



# Tax-Free Childcare Myth busting Factsheet



Have you been putting off signing up for Tax-Free Childcare, because...



## Myth

**“I can’t get Tax-Free Childcare, because I’m working”**



## Reality

To get Tax-Free Childcare **you must** work at least 16 hours a week earning the national minimum wage. This includes being:

- self-employed
- on maternity leave, parental leave, sick leave or annual leave.

**“I earn too much to claim Tax-Free Childcare”**

Parents and carers can earn up to **£100k each** per year and still be eligible for TFC. Saving up to **£2,000 each** year per child (or **£4,000 each** year if the child has a disability).

**“My child is too old for me to claim Tax-Free Childcare”**

Your child **doesn’t stop** being eligible until the September following their 11<sup>th</sup> birthday (16 if disabled).

**You can** use Tax-Free Childcare, for example, to help pay for registered afterschool and breakfast clubs.

For more information visit [GOV.UK](https://www.gov.uk)



## Myth



## Reality

**“Using Tax-Free Childcare will affect my tax or other benefits I claim”**

Tax-Free Childcare will not affect your tax. It simply gives you 20% towards your childcare costs.

**“I can’t get Tax-Free Childcare as I’m Self Employed”**

Unlike vouchers, self-employed parents **can get support** with childcare costs through the Tax-Free Childcare offers.

**“Reconfirming every 3 months is too much hassle”**

Reconfirming is **easy** - Login to your childcare account, click on **‘Reconfirmation’** then click ‘continue’ to see ‘Your reconfirmation summary’.

If your details are correct, read the ‘Declaration’, click ‘Accept’ and then click ‘Send’. You’ve reconfirmed when you see **‘Thank you’**.

***If you’re still undecided about signing up , checkout our helpful Tax-Free Childcare Question and Answer Factsheet and use the childcare calculator on GOV.UK***



# Tax-Free Childcare

## Question and Answer factsheet

*If you're undecided about signing up to Tax-Free Childcare, the following may help:*

### Your money

**If I don't use my childcare account every month, will I lose any money that I've already paid in?**

No, but if you withdraw any money you'll lose your top up.

**If I use Tax-Free Childcare, will I get £2000 per child?**

It depends on the amount you pay into your childcare account. The **maximum** you'll get (yearly), is **£2000 per child** (£4000 if disabled).

**I'm getting childcare vouchers. Would I be better off with Tax-Free Childcare?**

This depends on your circumstances, for example, if you're self-employed, you'd be better off, because you can't get vouchers.

**Can I only use my Tax-Free Childcare to pay my childcare provider at their hourly rate?**

No, you can use Tax-Free Childcare to pay your childcare bill, regardless of how it's been itemised.

**Do I pay my childcare provider, then claim the money back through my childcare account?**

No, you pay your provider direct from your childcare account.

### Your location

**Am I eligible if I live in Northern Ireland, Wales or Scotland?**

Yes, Tax-Free Childcare is available to all eligible UK parents.

**Am I eligible if I live and pay my tax in Northern Ireland, but use a childcare provider in the Republic of Ireland?**

Yes, but you'll need to call **0300 123 4097** to check your eligibility.

**Will I be eligible if I live in Northern Ireland, but work in the Republic of Ireland?**

Yes, if you or your partner pays UK tax and completes (annually) a Self-Assessment tax return and foreign income page. The person completing the tax return will be the childcare account holder.



## Your Tax and pay

### **Can I get Tax-Free Childcare if I'm a higher rate taxpayer?**

Yes, because your eligibility isn't dependent on how much tax you pay, so it won't affect your income tax liability or any other tax you pay, for example, VAT.

### **Will my employer deduct my Tax-Free Childcare payments from my pay?**

No, your employer isn't involved in the Tax-Free Childcare process. You pay money into your childcare account and the government will top this up. You can use this money to pay your childcare provider.

## Benefits

### **I'm not eligible for benefits, so can I still claim Tax-Free Childcare?**

Not being eligible for benefits, makes it more likely that you can claim, because you can't claim Tax-Free Childcare at the same time as Working Tax Credit, Child Tax Credit and Universal Credit.

## Other

### **Can I get Tax-Free Childcare if I'm a single parent?**

Yes, if you're eligible.

### **Can I get Tax-Free Childcare for more than one child?**

Yes, if they're eligible.

### **I think I earn too much to get Tax-Free Childcare?**

You and your partner (if you have one) can both work and each earn up to £100,000 a year, and still be eligible for Tax-Free Childcare.

### **If my child has a disability, can I get a 40% rather than 20% top-up?**

No, the top up is still 20% for a disabled child, but the maximum amount is increased from £2,000 to £4,000.

### **Can I use Tax-Free Childcare to pay family or friends who look after my child?**

No, you can only pay for registered childcare, for example, a childminder or a before and after school club.