Childcare Vouchers - Tax exemption entitlement

Dear employee,

For anyone who joined the Childcare Voucher scheme after the 6th April 2011, we are required to perform a basic earnings assessment at the start of every tax year to establish which category of taxpayer you are likely to fall into, and consequently your rate of tax and NI exemption entitlement on Childcare Vouchers. Please note the monthly and weekly limits below:

|  |  |  |
| --- | --- | --- |
|   | Weekly tax and NI exempt maximum | Monthly Tax and NI exempt maximum |
| Basic Rate Taxpayer | £55 | £243 |
| Higher Rate Taxpayer | £28 | £124 |
| Additional Rate Taxpayer | £25 | £110 |

As a result of this new basic earnings assessment, **your tax exemption entitlement has changed**. The previous assessment showed you to be a basic rate taxpayer and your entitlement was therefore £55 a week or £243 a month. The reassessment conducted showed you to be **an additional** **rate taxpayer** and as a result your tax and NI exemption has **reduced to £25 a week or £110 a month**. This change will come into effect from April’s pay day.

To see the elements that are included in a basic earnings assessment, please [click here and go to page 9](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/367098/employee-qa2.pdf).

If you have any queries, or would like to see a copy of the assessment, please contact....