



## RECEIVE TAX-FREE CHILDCARE

Jonathan Brothers

Switch Accounting Ltd

Ferry House, Canute Road

Ocean Village

Southampton

SO14 3FJ

### **Tax Free Childcare Update (5 minute read)**

Dear Jonathan,

This month's tax update has a distinctly back to school feel about it because I'd like to answer one of the most frequent questions we get asked about whether your business can pay for childcare costs.

This simple answer is yes; childcare costs up to this value can indeed be paid for by your business:

	Per week	Per month
Basic-rate taxpayer	£55	£243
Higher-rate taxpayer	£28	£124
Additional-rate taxpayer	£25	£110

- In order to get the benefit you must be trading as a limited company and receiving a salary
- If your partner is receiving a wage through your company, then each of you will be able to claim
- You must make sure that the child carer is registered. Broadly, this means that a nursery must be Ofsted approved or a carer must be registered with the local authority
- You can search for registered child carers at: <https://www.gov.uk/find-registered-childminder>
- The allowance can either be taken as vouchers (subject to a small admin charge) or the payment can be made directly to the child carer / nursery

- If you have other employees they have the option of taking child care vouchers in lieu of salary, which saves the employer's NI at 13.8% of the payment
- Claiming does not affect entitlement to the 15 hours of free childcare per week that the government is providing to two, three and four year olds.

Next steps:

1. Have a record of details of the child (e.g. name, date of birth, childcare provider).
2. Make sure your childcare provider is registered. This can be a copy of the Ofsted report for a nursery or details of the local authority registration for the carer.
3. Write a company memo for your files stating that you are starting a scheme and it is available to all employees. It is best to do this even if you are the only employee to show you have complied with the rules.
4. If vouchers are not required write a letter to the childcare provider telling them that your company will be contributing to payments.
5. Make the payments using a Standing Order on the company account

Please let me know if I can be of any further help.

Regards,



Jonathan Brothers ACMA  
Managing Partner

**Winchester**



Basepoint Business Centre  
1 Winnall Valley Road  
Winchester  
SO23 0LD  
Tel: 01962 832557



Direct Line (Southampton) 023 8033 5325

Direct Line (Portsmouth) 023 9283 1691

Direct Line (Winchester) 01962 832557

Email:- [jonathanbrothers@switchaccounting.co.uk](mailto:jonathanbrothers@switchaccounting.co.uk)

Web:- [www.switchaccounting.co.uk](http://www.switchaccounting.co.uk)

Southampton Office:

Portsmouth Office:

Winchester Office:

Ferry House  
Canute Road  
Ocean Village  
Southampton  
SO14 3FJ

Unit 12  
St George's Business Centre  
Gunwharf Quays  
Portsmouth  
PO1 3EZ

Basepoint Business Centre  
1 Winnall Valley Road  
Winchester  
Hampshire  
SO23 0LD

VAT Registration No. 102445852



"for smart advice it pays to switch"