

KiddiVouchers

Frequently Asked Questions



A quick guide to
childcare vouchers –
to help you get the
ball rolling!

Call us free on 0800 612 9015

www.kiddivouchers.com

Your quick guide to childcare vouchers

Introducing childcare vouchers

Childcare vouchers are a Government scheme aimed at helping working parents to afford quality childcare.

Childcare vouchers normally work through a system known as 'Salary Sacrifice'. This means that you receive the childcare vouchers instead of part of your salary.

Unlike your salary, you don't pay any tax or National Insurance on childcare vouchers. The saving in tax and National Insurance can be worth over £900* a year per parent.

Childcare Voucher schemes are due to close to new entrants following the introduction of Tax-Free Childcare, the new Government scheme. Existing members will however be able to continue to use Childcare Vouchers.

How much will I save?

This depends on the amount of childcare vouchers you order and the amount of tax and National Insurance you normally pay.

Childcare voucher legislation changed in April 2011, so your savings will also depend on whether you joined your employer's scheme before or after this date. If you'd like to know exactly how much you will save, please ask us to do a calculation for you.

Maximum annual savings from childcare vouchers

Tax band	Joined before 6th April 2011	Joined after 6th April 2011
Basic rate - 20%	£933	£933
Higher rate - 40%	£1,224	£624
Additional rate - 45%	£1,370	£620

*Savings depend on individual circumstances

Am I eligible to receive childcare vouchers?

You can receive childcare vouchers if:

- Your employer has agreed to provide a childcare voucher scheme
- Your earnings are high enough for you to enter into a salary sacrifice without your pay falling below the Lower Earnings Limit, National Minimum Wage or National Living Wage.
- You use a registered childcare provider for your child or stepchild, or for a child who lives with you and for whom you have parental responsibility
- Your childcare provider meets the eligibility criteria (overleaf)

What can childcare vouchers be used for?

Childcare vouchers can be used for a wide range of childcare, including nurseries, playgroups, pre-schools, after-school care, play schemes, holiday clubs and camps, nannies and au-pairs.

To accept childcare vouchers, your childcare provider will normally need to be registered with an appropriate authority, such as Ofsted, the Scottish Care Inspectorate, a Northern Ireland Health and Social Services Trust, the Care Standards Inspectorate for Wales or the Childcare Approval Scheme for Wales. You can check whether your preferred childcare provider is eligible by calling us on 0800 612 9015.

Most eligible childcare providers are happy to accept childcare vouchers. If your childcare provider isn't yet registered with KiddiVouchers, we'll send them a simple registration pack when you sign up for the scheme.

You can spend childcare vouchers up to 1st September after the child's 15th birthday (or 1st September after their 16th birthday if they are disabled). If your childcare costs vary throughout the year, you can save up your vouchers to cover the more expensive times.

Can childcare vouchers be used for private education fees?

Childcare vouchers must not be used to pay for private education, except for terms which start before the child reaches age 5. Payments to pre-school childcare providers which are attached to private schools are permitted.

Can I use childcare vouchers to pay a relative?

You can't normally use childcare vouchers to pay a relative for looking after your child, unless your relative happens to run a childcare business and the care is not taking place in the child's home.

How can I use vouchers to pay my childcare provider?

When you sign up for KiddiVouchers, you'll be allocated a secure online voucher account. Your vouchers will be credited to this account around your normal payday. Don't worry if you haven't got internet access – you can easily take part by phone.

Most parents ask us to pay their vouchers straight into their childcare provider's bank account, either by setting up a regular instruction or by making ad-hoc payments from their voucher account. Others choose to receive vouchers by post or email, which they then hand to their childcare provider.

Will my child's free nursery place be affected?

Children aged three or four may be eligible to receive a free part-time nursery place through the Government's early education policy.

Using childcare vouchers won't affect your child's entitlement to a free place. If your child does receive some of their care free of charge, you can still use vouchers to pay for the balance of your child's care.

How much can I receive in childcare vouchers?

Your earnings will be assessed when you join the scheme and at the start of each tax year. Each year, your tax-free childcare voucher allowance will be based on the amount of your expected earnings and contractual benefits, as follows:

Your contractual pay and benefits	Maximum weekly voucher order	Maximum monthly voucher order
Up to £46,350	£55	£243
£46,351 to £150,000	£28	£124
£150,001 or more	£25	£110
Pre-6th April 2011 scheme member	£55	£243

Please note: Scottish tax payers who earn between £44,274 - £46,350 and pay 41% tax are treated as Basic Rate for the purposes of Childcare Vouchers and can have up to £243 p/m.

Can my partner also sign up for childcare vouchers?

If your partner's employer also offers a childcare voucher scheme, then you can both use childcare vouchers. If your partner's employer doesn't yet offer childcare vouchers, we can provide an employer information pack for them.

What if I am a low earner or if I work part-time?

When you choose to exchange part of your salary for childcare vouchers, your remaining salary must not be lower than the National Minimum Wage. This sometimes restricts the amount of vouchers that low paid and part-time employees can order.

How will my tax credits be affected?

If you receive tax credits, you should contact us to check whether childcare vouchers will save you money. You must be careful not to claim tax credits in respect of any childcare which is paid for with childcare vouchers. You should notify HMRC of your childcare voucher order each time you fill in a tax credit claim form.

Will childcare vouchers affect my other benefits?

In most cases childcare vouchers don't affect non-statutory employee benefits, but there are some exceptions so you should check your employer's scheme rules before joining the scheme.

Earnings-related statutory benefits, such as statutory maternity pay and redundancy pay are automatically based on post-sacrifice salary. If your salary sacrifice causes your pay to fall below the Lower Earnings Limit, you may lose entitlement to some state benefits.

Any questions?

To find out more, call KiddiVouchers free on 0800 612 9015, email info@kiddivouchers.com or visit www.kiddivouchers.com.

