A Parents Guide to Tax-Free Childcare

COASTAL CHILDCARE
A vision of uniqueness under one umbrella

What is Tax-Free Childcare?

From now on, working parents of children under four can use **Tax-Free Childcare** to help with the cost of childcare.
Under the scheme, for every £8 you pay into your Tax-Free Childcare account, the Government adds an extra £2. This means you receive help towards your childcare costs, similar to basic-rate tax relief.
You can use the scheme to pay for childcare costs of up to £10,000 per child each year. This could give you up to £2,000 per child in extra support, or up to £4,000 if your child is registered as having a disability.

How it works in practice
To give you an idea of how this might help, if your childcare bill is £500 per month, you would pay £400, and the remaining £100 would be topped up by the Government. Over a year, this could reduce your childcare costs from £6,000 to £4,800.
If your childcare bill is £1,000 per month for one child, you would pay £800 and receive a £200 contribution each month. Once the maximum Government support of £2,000 has been reached (after 10 months), you would then pay the full amount for the rest of the year.

Who can use Tax-Free Childcare?
Tax-Free Childcare is available to many working families, including those who are self-employed. To qualify, both parents (or partners in the household) usually need to be working and earning the equivalent of at least 16 hours per week at the National Living or Minimum Wage (currently £120 per week).

PLEASE NOTE:

You can't receive Tax Credits or Universal Credit at the same time as Tax-Free Childcare. However, every family is different, and some parents may find one option works better for them than another.
The Government provides an online Childcare Calculator to help you compare your options and decide what's best for your family:
https://www.gov.uk/childcare-calculator
You can still receive your free funded childcare entitlement (either 11 or 22 hours per week, for 51 weeks of the year) alongside Tax-Free Childcare.



Am I Eligible for Tax-Free Childcare?

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You're usually eligible if the following apply:

YOUR CHILD:

- is under 12 (or under 17 if registered as having a disability)
- usually lives with you

YOU (AND YOUR PARTNER, IF YOU HAVE ONE):

- are aged 16 or over
- live or work in the UK
- are employed or self-employed
- are over 21 and earn, on average, at least £120 a week (unless you are in your first year of self-employment). Different rates apply if you're under 21 or an apprentice
- earn less than £100,000 per year each
- don't receive other childcare support, such as childcare vouchers or salary sacrifice schemes

SOME FAMILIES MAY ALSO BE ELIGIBLE IF ONE PARENT RECEIVES CERTAIN BENEFITS, INCLUDING:

- Carer's Allowance
- Employment and Support Allowance
- Incapacity Benefit
- Severe Disablement Benefit



How do I apply for Tax-Free Childcare?

BEST START IN LIFE

To check your eligibility and apply online, simply visit the government's digital childcare service at:
www.beststartinlife.gov.uk

When you sign up, you'll be given a reference number. Please make a note of this and share it with us, as it helps us identify which parent has made the payment.

OTHER HELP WITH CHILDCARE COSTS

Many families may also be entitled to **Family Tax Credits** or other forms of support towards childcare costs. Further information can be found on the websites or by phoning your relevant local authority helpline, listed below:

https://www.devon.gov.uk/children-families-education/early-years-and-childcare/help-with-paying-for-childcare/

https://www.cornwall.gov.uk/schools-and-education/pre-school-and-early-years/

0345 155 1013 - Devon. 0800 587 8191 - Cornwall.