 24 or an apprentice, you should expect to earn the equivalent of 16 hours at the National Minimum Wage and Living Wage rates which apply to you.

Every 3 months, you'll need to reconfirm you're still eligible for Tax-Free Childcare using your childcare service account. It's easy to do; you just tick a box to confirm that your details haven't changed. You'll be reminded to do this 4 weeks before the reconfirmation deadline. Keep an eye out for your emails to make sure you receive this notice!

You can't apply for Tax-Free Childcare for a child who is:

- Your foster child
- Living away from your home for 6 months or more
- In a young offenders' institution OR secure children's home OR training centre
- Being looked after by a local authority, unless it's short term, respite care.

If you're adopting a child, you can apply for Tax-Free Childcare when a court has made an adoption order.

Applying for Tax-Free Childcare

You can apply for Tax-Free Childcare for more than one child as part of a single application. You can only get a childcare service account, if no one else holds an account for the same child.

You'll need:

- Your National Insurance number
- Personal details, for example, from your UK passport or driving license
- If you're self-employed, you're Unique Taxpayer Reference,
- The date you started, or are due to start work
- Details of any other government support you get

In most cases, you'll be told instantly if your Tax-Free Childcare application is successful. If your application is unsuccessful we will tell you why you're not eligible.

When you start your application, you'll temporarily leave the site to verify your identity. Once your identity's been verified you'll be brought back to this site to complete your application.

Sign up should take around 20 minutes.

Apply at: <https://childcare-support.tax.service.gov.uk/par/app/applynow>

“I’m self-employed; what can I do?”

You can apply for Tax-Free Childcare if you’re self-employed and have registered your business with HM Revenue and Customs. You can use income from both your employment and self-employment to meet the minimum income.

Your first 12 months of self-employment is your start-up period. During this time you don’t have to earn the minimum of £120 a week to be eligible for Tax-Free Childcare.

You can average your self-employment income across the year to meet the minimum income criteria. You need to meet the minimum using only your self-employment income if you take this approach.

“I’m off work at the moment as my wife’s had a baby. What about us?”

You can still apply for Tax-Free Childcare if you’re on paid:

- Sick Leave
- Ordinary/Additional maternity/paternity
- Adoption leave
- If you’re getting Maternity Allowance
- Shared Parental Leave
- Annual Leave

You can also apply for Tax-Free Childcare if you’re not working currently but expecting to start a new job in the next fortnight (14 days)

“My partner receives benefits and support. Does this mean we can’t get Tax-Free Childcare?”

You may still be able to get Tax-Free Childcare if you or your partner doesn’t work, and the non-working partner gets:

- Incapacity Benefit
- Long-Term Incapacity Benefit
- Severe Disablement Allowance
- Carers Allowance
- Contribution-based Employed and Support Allowance
- National Insurance credits because of incapacity OR limited capability for work

If you apply for Tax-Free Childcare, you can’t also have:

- Child Tax Credit
- Working Tax Credit
- Universal Credit
- Any childcare vouchers provided by your employer

Your Child Tax Credit and Working Tax Credit payments will stop automatically if you successfully apply for Tax-Free Childcare.

You should apply for Tax-Free Childcare before asking Job Centre Plus to stop your claim on Universal Credit because there may be other reasons why you’re not eligible for Tax-Free Childcare.

If you’re getting Childcare vouchers you need to inform your employer within 3 months of applying for Tax-Free Childcare so that they can stop giving you childcare vouchers.

The Childcare Calculator can help you work out whether you’d be better off with Tax-Free Childcare or not.

Your online Childcare Service account:

Once you’ve successfully applied for your online account, you can:

- View all your children’s Tax-Free Childcare accounts in one place
- Confirm you’re still eligible for Tax-Free Childcare and 30 Hours free Funding
- Start paying into your Children’s Tax-Free Childcare accounts AND
- Use it to pay for childcare costs