



# **CHILDCARE VOUCHERS**

## FREQUENTLY ASKED QUESTIONS

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## 1 What are Childcare Vouchers?

Childcare Vouchers are an employee benefit that companies can offer their staff that's tax and National Insurance exempt up to specified limits generating savings for parents.

	Weekly tax exempt amount	Monthly tax exempt amount	Annual savings
Basic rate taxpayers*	£55	£243	£933
Higher rate taxpayers	£28	£124	£623
Additional rate taxpayers	£25	£110	£623

*(\*and employees who were already receiving Childcare Vouchers before the 6th April 2011 who haven't changed employer or stopped receiving vouchers for more than 12 months).*

Childcare Vouchers are usually offered via a salary sacrifice arrangement, although some employers offer them on top of existing salary.

## 2 What is salary sacrifice and how does it save me money?

Salary sacrifice entails a reduction of your contractual salary and the provision of a benefit to a corresponding value.

Although the formal arrangement is a reduction of annual salary, the benefit is normally provided in instalments per payroll period (for example monthly).

You save tax and NI on the part of your salary you receive in Childcare Vouchers.

For example an employee earning £25,000 a year, who wishes to receive the maximum tax and NI exemption, would reduce their salary to £22,084, and receive a benefit of £2,916 a year in Childcare Vouchers. Tax and NI would only be applied to £22,084 rather than £25,000, which is how you make the savings.

### **3 How do Childcare Vouchers work?**

- Your employer needs to offer the vouchers by signing up with Edenred
- You complete an agreement with your employer requesting Childcare Vouchers and they order the value you've requested
- Shortly before you receive your first vouchers, you'll be sent a Parent Welcome explaining how to use your Childcare Vouchers, and giving you details of who to contact if you've any questions about your Childcare Vouchers account.
- Electronic Childcare Vouchers are credited to your online account by your employer, usually on or around the same day you get paid.
- You can transfer vouchers to your carer(s), up to your current balance, either individually using the 'Payment' option, or by setting up a 'Standing Order'.
- To pay a carer you need their Edenred account number which begins with a P- please contact your carer directly to obtain this. We're unable to give this to you.
- Any carer that has accepted Edenred (formerly Accor Services) Childcare Vouchers before will already have an account with us.
- If your carer has not accepted our vouchers before they'll need to affiliate by visiting [www.childcarevouchers.co.uk](http://www.childcarevouchers.co.uk) and clicking on "Start accepting Childcare Vouchers", in the Childcare Providers section.
- If your carer has chosen to be paid directly into their bank account, they'll receive payment 3-4 working days after you make a transfer to them.

### **4 When will I receive my first/next vouchers?**

The date you receive vouchers is set by your employer each time they place an order for you, so you should contact them directly with any queries.

### **5 Am I eligible for Childcare Vouchers?**

To receive Childcare Vouchers, you must have an eligible child.

The child for whom the Childcare Voucher is provided must be:

- Your child or stepchild, or
- a child who lives with you for whom you have parental responsibility

A child is a qualifying child up to:

- 1st September following their 15th birthday
- 1st September following their 16th birthday, if they are disabled

You can only start receiving Childcare Vouchers after your child has been born. You also need to be employed and pay PAYE tax and class 1 NI.

## **6 How do I sign up?**

Find out if your employer offers the scheme. If they do, you complete an agreement with them requesting Childcare Vouchers to the value you require. This may be a paper or online agreement, or through a flexible benefits portal.

If your employer doesn't offer the scheme already, you can request that we contact them about setting up a scheme so you can start making savings.

<http://childcarevouchers.co.uk/recommend-scheme>

Employers are not obligated to offer Childcare Vouchers, however they may not be aware that they can make National Insurance savings, as well as the savings made by you.

## **7 What type of care can Childcare Vouchers be used for?**

Childcare Vouchers can be used to pay for the care of children up to 1st September following their 15th birthday or 16th birthday if they're disabled for a wide range of choice including:

- home based care such as childminders, nannies and au pairs
- pre-school care such as nursery schools, play schools and crèches
- care for older children such as out of school clubs (breakfast clubs, afterschool clubs including activities, homework clubs and boarding, and holiday clubs)

You can use your Childcare Vouchers to pay more than one carer if you wish. The only condition is that your carer(s) will need to be registered with or approved by the appropriate body.

The current registration and approval bodies include:

- Ofsted Childcare Register – Compulsory (England)
- Ofsted Childcare Register – Voluntary (England)
- Local Health and Social Services Trusts (Northern Ireland)
- Social Care and Social Work Improvement Scotland (SCSWIS) (Scotland)
- Childcare Approval Scheme (Wales)
- The Care and Social Services Inspectorate Wales

## **8 How do I set up my childcare provider to accept payment from Edenred?**

It's likely your chosen carer(s) has previously been paid with Edenred vouchers and is already affiliated to the network. Simply ask them for their Edenred Account Number starting with P which you'll need to transfer electronic vouchers to them online. Your carer will then be paid automatically by Edenred each time you make a transfer.

If they haven't been paid with Edenred vouchers before, they can complete a carer application form online by visiting [www.childcarevouchers.co.uk](http://www.childcarevouchers.co.uk) and clicking on the childcare provider tab where they will find information and a link to the application. You can download a printable application form from the same website if your carer does not have internet access.

Once they've been checked and provided with an account, we will supply them with their account number or 'P number' and they can pass this on to you to make the payments. Any queries regarding applications in progress must come from the provider directly.

## **9 How do I change the carer I want to pay?**

As your Childcare Vouchers aren't tied to a particular carer, you simply need to ask your new carer for their Edenred account number, or ask them to affiliate with us if they have not accepted Edenred (or Accor Services) Childcare Vouchers before. Once you have their Edenred account number you can arrange payment via your online account as you did with any previous carers.

If you have a standing order set up to go to your old carer, you should delete it.

## **10 Can you provide a list of carers set up to accept Edenred Childcare Vouchers?**

You can ask your childcare provider if they've ever accepted Edenred or Accor Services Childcare Vouchers at any point in the past. If they have, ask them for their Edenred Account Number which will start with P which you'll need to make payment to them.

Any childcare provider that is registered with Ofsted or the appropriate body can quickly and easily affiliate with Edenred online.

## **11 Can I cancel a payment to my childcare provider?**

Once you've issued an individual transfer to your childcare provider (not a standing order payment), you are able to cancel it that day. It isn't possible to cancel afterwards.

## **12 Can I use Childcare Vouchers to pay for school fees?**

Care provided by the governing body of a school is approved if it takes place:

- outside normal school hours (this means the normal hours of compulsory education adopted by the school as appropriate for the age of the child)
- on school premises, or
- on premises that are covered by the inspection of the whole school activity by Ofsted or the equivalent inspection body for certain independent schools.

This means that in terms of private education this would only apply to children under 5 (end of first term following their 5th birthday).

For older children, Childcare Vouchers can be used to pay for any activities or clubs that take place on school premises outside of school hours.

If the child is between 5 and (or 16 years old if they are disabled), all of the following must apply:

- the childcare or activity based childcare is provided out of school hours
- the care is provided under the direction of the school's governing body

the care is provided on the school premises, or on other premises covered by the inspection that Ofsted carry out of the whole school - an example of this could be if the school uses a village hall for its out of school hours childcare activities.

**13 Can Childcare Vouchers be used to pay for boarding school?**

Childcare Vouchers can be used to pay for the boarding fees for eligible children if they are invoiced separately to the school fees.

**14 Can Childcare Vouchers be used to pay for school trips?**

Generally no. Childcare Vouchers can only be used to pay for activities out of normal school hours and on school premises. If the trip is outside of school hours and on Ofsted registered premises (for example at a camp), they can only be used to pay the holder of the Ofsted certificate, not the school.

**15 Can Childcare Vouchers be used to pay for school uniform?**

No. Childcare Vouchers can only be used to pay for qualifying childcare.

**16 Can Childcare Vouchers be used to pay for school meals?**

Generally no. However if the payment is for afterschool care and includes a meal, this may qualify.

**17 What happens if my employer does not have a scheme?**

Employers are not obligated to offer Childcare Vouchers, however they may not be aware that they can make National Insurance savings, as well as the savings made by you.

You can request that we contact them about setting up a scheme so you can start making savings here <http://childcarevouchers.co.uk/recommend-scheme>

**18 How much could I save?**

The savings you can make are per person (not per child) – so if you have a wife, husband or partner who also works for an employer that operates a scheme, you could double your household savings.

The savings you make will depend on how much you receive in tax, NI exempt Childcare Vouchers and your salary.

Where the scheme is provided by way of salary sacrifice, the following savings could be made:

	Weekly savings	Monthly savings	Annual savings
<b>Basic rate taxpayer (contracted in) 20% tax and 12% NI</b>	<b>£17.60</b>	<b>£77.76</b>	<b>£933.12</b>
<b>*Higher rate taxpayer 40% tax and 2% NI</b>	<b>£11.76</b>	<b>£52.08</b>	<b>£623.28</b>
<b>*Additional rate taxpayer 45% tax and 2% NI</b>	<b>£11.75</b>	<b>£51.70</b>	<b>£622.75</b>

### **19 Can I get a refund for unused Childcare Vouchers?**

Whether you can receive a salary alternative to vouchers you have accrued will depend on the conditions of the scheme, determined by your employer in the agreement you signed up to. Please consult those conditions and discuss them with your employer if necessary. Tax and NI will need to be repaid and it is quite common that employers' schemes don't allow for this.

However, as Childcare Vouchers can be used for out of school and holiday clubs for children up to the age of 15, you may well be able to get further use of any vouchers you've built up.

### **20 What happens if I change employer?**

You'll need to submit a fresh application to join your new employer's scheme.

If your new employer also provides you with Edenred vouchers, you'll be given a new online account to which vouchers from your new employer will be credited. The vouchers in your existing account won't expire and can be used after you have stopped working for that employer, though we recommend you use them up before utilising your new vouchers. You won't be able to transfer vouchers between the accounts, or merge the accounts.

If your new employer doesn't have a scheme with us, you can request that we contact them about setting up a scheme so you can continue to make the savings here:

<http://childcarevouchers.co.uk/recommend-scheme>

### **21 Will choosing Childcare Vouchers have an effect on the tax credits I receive?**

If you receive the childcare element of working tax credits, which provides specific support related to childcare costs, this will in most cases be affected, as the value of Childcare Vouchers you receive will reduce the value of the qualifying childcare costs you can claim in tax credits.

HMRC have a calculator that you can use to find out the impact of Childcare Vouchers on tax credits: <http://www.hmrc.gov.uk/calcs/ccin.htm>



## **22 I'm self-employed, can I get Childcare Vouchers?**

If you're a sole trader within a limited company that employs you, and you pay tax and class 1 NI you may be able to get Childcare Vouchers. If you're self-employed and non PAYE, it's unlikely you will be able to benefit.

## **23 What happens if I go on maternity leave?**

This is something you should speak to your employer about.

## **24 Do Childcare Vouchers expire?**

Electronic Childcare Vouchers don't expire; however, your employer may have additional conditions on usage if you leave their employment.

## **25 Is there an effect on any other benefits?**

Joining a salary sacrifice scheme to receive Childcare Vouchers reduces your cash pay and the level of income tax and National Insurance Contributions (NICs). As your entitlement to some statutory benefits is based on the amount you earn and your NICs, your current or future entitlement to contributions-based, earnings related or income-related benefits may be affected.

The effect on non-statutory benefits is determined by your employer or benefit provider and depends on whether they calculate the benefit using your new, reduced salary or use a notional pre sacrifice figure for the calculations.

## **26 What is a basic earnings assessment?**

To establish which rate of tax you are likely to pay and therefore how much exemption you are entitled to, your employer will perform a 'basic earnings assessment'. This will include:

**Basic salary**

**Taxable benefits**

**Car allowance**

**Guaranteed bonuses**

**Shift allowances**

**Commission**

Discretionary and performance related bonuses are not included in this assessment. Once completed, this assessment will remain valid until the start of the next tax year, regardless of any changes in circumstances throughout the year; therefore your tax and NI exemption won't change throughout the year.

Those who were on the scheme within the same employment before the 6th April 2011 will be entitled to tax and NI exemption on £243 a month regardless of the level of tax they pay until they leave the scheme for longer than 12 months, change employer or no longer qualify.

**27 My partner and I both use Edenred Childcare Vouchers. Can we merge our accounts?**

As Childcare Vouchers are a benefit provided by your employer and are specific to your employment, this isn't possible.

**28 Can I backdate Childcare Vouchers?**

This is generally not possible. The benefit begins at the point that you sign up to the scheme.