

Help with childcare costs – for working parents

Early learning and childcare gives children the chance to explore the world around them, make friends, socialise, and be ready for school. Childcare also gives parents like you a chance to work, study, get things done at home or just have a break. Childcare can be expensive though, and many parents worry that they can't afford to use pre-school childcare. However, there is help available towards the costs of childcare.

Working Tax Credit and Universal Credit

Childcare element of Working Tax Credit

Working Tax Credit is paid to people in work to top up low wages. This can include a childcare element, which gives help to parents with registered childcare costs. The childcare element of Working Tax Credit can pay up to 70% of eligible childcare costs up to set weekly amounts. Eligible childcare costs are set at £175 per week for one child and £300 per week for two children. This means you could receive up to £122.50 per week with one child in childcare, or £210 for two or more children.

The Working Tax Credit scheme is gradually being phased out and replaced with Universal Credit. This means that you may either be eligible for the childcare element of the Working Tax Credit or the Universal Credit depending on personal circumstances and where you live.

Can I claim the childcare element of Working Tax Credit?

To be able to claim the childcare element of Working Tax Credit, you must:

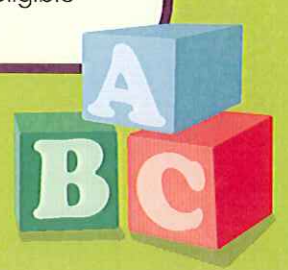
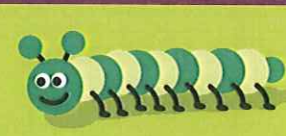
- ▶ be aged over 16
- ▶ use registered childcare; and
- ▶ be working at least 16 hours per week. If you are part of a couple, you must both be working at least 16 hours per week. If one of you is in hospital, prison, incapacitated or on Carers Allowance, the other parent must work at least 16 hours per week.

For all enquiries about tax credits including details on who can claim and any change in circumstances you need to inform the Tax Credits office about, visit: www.gov.uk/working-tax-credit/overview or call the Tax Credit Helpline on 0345 300 3900

Universal Credit

Universal Credit is a new benefit paid to people who are unemployed or employed, to top up low wages.

Universal Credit can include a childcare element, which gives help to parents with registered childcare costs. The childcare element of Universal Credit can pay up to 85% of eligible childcare costs up to set weekly amounts.



How much Universal Credit can I claim for my childcare costs?

Eligible childcare costs are set at a monthly limit of £760.42 for one child and £1303.57 for two or more children. This means you could receive up to £646.35 per month with one child in childcare, or £1108.04 for two or more children. The amount you are awarded will depend on your family circumstances.

For all enquiries about universal credit including details on who can claim and any change in circumstances you need to inform, go to www.gov.uk/apply-universal-credit or call the Universal Credit helpline on 0345 600 0723

Tax Free Childcare

Tax Free Childcare is being rolled out throughout 2017. Through this, parents will be able to set up an online account where they can bank payments for childcare. For each £8 a parent pays in, the Government will add an additional £2 up to a maximum of £2,000 per year per child. Families of disabled children receive help with their childcare costs to a maximum of £4,000 per year.

Tax Free Childcare is being rolled out gradually and will eventually cover all families with children under 12, if they meet the required work and income criteria. There will be an upper income limit per parent of £100,000 to qualify, and a minimum weekly income level per parent equivalent to 16 hours worked at the National Living Wage.

Employer supported childcare

- ▶ **Childcare vouchers:** These are provided to you by your employer (often through a childcare voucher company), and you can use these to pay for some of your childcare. Your childcare provider claims the value of these back from your employer or the voucher company. Childcare vouchers will be phased out from 2018 and if you are planning to have more children, it is worth getting advice on the merits of entering the voucher scheme.
- ▶ **Workplace childcare:** This is nursery, after school or holiday care provided by your employer. It does not need to be on your work premises but your employer does need to fund it and manage it, wholly or partly for you to make savings. If your employer does offer this kind of childcare support, then any amount of your salary that you pay for workplace childcare will be free of tax or NIC.
- ▶ **Directly contracted childcare:** When your employer pays some of your costs directly to your childcare provider.

To find out more:

- ▶ Speak to your nursery manager for more information about the support available
- ▶ Speak to your employer to see if they run a scheme to help you with your childcare costs
- ▶ You can use a benefits calculator to see what benefits you are entitled to through www.entitledto.co.uk
- ▶ For more information, please visit: www.familyandchildcaretrust.org/childcare

The Family and Childcare Trust is the leading national charity in the field of policy, research and advocacy on childcare and family issues, working closely with government, local authorities, businesses and charities to achieve positive and long lasting change for families across the UK. Our vision is a society where all families are well-supported and have genuine choices about their lives.

The Family and Childcare Trust's annual childcare costs survey is the definitive report on childcare costs and sufficiency in the UK and its data are used by the Department for Education.

For further information, please go to www.familyandchildcaretrust.org

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