

Breaking the Childcare Barrier

employers
FOR CHILDCARE

Childcare Vouchers



Presentation Overview

- **Background**
- **Main Aim**
- **Childcare Advice and Information**
- **Childcare Vouchers – What are they and how they work**
- **Forms for completion**
- **Issues to consider**
- **Q & A**

Background

Employers For Childcare is:

- A registered charity
- A not-for-profit organisation
- Social Economy – 100 % of any profits generated gift aided back into charity to develop childcare services in NI
- A company limited by guarantee

Breaking the Childcare Barrier



Statement of Purpose

**To make it easier for parents
with dependent children to get
into work and to stay in work**

Breaking the Childcare Barrier



Childcare Advice and Information

Freephone Helpline for Parents

0800 028 3008

- Information and advice on childcare options available
- Province Wide online database searches on day nurseries, breakfast clubs and after schools clubs, playgroups, creches etc
- Online and telephone search facility on registered childcare
- Practical information on a range of issues eg Working Tax Credit, Child Tax Credit, parental leave, or part-time working options
- Signposting/referral to other relevant organisations

What are Childcare Vouchers?

Childcare Vouchers are:

- Both to all working mum and dads
- Not means-tested
- Different from Tax Credits
- Open to each parent through their employer
- Open to both parents – double the savings!

What are Childcare Vouchers?

The value of the vouchers are paid as part of salary package. Scheme known as salary sacrifice.

Employees use childcare vouchers to pay their registered childcare costs.

Savings can be made on Tax and National Insurance Contributions, on the voucher value, up to £55 p/week (£243 max p/month).

Why should you use Childcare Vouchers?

You can save money!

You decide to purchase £243 worth of vouchers per month through salary sacrifice.

Based on Tax and NIC of:

33%, you save up to £80.19 p/month = £962.28 p/a

41%, you save up to £99.63 p/month = £1195.56 p/a

The rate of tax and NIC you pay is based upon your salary

Gary is paid £15,000 pa and pays registered childcare costs of £243 per month

Before

Gross Wage	1,250.00
Tax	157.57
NIC	<u>91.30</u>
Net Wages	1001.13
Childcare Costs	<u>243.00</u>
'Net Wages'	£758.13

After

Gross Wage	1,250.00
Childcare Vouchers	<u>243.00</u>
'Gross' Wage	1,007.00
Tax	104.11
NIC	<u>64.46</u>
Net Wages	838.43

Savings per month of £80.30

HMRC Qualifying Conditions

- Employee must have parental responsibility for the child(ren)
- Vouchers can only be used to pay for registered or approved childcare
- Childcare Voucher Scheme must be generally available to all staff
- Children up to age 15 (16 if registered disabled)
- Both parents can take vouchers, so long as they both work for employers who've introduced a scheme. The scheme is per employee and not per child.

When can you use Childcare Vouchers?

- Anytime throughout the year, as long as your child(ren) are in registered childcare
- Employees can opt out of the scheme with one pay period's notice
- Childcare provider may be changed
- Vouchers can be returned for cash equivalent if unused but the value must go through the payroll to be taxed and NIC'd at the current rate*

Things to consider

- Working Tax Credit (WTC) and Child Tax Credit (CTC): your responsibility to check. **TAX CREDIT HELPLINE: 0845 300 3900**
- Statutory Maternity Pay: opt out of the scheme week 17 of the pregnancy and opt in again week 25 of the pregnancy.
- Statutory Sick Pay: so long as weekly earnings after childcare vouchers remain above the £97 p/wk Earnings Threshold (ET), SSP/SMP will be unaffected.
- If on long-term sick leave and only getting SSP, leave voucher scheme. Likewise if only receiving SMP.
- State pension calculated on *number of years* NICs are paid, not amount. So long as contributions don't fall below ET while buying childcare vouchers, the state pension will not be affected.

Breaking the Childcare Barrier



Further Information ...

- FREEPHONE/text help line: **0800 028 3008**
- info@employersforchildcare.org
- www.childcareni.com

Breaking the Childcare Barrier

employers
FOR CHILDCARE

Questions

