

We hope you enjoy reading this information sheet and find it useful. Please contact us if you would like to discuss any matters further.

March 2022

Tax-Free Childcare is a subject that you may have missed; if so, read on! The link to apply is at the bottom of this information sheet.

Tax-Free Childcare

You can get up to £500 every 3 months (up to £2,000 a year) for each of your children to help with the costs of childcare. This goes up to £1,000 every 3 months if a child is disabled (up to £4,000 a year).

If you've already registered, you can [sign in to your childcare account](#).

If you get Tax-Free Childcare, you'll set up an online childcare account for your child. For every £8 you pay into this account, the government will pay in £2 to use to pay your provider.

You can get Tax-Free Childcare at the same time as 30 hours free childcare if you're eligible for both.

What you can use Tax-Free Childcare for:

You can use it to pay for [approved childcare](#), for example:

- childminders, nurseries and nannies
- after school clubs and play schemes

Your childcare provider must be signed up to the scheme

before you can pay them and benefit from Tax-Free Childcare. Check with your provider to see if they're signed up.

If your child is disabled you can use the extra Tax-Free Childcare money you get to help pay for extra hours of childcare. You can also use it to help pay your childcare provider so they can get specialist equipment for your child such as mobility aids. Talk to them about what equipment your child can get.

Eligibility

Your eligibility depends on:

- if you are working
- your income (and your partner's income, if you have one)
- your child's age and circumstances
- your immigration status

If you are working you can usually get Tax-Free Childcare if you (and your partner, if you have one) are:

- in work
- on sick leave or annual leave
- on shared parental, maternity, paternity or adoption leave

If you're on adoption leave, you cannot apply for the child you're on leave for unless you're going back to work within 31 days of the date you first applied.

If you're not currently working you may still be eligible if your partner is working, and you get Incapacity Benefit, Severe Disablement Allowance, Carer's Allowance or contribution-based Employment and Support Allowance. You can apply if you're starting or re-starting work within the next 31 days.

Your income
You'll need to expect to earn a certain amount over the next 3 months. This is at least the [National Minimum Wage or Living Wage](#) for 16 hours a week on average.

For example, over the next 3 months you expect to earn at least £1,853.28 - the National Living Wage for people over 23.

If you have a partner, they'll need to expect to earn at least this much too.

If you're self-employed and do not expect to make enough profit in the next 3 months, you can use an average of how much you expect to make over the current tax year.

This earnings limit does not apply if you're self-employed and started your business less than 12 months ago.

If you or your partner have an expected 'adjusted net income' over £100,000 in the current tax year you will not be eligible. This includes any bonuses you expect to get.

Your adjusted net income is your total [taxable income](#) before any personal allowances and minus things like Gift Aid.

Your child

Your child must be 11 or under and usually live with you. They stop being eligible on 1 September after their 11th birthday.

Adopted children are eligible, but foster children are not.

If your child is disabled you may get up to £4,000 a year until they're 17. They're eligible for this if they:

- get Disability Living Allowance, Personal Independence Payment, Armed Forces Independence Payment or Child Disability Payment (Scotland only)
- are [certified as blind or severely sight-impaired](#)

Your immigration status
To be eligible for Tax-Free Childcare, you (or your partner if you have one) must have a National Insurance number and at least one of the following:

- British or Irish citizenship

- [settled or pre-settled status](#), or you have applied and you're waiting for a decision
- permission to access public funds - your UK residence card will tell you if you cannot do this

You cannot get Tax-Free Childcare at the same time as claiming Working Tax Credit, Child Tax Credit, Universal Credit or childcare vouchers.

Which scheme you're better off with depends on your situation. Use the [childcare calculator](#) to work out which type of support is best for you.

Tax credits

If you successfully apply for Tax-Free Childcare, your Working Tax Credit or Child Tax Credit will stop straight away. You cannot apply for them again.

Childcare vouchers

You must tell your employer within 90 days of applying for Tax-Free Childcare to stop your [childcare vouchers or directly contracted childcare](#). They'll then stop giving you new vouchers or directly contracted childcare.

You will have to give HMRC evidence you've left your employer's childcare voucher scheme, for example:

- a copy of the letter telling your employer you're leaving the childcare voucher scheme
- copies of your payslips showing your pay before and after you've left the scheme

Universal Credit

Wait until you get a decision on your Tax-Free Childcare application before cancelling your Universal Credit claim.

Bursaries

If you or your partner get a childcare bursary or grant or expect to do so within the next 3 months, you cannot get Tax-Free Childcare.

Apply

[Apply online for Tax-Free Childcare](#)

If you apply for Tax-Free Childcare and someone else already gets 30 hours free childcare for that child, their 30 hours will stop at the end of the next term. You will be eligible for 30 hours free childcare instead.

If you have a partner you must include your partner in your application if you are:

- married or in a civil partnership and live together
- not married or in a civil partnership, but living together as though you are

Their employment and income will not affect your eligibility if they:

- are or will be absent from your household for more than 6 months
- are a prisoner

You and your partner cannot both have accounts for the same child.

If you are separated you and your ex-partner need to decide who should apply if you are jointly responsible for your child. If you cannot decide, both of you must apply separately and HMRC will decide who gets a childcare account.
