



62 The Street
Ashted
Surrey
KT21 1AT

T: 01737 844322 F: 01737 844162
Email: david@dbeckman.com

David Beckman & Co Ltd

Chartered Accountants & Chartered Tax Advisers

Childcare - Old Scheme v New

From April 2018, there will be a new childcare scheme called Tax-Free Childcare. But is it better than the existing childcare benefits which exist? Here we contrast the old and new schemes.

	Childcare Vouchers/Payments	Tax-Free Childcare (TFC)
What is the maximum saving per year?	Up to £933 per parent (£1,866 per family).	20% on childcare costs of up to £10,000 per child.
How much would I save?	This depends on your personal circumstances and how much your childcare costs. If you spend £100 on childcare you could save £32 / 32% (based on a basic rate taxpayer).	This depends on your personal circumstances and how much your childcare costs. If you spend £100 on childcare you could save £20 / 20% (based on a basic rate taxpayer).
Am I eligible on my income?	Parents must be earning above the national minimum wage once Childcare Vouchers are deducted.	Parents must be earning above an average of £50 a week but under £100,000 a year. (The £100,000 upper limit is a revision to the original plan, announced at the Chancellor's Autumn Statement 2015)
Is it available to the self employed?	No, Childcare Vouchers must be taken through PAYE salary deductions.	Yes, Tax-Free Childcare is available to the self employed.
How long can I claim this for my children?	Childcare Vouchers are available to use for children up to the age of 15.	Tax-Free Childcare will be available for children up to the age of 12.



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Director: David John Beckman
MA (Cantab) FCA CTA FPC

VAT No: 812 3468 46



Can both parents claim if separated or divorced?	Yes, the saving is per parent, so both households can claim childcare vouchers.	No, the account is per child, so only one household can claim.
What happens if I take Child Tax Credits?	You are allowed to take both Childcare Vouchers and Child Tax Credits, but you would be advised to use the Government's 'Better off Calculator' to ensure that this is the best option for your family.	You will have to opt out of Child Tax Credits to take Tax-Free Childcare, which could result in a loss of up to £545 a year.
Must both parents be working?	No, whether your partner works has no effect on you claiming Childcare Vouchers through your employer.	Yes – TFC is for households where all parents are working at least 16 hours per week; both parents if they live together, a single parent, or the biological parent of the child and their partner (if they live with the child).
Where is the scheme administered?	Childcare Vouchers are run through payroll, so eligibility checks are completed by the employer.	Parents will be responsible for confirming their own eligibility every quarter, and managing their account.
Are there any other discounts on this scheme?	Yes, some special offers and extra discounts are available to parents (depending on the childcare voucher provider).	There are currently no extra savings or benefits planned with Tax-Free Childcare.
When does the scheme start?	Childcare Vouchers/Payments are available now, BUT the scheme will close to new joiners in April 2018.	Tax-Free Childcare is due to begin rolling out from early 2017, with disabled and very young children first (postponed from autumn 2015).
Will my childcare provider be able to accept payment via this scheme?	As long as your childcare provider is registered with Ofsted (or an equivalent governing body) they can accept childcare vouchers.	As long as your childcare provider is registered with Ofsted (or an equivalent governing body) they will be able to accept Tax-Free Childcare.