

Save £££'s on your Childcare

Do you know?

You may be able to get extra help with the cost of childcare through the **Childcare Element of Working Tax Credits.**

or

You may be able to pay for childcare using tax-free **Childcare Vouchers** issued through your employer.

For more information contact:
Children's Information Link
Tel. 01274 437503

Urdu Punjabi helpline
01274 431252

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Working Tax Credits

Childcare Element of Working Tax Credit (WTC)

Parents may be able to get extra help with 'registered' or 'approved' childcare costs, by claiming the childcare element of WTC.

You can claim the childcare element of the WTC, if you are:

- a lone parent, aged 16 or over and working at least 16 hours per week, or
- in a couple, both aged 16 or over and both working at least 16 hours per week, unless one of you is unable to work.

Claim up to 80% of your eligible childcare costs

- The childcare element of the WTC pays up to 80% of childcare costs for families, dependant on income, so for every £1 you spend you can get up to 80p back.
- The maximum childcare element available for one child is £140 per week and £240 for 2 or more children.

Below are some examples of the allowances payable under the Childcare Element of Working Tax Credit:

Annual Gross Income (before deductions)	Single parent	Number of eligible children	Hours worked per week	Childcare costs per week	Working Tax Credit Payable (Childcare Element)
£10,000	Yes	1	35	£90	£72/week
£15,000	Yes	1	35	£175	£140/week
£20,000	Yes	1	35	£175	£114/week
£30,000	Yes	1	35	£175	£43/week
£32,000 (household)	No	2	1 works 40 1 works 16	£200	£49/week

When can you claim?

You can claim the childcare element of WTC as soon as you start paying childcare costs. You can claim even if you need the childcare for only a short period, for example, a few weeks in the school holidays.

You must tell HMRC as soon as you stop using the childcare to avoid being overpaid tax credits, which you will have to pay back. Once you have started paying childcare costs, you should make a claim within three months, as HMRC cannot credit you for any costs you have paid before that.



Childcare Vouchers

Childcare Vouchers are a government initiative to help all working parents save money paying for childcare, regardless of their income.

Each parent can claim up to £55 a week of their salary as Childcare Vouchers (maximum £243 per calendar month), which are exempt from tax and National Insurance Contributions (NIC). Childcare Vouchers can then be used to pay for 'approved' or 'registered' childcare.

Vouchers are either issued directly through the employer or through a scheme run by your employer in conjunction with a recognised voucher company. Simply hand the vouchers over to your childcare provider as part or full payment for your childcare costs, just like using gift vouchers in a shop. Not all employers run a Childcare Voucher Scheme, similarly not all childcare providers accept vouchers – so do check first.



Childcare Vouchers can be offered in three different ways by an employer:

- As a benefit in kind on top of the employee's existing salary;
- As part of a flexible benefits scheme;
- As part of a salary sacrifice scheme.
(i.e. part of your salary is given up for vouchers).

The benefits of using vouchers

- Save up to £2,000+ per family depending on your personal and employment circumstances.
- Help budget for childcare.

Which should you choose – Working Tax Credit or Childcare Vouchers?

In general, the Childcare Element of WTC pays up to 80% of childcare costs for families on low incomes. For most families, the value of this means-tested benefit easily outweighs the value of vouchers.

Families who do not qualify for Tax Credits, or benefit at a very low level, will generally be better off opting for the vouchers - the table overleaf gives more detail.

Also, the HMRC website has developed a Childcare Indicator Calculator which tells you whether you are better off with the childcare element of WTC or Childcare Vouchers. The address for this calculator is: <http://ccincalculator.hmrc.gov.uk/CCIN0.asp>



Working Tax Credit or Childcare Vouchers – A quick guide

Situation	Generally, the better solution
If vouchers are offered on top of your salary.	Vouchers
If you are getting less than £545 a year in total from Tax Credits.	Vouchers
If you are getting more than £545 a year in total from Tax Credits and have a high income.	Vouchers, as there are more savings to be gained from claiming the tax and NIC exemptions with vouchers.
If you are getting more than £545 a year in total from Tax Credits and have a low income.	Childcare element of WTC, as there are less savings to be gained from claiming the tax and NIC exemptions with Childcare Vouchers.
If your childcare costs are more than £175 per week for one child or £300 per week for two or more children.	Generally, you will benefit from taking Childcare Vouchers to pay for the amount that your childcare costs exceed those limits.

Check your own circumstances carefully before deciding which help is most applicable to you.

You should seek independent advice before making a decision, to ensure that you are not losing out.

Further sources of information and support:

Children's Information Link (for more information)

Tel: 01274 437503

Urdu: 01274 431252

Email: childcare@bradford.gov.uk

Website: www.bradford.gov.uk/childcare

HM Revenue & Customs (to find out if you are eligible for WTC)

Tel: 0845 300 3900

Textphone: 0845 300 3909

Website: www.inlandrevenue.gov.uk/taxcredits

Or visit your local HM Revenue & Customs Enquiry Centre

Daycare Trust:

Tel: 0845 872 6251

Website: www.daycaretrust.org.uk

Job Centre Plus

Website: www.jobcentreplus.gov.uk

or visit: www.direct.gov.uk

