



## Childcare vouchers & Tax-Free Childcare FAQs

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## 1. Why can't I join the childcare vouchers scheme?

Unfortunately, the Government closed the childcare vouchers scheme to new entrants on 4th October 2018. This means that if you're a parent looking to join Childcare vouchers for the first time that option is no longer available to you. This is because the Government launched a new scheme called Tax-Free Childcare.

## 2. Can I get a refund for unused childcare vouchers?

Whether you can receive a salary alternative to vouchers you have accrued will depend on the conditions of the scheme determined by your employer in the agreement you signed up to. Please consult those conditions and discuss them with your employer if necessary. It is quite common that employers' schemes do not allow for this.

However, as childcare vouchers can be used for out of school and holiday clubs for children up to the age of 15, you may well be able to get further use of any vouchers you have built up.

## 3. What are childcare vouchers?

Childcare vouchers are an employee benefit that companies can offer their staff that is tax and National Insurance exempt up to specified limits.

	Weekly	Monthly	Annual
<b>Basic rate taxpayers*</b>			
Voucher value limit	£55	£243	£2,916
Potential savings of around**	£15	£68	£816
<b>Higher rate taxpayers</b>			
Voucher value limit	£28	£124	£1,484
Potential savings of around**	£12	£52	£623
<b>Additional rate taxpayers</b>			
Voucher value limit	£25	£110	£1,325
Potential savings of around**	£12	£52	£623

\*and employees who were already receiving childcare vouchers before the 6th April 2011 who have not changed employer

\*\*Savings are calculated according to the 2024-25 tax year

To establish which rate of tax you are likely to pay and therefore how much exemption you are entitled to, your employer will perform a 'basic earnings assessment'. This will include:

- Basic salary
- Taxable benefits
- Car allowance
- Guaranteed bonuses
- Shift allowances
- Commission

Discretionary and performance related bonuses are not included in this assessment. Once completed, this assessment will remain valid until the start of the next tax year,

regardless of any changes in circumstances throughout the year; therefore your tax and NI exemption will not change throughout the year.

Those who were on the scheme within the same employment before the 6th April 2011 will be entitled to tax and NI exemption on £243 a month regardless of the level of tax they pay until they leave the scheme for longer than 12 months, change employer or no longer qualify.

Childcare vouchers are usually offered via a salary sacrifice arrangement, although some employers offer them on top of existing salary.

#### **4. I already receive childcare vouchers; do I need to do anything?**

You can continue to receive the vouchers for as long as:

- You have not previously made a successful application for Tax-Free Childcare
- You remain with the same employer
- Your child is still eligible
- You have had at least one wage adjustment and received vouchers within any 12 month period

#### **5. Which is the best scheme - childcare vouchers or Tax-Free Childcare?**

This depends on your family's individual circumstances. Download our '[Parent's Guide to childcare vouchers and Tax-Free Childcare](#)' for further guidance, or visit the government website [www.childcarechoices.gov.uk](http://www.childcarechoices.gov.uk). Please note that information and figures provided are for general guidance only and we are unable to provide advice on individual circumstances.

#### **6. Can I continue to accrue childcare vouchers?**

Your family cannot benefit from childcare vouchers and Tax-Free Childcare at the same time, but you can remain on the childcare vouchers scheme as long as:

- You have not previously made a successful application for Tax-Free Childcare
- You remain with the same employer
- Your child is still eligible
- You have had at least one wage adjustment and received vouchers within any 12 month period

Edenred childcare vouchers do not expire and if you decide to switch to Tax-Free Childcare at a later date, you can still use up any vouchers accrued in your account. However, your employer may have additional conditions on usage if you leave their employment, please check with your HR team.

#### **7. Can I stay on the childcare vouchers scheme if my partner is claiming Tax-Free Childcare?**

No. You will not be eligible to stay on the childcare vouchers scheme if your partner is on the Tax-Free Childcare scheme.

#### **8. Will I lose any childcare vouchers I've already accrued in my account?**

Edenred childcare vouchers do not expire and if you decide to switch to Tax-Free Childcare at a later date, you can still use up any vouchers accrued in your

account. However, your employer may have additional conditions on usage if you leave their employment, please check with your HR team.

### **9. Can I change the value of childcare vouchers at a later date if my needs change?**

As long as you remain eligible for the childcare vouchers scheme, you can change how much you want to receive in accordance with your employer's scheme rules. Please note that you will need to have had at least one wage adjustment and receive vouchers within any 12 month period to remain eligible for the scheme in the long term.

### **10. What happens if I change employer?**

When you join the childcare vouchers scheme, you are entering into an agreement with your current employer. When you move to a new employer, you are technically 'leaving' the scheme. As the childcare vouchers scheme closed to new entrants on 4th October 2018 you will not be able to 'rejoin' your new employer's scheme.

However, if you are transferring to a new employer via TUPE, your rights are protected, and you will still be eligible to remain on the childcare vouchers scheme.

### **11. Can I use childcare vouchers in conjunction with the '30 free hours for 3-4 year olds' scheme?**

You are still able to receive childcare vouchers in conjunction with 30 free hours, despite what the government website is currently advising. This is an error on their behalf. For clarification and to be able to proceed with your application, call HMRC on 0300 123 4097. Alternatively, if the error message appears, confirm you are not receiving childcare vouchers to proceed, then return to your account later to correct that you are receiving them.

### **12. What type of care can childcare vouchers be used for?**

Childcare vouchers can be used to pay for the care of children up to the age of 15 or 16 if they are disabled, including:

- Home based care such as childminders, nannies and au pairs
- Pre-school care such as nursery schools, play schools and crèches
- Care for older children such as out of school clubs (breakfast clubs, afterschool clubs including activities, homework clubs and boarding, and holiday clubs)

You can use your childcare vouchers to pay more than one carer if you wish. The only condition is that your carer(s) will need to be registered with or approved by the appropriate body.

The current registration and approval bodies include:

- Ofsted Childcare Register – Compulsory (England)
- Ofsted Childcare Register – Voluntary (England)
- Local Health and Social Services Trusts (Northern Ireland)
- Social Care and Social Work Improvement Scotland (SCSWIS) (Scotland)
- Childcare Approval Scheme (Wales)
- The Care and Social Services Inspectorate Wales

It is likely your chosen carer(s) has previously been paid with Edenred childcare vouchers and is already affiliated to the network. Simply ask them for their Edenred account number which you will need to transfer electronic vouchers to them online. Your carer will then be paid automatically by Edenred each time you make a transfer.

If they have not been paid with Edenred childcare vouchers before, they can affiliate [online here](#).

### **13. Can I use childcare vouchers to pay for school fees?**

Care provided by the governing body of a school is approved if it takes place:

- Outside normal school hours (this means the normal hours of compulsory education adopted by the school as appropriate for the age of the child)
- On school premises, or
- On premises that are covered by the inspection of the whole school activity by Ofsted or the equivalent inspection body for certain independent schools.

This means that in terms of private education this would only apply to children under 5 (end of first term following 5th birthday).

If the child is between 5 and 15 (or 16 years old if they are disabled), all of the following must apply:

- The childcare or activity based childcare is provided out of school hours
- The care is provided under the direction of the school's governing body
- The care is provided on the school premises, or on other premises covered by the inspection that Ofsted carry out of the whole school - an example of this could be if the school uses a village hall for its out of school hours childcare activities

### **14. How do I change the carer I wish to pay?**

As your childcare vouchers are not tied to a particular carer, you simply need to ask your new carer for their Edenred account number, or ask them to [affiliate with us](#) if they have not accepted Edenred Childcare vouchers before. Once you have their Edenred account number you can arrange payment via your online account as you did with any previous carers. If you have a standing order set up to go to your old carer, you should delete it.

### **15. When will I receive my next vouchers?**

The date on which you receive vouchers is set by your employer each time they place an order for you, so you should contact them directly with any queries of this nature.

### **16. Will choosing childcare vouchers have an effect on the tax credits I receive?**

If you receive the childcare element of working tax credits, which provides specific support related to childcare costs, this will in most cases be affected, as the value of childcare vouchers you receive will reduce the value of the qualifying childcare costs you can claim in tax credits.

HMRC have a calculator that you can use to find out the impact of Childcare vouchers on tax credits: <http://www.hmrc.gov.uk/calcs/ccin.htm>

### **17. What happens if I go on maternity leave?**

This is something you should speak to your employer about.

### **18. Do childcare vouchers expire?**

There is an expiry date printed on paper childcare vouchers, this is for internal auditing purposes only. Parents can always use their vouchers beyond this date to pay for approved childcare and Edenred will always honour such vouchers. Electronic childcare vouchers do not expire; however, your employer may have additional conditions on usage if you leave their employment.

### **19. Is there an effect on any other benefits?**

Joining a salary sacrifice scheme to receive childcare vouchers reduces your cash pay and the level of income tax and National Insurance Contributions (NICs). As your entitlement to some statutory benefits is based on the amount you earn and your NICs, your current or future entitlement to contributions-based, earnings related, or income-related benefits may be affected.

The effect on non-statutory benefits is determined by your employer or benefit provider and depends on whether they calculate the benefit using your new, reduced salary or use a notional pre sacrifice figure for the calculations.