

# FACT SHEET

## FINANCIAL ASSISTANCE – Employer Childcare Voucher Schemes

### Description:

A Childcare Voucher Scheme is a way you as an employer can assist your employees to pay for childcare.

You 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.

You can administer your own voucher scheme or contract with a Childcare Voucher Scheme company and pay them a management fee to handle it on your behalf.

### Benefits:

- Financial.
  - National Insurance Contributions saving on first £50 a week of vouchers, around £300 per annum per employee.
  - Tax and National Insurance Contributions savings for your employees.
- Improved recruitment and retention of staff.
- Improved morale and increased motivation of staff.
- Reduced levels of absenteeism.

### Conditions:

You have to make the scheme available to all employees at the site.

The scheme is not available to unemployed or self-employed parents.

Children are eligible for vouchers to the 1<sup>st</sup> September following their 15<sup>th</sup> birthday, or 16<sup>th</sup> birthday if they are disabled.

There is no limit on the amount of vouchers you can give employees but only the first £50 a week qualifies for exemptions on tax and National Insurance Contributions. However if an employee is receiving vouchers as part of a Salary Sacrifice scheme their hourly rate must not fall below the National Minimum Wage.

To qualify for exemption on tax and National Insurance Contributions the childcare provider must be registered or approved.

## How To Set Up A Voucher Scheme

### Do It Yourself

1. Produce a Childcare Voucher – Cartwheels can provide a template for you to use or you can create your own.
2. Distribute to employees or post to their home address.
3. Employees use the vouchers to “pay” their childcare provider.
4. The childcare provider redeems the value of the voucher from your company.
5. You pay the childcare provider directly into their bank account.

### Contract an External Service Provider

1. If you type in ‘childcare vouchers’ into Google you will find a list of companies who can run a childcare voucher scheme for you.
2. The cost of running the scheme is often less than the National Insurance Contributions savings you can make as an employer.

## Requirements necessary to qualify for tax and National Insurance Contributions exemptions

Requirement	Record of Evidence
The childcare is eligible – the provider must be registered or approved. The employee must advise you of any change in the registration or approval status of the provider.	Details of childcarer including registration or approval numbers. Written agreement between you and the employee or a copy of Scheme rules specifying requirement.
The child is eligible – the employee is the parent of the child or has parental responsibility for a child with whom they live. The child is within the qualifying age.	Employee declaration  Record of child's date of birth, indicating where appropriate, if the child is disabled.
The scheme is generally available to all employees.	Materials used to publicise the scheme, for example staff handbook.
In case of a Salary Sacrifice the following requirements are also necessary	
The employee's contract of employment has been amended to entitle the employee to a reduced cash salary and a benefit.	Contract amended.
The contract amendment has taken place.	Payslip.
A benefit has been provided.	A copy of the scheme rules.

### How Cartwheels can help with Childcare Vouchers

We are happy to accept childcare vouchers in part payment for your employees' childcare. We can talk with you about how to set up a voucher scheme or how to arrange a direct contract with Cartwheels to provide childcare for your employees, this can save time and complexity whilst still giving the financial benefits. Please refer to our Fact Sheet – Direct Contract With Childcare Provider or contact Joan Barnes on 01440 710655.

Useful Contacts: [www.hmrc.gov.uk](http://www.hmrc.gov.uk)  
[www.daycaretrust.org.uk](http://www.daycaretrust.org.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.