



Inland
Revenue

Childcare provided by employers

FAMILIES
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From April 2005, new rules will make it easier for employers to help employees with their childcare costs.

Introduction

This leaflet does not cover all the details about your employer providing childcare and the effects on Pay As You Earn tax and National Insurance contributions. It only covers in general terms what most people will want to know.

Your employer is responsible for working out how much tax and National Insurance to deduct from your pay.

If you get help with childcare costs the amounts deducted will depend on the cash value and type of childcare you get, including

- cash allowances
- workplace nursery places
- childcare vouchers, or
- other childcare provision bought direct by your employer and provided for your benefit.

Childcare up to 5 April 2005

Whether you pay tax and National Insurance depends on the cash value and type of childcare provided by your employer. Please check the table on page 5.

Childcare from 6 April 2005

To qualify for the tax and National Insurance contributions exemptions shown in the table on page 5 your employer's childcare scheme must

- be open to all employees, and
- cover only registered or approved childcare.

Registered or approved childcare

You can check if your childcarer's registration or approval is valid with one of the governing bodies listed below.

Childminders and nurseries

England

OFSTED (Office for Standards in Education)

Call **0845 601 4771** (calls charged at local rates), or visit www.ofsted.gov.uk

Wales

Care Standards Inspectorate for Wales

Call **01443 848450**, or visit www.wales.gov.uk/csiw

Scotland

The Care Commission

Call **01382 207 200**, or visit www.carecommission.com

Childcarelink

Call **08000 96 02 96** (freephone), or visit www.childcarelink.gov.uk

Northern Ireland

Contact the children's centre in your local Health and Social Services Trust. The number will be in *The Phone Book* or visit www.dhsspsni.gov.uk/links.asp

Other approved childcarers in England

Nestor Primecare Services Limited

Call **0845 7678 111** (calls charged at local rates), or visit www.surestart.gov.uk/childcareapproval

Relatives looking after children

In most cases, the exemption will not be due if the childcarer is related to your child, even if he or she is registered or approved.

The only exemption is if your relative is a registered or approved childcarer and runs a childcare business looking after children he or she is not related to and looking after your child is incidental to that business.

Childcare and how it affects tax credits

Childcare or childcare vouchers could affect the amount of tax credits that you are entitled to, particularly if you give up some of your salary to join your employer's childcare scheme. You could end up with less money overall.

This is because you cannot include the childcare costs that your employer meets, either directly or through childcare vouchers, on your tax credits claim.

Which to choose?

If you are not sure whether to take advantage of your employer's childcare support scheme because of the impact on your tax credits, please visit our website at

www.inlandrevenue.gov.uk/childcare

The Tax Credits Helpline can give you advice on your tax credit entitlement. The helpline is open from 8.00am - 8.00pm seven days a week

- in Great Britain on **0845 300 3900** (textphone **0845 300 3909**)
- in Northern Ireland on **0845 603 2000**
(textphone **0845 607 6078**)

Or you can go online at **www.taxcredits.inlandrevenue.gov.uk**

What your employer will need to know

To make sure you qualify for the tax and National Insurance exemptions your employer will need details of

- your relationship to the child
- the child's date of birth
- your childcarer's registration or approval number
- the date the childcare approval is due to expire.

You must let your employer know immediately if there is any change in the registration or approval status of your childcarer.

Children's ages

To qualify, you must be the parent of the child or have parental responsibility for a child who lives with you. Your child will qualify

- up to 1 September following his or her 15th birthday, or
- if your child is disabled, up to 1 September following his or her 16th birthday.

Tax and National Insurance contributions and exemptions on childcare provided by an employer

The table below shows whether you have to pay tax or National Insurance, or both, on the different types of childcare scheme your employer may provide.

Type of childcare	Up to 5 April 2005		From 6 April 2005*	
	Tax	National Insurance	Tax	National Insurance
Vouchers	Paid on full value	None	Nothing on the first £50 a week	Nothing on the first £50 a week
Workplace nurseries	None	None	None	None
Other nurseries or childcare	Paid on full value	None	Nothing on the first £50 a week	Nothing on the first £50 a week
Cash allowance	Paid on full value	Paid on full value	Paid on full value	Paid on full value
Employer pays for childcare or school fees	Paid on full value	Paid on full value	Paid on full value	Paid on full value

*Every employee is entitled to one £50 a week exemption. The number of children in the family makes no difference.

For more information on the rules for tax and National Insurance contributions and the effects of giving up salary for childcare visit www.inlandrevenue.gov.uk/childcare

Customer Service

Service Standards

We set ourselves standards of service. Every year we check to see how we have done and we publish the results. If you would like details, please

- visit www.inlandrevenue.gov.uk/servicestandards/, or
- contact us. You will find us in *The Phone Book* under Inland Revenue.

Putting things right

If we do not live up to your expectations, please let the person dealing with your case know what is wrong. We will work as quickly as possible to settle your complaint. We would not expect a complaint to get beyond this stage. But if you are still unhappy, please ask for your complaint to be referred to the Customer Relations Manager.

Customers with particular needs

We offer a range of facilities for customers with particular needs.

Some of the things we provide are

- wheelchair access to nearly all Inland Revenue Enquiry Centres
- home visits, if you have limited mobility or caring responsibilities and cannot get to one of our Enquiry Centres
- leaflets in large print, Braille and audio
- for people with hearing difficulties
 - BT Typetalk
 - induction loops
 - sign language interpretation
- help with filling in forms
- services of an interpreter.

For complete details, please

- visit www.inlandrevenue.gov.uk, or
- contact us. You will find us in *The Phone Book* under Inland Revenue.

Other leaflets

Further information

Copies of our leaflets are available

- online at **www.inlandrevenue.gov.uk**
- by completing the online order form at **www.inlandrevenue.gov.uk/contactus/staustellform.htm**
- by fax on **0845 9000 604**
- by phone on **0845 9000 404** every day from 8.00am to 10.00pm at local rates. Textphone is available for people with hearing or speech difficulties
- from Inland Revenue Enquiry Centres. You will find the address
 - in *The Phone Book* under Inland Revenue
 - at **www.inlandrevenue.gov.uk/local**

Our commitment to you

We are here to ensure that everyone understands and receives what they are entitled to, and understands and pays what they owe, so that everyone contributes to the UK's needs.

We will

- listen carefully
- answer accurately and respond promptly
- keep your personal and business details confidential
- treat you fairly and with respect
- give you dedicated help if you have particular needs
- make it easy for you to understand your rights and obligations, including
 - what you are entitled to
 - what you must do, and
 - when you must do it
- provide a service in a way that is convenient for you
 - online
 - by phone through our network of Contact Centres and Helplines, or
 - face-to-face in our Enquiry Centres or with our Business Support Teams.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

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