

FACT SHEET

FINANCIAL ASSISTANCE – Childcare Vouchers

Description:

Vouchers are a way employers can assist you to pay for childcare. The voucher can be a paper voucher, which you receive from your employer and pass onto your childcare provider, or it can be a virtual voucher redeemed electronically by the childcare provider.

Vouchers, up to a maximum of £50 per week, entitle you to an exemption from tax and National Insurance Contributions. If you receive £50 per week in childcare vouchers you will be better off as you will be paying around £15 per week less in tax and National Insurance Contributions. Both you and your partner may claim the exemption.

Your employer can offer vouchers as a benefit-in-kind on top of existing pay; as part of a flexible benefits package or as part of a salary sacrifice scheme.

Conditions:

If you are an unemployed or self-employed parent you are not eligible for vouchers - as this is a benefit an employer gives to an employee.

Your children are eligible for vouchers to the 1st September following their 15th birthday, or 16th birthday if they are disabled.

Your employer has to make the scheme available to all employees at the site where the scheme operates.

There is no limit on the amount you can receive in vouchers, although only the first £50 per week qualifies for exemptions on tax and National Insurance Contributions. The exception to this is if you are receiving the vouchers as part of a Salary Sacrifice scheme they must not take your hourly rate below the National Minimum Wage.

Payment of childcare vouchers can, in some circumstances, can affect your pension and working tax credit entitlements. You should take advice from your employer, trade union or a financial advisor on your own financial position.

The vouchers can be used to pay for all forms of legal childcare, including before/after school care and holiday care, but to qualify for the exemption on tax and National Insurance Contributions the childcare must be registered or approved.

How Cartwheels can help with Childcare Vouchers

We are happy to accept childcare vouchers in part payment for your childcare. It is very simple, all you have to do is give us the voucher and we will deduct the amount from your monthly invoice. We deal with reclaiming the value of the voucher from your employer. If your employer does not operate a childcare voucher scheme we are willing to talk to them or arrange a meeting to explain how the scheme works and the benefit to employees.

Useful Contacts: www.hmrc.gov.uk

Disclaimer

Cartwheels Children's Centres have provided the information contained in this Fact Sheet in good faith. We would advise you that we do not accept any liability for consequential effects caused by any action you may take as a result of the information contained in this Fact Sheet.