

Could you claim for tax-free childcare costs?

Now that the summer holidays are over and children have gone back to school, we would like to remind families that they may be able to claim for tax-free childcare costs to help pay for breakfast and after school clubs, and childminders.

Eligible families can save money on their childcare and benefit from a government top-up worth up to £2,000 every year, or up to £4,000 a year if a child is disabled, by opening a Tax-Free Childcare account. In June 2021, around 308,000 families across the UK benefited from using Tax-Free Childcare, but thousands are missing out on this opportunity.

Eligibility depends on your income, your partner's income (if you have one), your child's age and circumstances, and your immigration status. You may also still be eligible if your working pattern has changed due to the coronavirus pandemic. Visit www.gov.uk/tax-free-childcare for further clarification.

Tax-Free Childcare Account

The account is available to eligible parents or carers who have children aged up to 11, or 17 if their child is disabled. For every £8 a parent or carer deposits into their account, they will receive a £2 top-up, up to the value of £500 every three months, or £1,000 if their child is disabled. The 20% top-up is paid into the Tax-Free Childcare account and is ready to use almost instantly, meaning parents and

carers can use the money towards the cost of childminders, breakfast and after school clubs, and approved play schemes.

Tax-Free Childcare is also available for pre-school aged children attending nurseries, childminders, or other accredited childcare providers. Parents and carers, who are returning to work after parental leave, can apply for a Tax-Free Childcare account for that child before they need to start using it. Families can start depositing money 31 days before they return to work, maximising the potential government top-up saving.



Childcare providers can also sign up for a childcare provider account via GOV.UK to receive payments from parents and carers via the scheme.

Each eligible child requires their own Tax-Free Childcare account. If families have more than one eligible child, they will need to register an account for each child. The 20% government top-up is then applied to deposits made for each child, not household. Account holders must confirm their details are up to date every 3 months to continue receiving the government top-up. To apply visit www.gov.uk/tax-free-childcare.

Published in the Wigan Observer 21st September 2021.