



Early Years Vouchers
Making childcare affordable

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Parent FAQ's

Q. What qualifies the carer and/or the child to be eligible to use the scheme?

A. Childcare vouchers cover children up to 15 years (or 16 if disabled) of age and a wide range of childcare providers can be used and the following are just a sample: registered childminders, independent nursery schools, session and day-care playgroups and crèches, community nurseries, workplace and partnership workplace nurseries, local authority day nurseries, nannies and nanny share schemes, out of hours schemes on school premises run by the school or local authority, childcare schemes run by approved providers, Ministry of Defence accredited schemes, approved foster carers (as long as the child is not the foster carer's foster child), out of school schemes run by the school governing bodies that are part of the 'extended schools scheme', holiday play schemes, and family members undertaking care for you (excluding spouses and partners). Carers must be registered or approved by the relevant authorities in England, Scotland, Wales or Northern Ireland to enable the full tax savings to be made. Some carers are not required by law to be registered at this time but for the purposes of this legislation all carers have to be registered. To that end, unregistered carers can undertake voluntary registration and we can advise on how this is done. There is further information on the Links page on the web site. The employee must be the legal guardian or parent of the child. There are certain other circumstances that may qualify.

Q. What does the Early Years Vouchers Ltd scheme offer me in terms of savings?

A. Significant saving on carer fees - up to 41% on the first £55 per week. This is per parent, so if both parents are able to claim the savings are doubled. Over a full tax year savings of £903.96 (20% tax payer) to £1195.56 (40% tax payer) per parent can be made. See table below.

monthly voucher cost	yearly savings for employees at 20% tax		yearly savings for employees at 40% tax	
	contract in	contract out	contract in	contract out
£ 5.00	£ 18.60	£ 17.64	£ 24.60	£ 23.64
£ 10.00	£ 37.20	£ 35.28	£ 49.20	£ 47.28
£ 15.00	£ 55.80	£ 52.92	£ 73.80	£ 70.92
£ 20.00	£ 74.40	£ 70.56	£ 98.40	£ 94.56
£ 30.00	£ 111.60	£ 105.84	£ 147.60	£ 141.84
£ 40.00	£ 148.80	£ 141.12	£ 196.80	£ 189.12
£ 50.00	£ 186.00	£ 176.40	£ 246.00	£ 236.40
£ 60.00	£ 204.60	£ 194.04	£ 295.20	£ 283.68
£ 70.00	£ 223.20	£ 211.68	£ 344.40	£ 330.96
£ 80.00	£ 260.40	£ 246.96	£ 393.60	£ 378.24
£ 90.00	£ 297.60	£ 282.24	£ 442.80	£ 425.52
£ 100.00	£ 334.80	£ 317.52	£ 492.00	£ 472.80
£ 110.00	£ 372.00	£ 352.80	£ 541.20	£ 520.08
£ 120.00	£ 409.20	£ 388.08	£ 590.40	£ 567.36
£ 130.00	£ 446.40	£ 423.36	£ 639.60	£ 614.64
£ 140.00	£ 483.60	£ 458.64	£ 688.80	£ 661.92
£ 150.00	£ 520.80	£ 493.92	£ 738.00	£ 709.20
£ 160.00	£ 558.00	£ 529.20	£ 787.20	£ 756.48
£ 170.00	£ 595.20	£ 564.48	£ 836.40	£ 803.76
£ 180.00	£ 632.40	£ 599.76	£ 885.60	£ 851.04
£ 190.00	£ 669.60	£ 635.04	£ 934.80	£ 898.32
£ 200.00	£ 706.80	£ 670.32	£ 984.00	£ 945.60
£ 210.00	£ 744.00	£ 705.60	£ 1,033.20	£ 992.88
£ 243.00	£ 903.96	£ 857.30	£ 1,195.56	£ 1,148.90

Q. Am I eligible?

A. You must be employed (not self-employed), have a qualifying child and carer and abide by any special provisions set out by your employer. You must be paying Income Tax to gain tax relief and we certainly would not suggest that you take childcare vouchers if you earn less than approx £10,000 per annum gross. The vouchers can be used for more than one child and carer. Remember also that the legal minimum hourly pay rate has to be maintained and that some state benefits require a minimum level of NI contributions to be maintained. You must also be the legal guardian or parent of the child for whom you use the vouchers. For both parents to receive childcare vouchers both parents must be working.

Q. How does the scheme work?

A. The Scheme works by your employer purchasing childcare vouchers from Early Years Vouchers Ltd on your behalf and you can use them to pay some or all of your carer fees. The carer then redeems them with Early Years Vouchers Ltd. Of course the employer recoups the cost of these from you and there are a number of systems available to your employer, the most common being a salary sacrifice. Salary sacrifice is becoming a widely accepted method of giving up part of your remuneration in exchange for a non-taxable benefit in kind. You agree to give up your right to full pay whilst still retaining the total value of your pay, made up of monetary and voucher elements. The agreement is for a specific period, preferably the tax year, but you could vary the amounts per pay period within the agreement period. The vouchers come in various denominations so if you have a number of different childcare providers you can use them to pay for childcare at all of them, or just one particular carer. You have to specify to your employer the name, telephone number and post code of your childcare provider(s) and the value of the vouchers required per month, up to £243 (see next question) per month attracts full tax and NI relief, all amounts above that have no relief. And remember that BOTH parents can claim this relief.

Q. How do I calculate how much to ask my employer for when requesting vouchers?

A. If your childcare costs are the same each month then you can just request the same amount each month. However, it is likely that your childcare costs can be erratic, high one month and low the next. And then of course there are holiday times etc. The rules are that you have an allowance that you can claim tax and NI free (£243 per month) in any tax month but you can't exceed this allowance. We recommend that you sit down and carefully work out your childcare costs to gain the best relief you can. You are allowed to bank your allowance and then play catch up in effect, but allow no advance payments. The vouchers are valid for 12 months from the valid date. Please ask us for advice on your voucher amounts and note that revenue rules can change.

Q. What happens when I want to stop using the vouchers?

A. If you have come to the end of your agreed period then you will revert back to your original salary. If it is the case that you do not require any more vouchers then simply do not order any.

Q. What happens if I become pregnant or I am currently receiving maternity benefit?

A. If you are using vouchers before you became pregnant this will affect the amount of award you receive for your SMP. If you are on the scheme whilst on SMP then you need to ask your payroll if you are receiving enough income to qualify for a successful salary sacrifice. This would also apply to male employees taking paternity leave. You cannot sacrifice from statutory pay but you are still entitled to take vouchers.

Q. Does the scheme have any impact on my pension contributions and value?

A. If you have an employment related or private pension you should consult your pension advisor. Some employers continue to contribute on the gross amount and some do not. This policy is normally set by the pension provider and it appears to be the custom to include the voucher amount in the pension calculation. As long as you are maintaining the minimum NI contributions, your state pension should be unaffected but your second state pension could be, so consult your local tax office. The NHS Pensions Agency state that the value of childcare vouchers do not count as qualifying pay and this will reduce the amounts payable for ill health and early retirement and also death benefits. As long as you take any NHS pension benefit more than 3 years after you ceased to take childcare vouchers your entitlement will not be affected. It is a matter of company policy on how your gross pay is treated, a gross figure such as Notional gross, or a figure reduced by the amount of your vouchers, there is no Revenue requirement for this.

Q. What are the affects on Working Tax Credit and Child Tax Credit?

A. If you are entered into a salary sacrifice agreement then the reduced salary is used to calculate your entitlement for both these benefits. Under Working Tax Credit rules you cannot claim or receive any contribution towards the face value of the childcare vouchers you receive. However, if there are elements of your childcare costs that are not covered by childcare vouchers and are paid out of your wages or salary then you can claim these costs. Financially you are no better off at this time by using the vouchers as opposed to the tax credits. This applies to parents receiving the maximum 80% relief against childcare costs in the tax credit payments and only applies where you are able to receive relief on your childcare costs, ie, both parents working or you are a single parent. Once you move away from the 80% award figure or you are not receiving relief on childcare costs then you are better off financially using the childcare vouchers. In effect, you have reduced both your gross pay and your childcare weekly cost by the amount of the vouchers taken. In practice, you will be better of taking tax credits relief instead of vouchers, if you are lower income families. Talk to us and we can advise the best course of action.

Q. What can the Scheme offer my company and why should they offer the scheme?

A. A small saving on current employers NI contributions is made and the whole cost can be offset against Corporation Tax, making the scheme self-financing. Employers spend vast amounts of money training and keeping qualified staff and the cost of replacing staff is high so employers like to offer benefits that save them time, money and effort. The new legislation is family and employer friendly so is very easy to implement and administer, as is the Early Years Vouchers Ltd online system.

Q. Are there any costs to the carer in using the system?

A. Absolutely none at all, they even have a free phone support number and can redeem by phone or online.

Q. Are there any costs to the parent in using the system?

A. There are no direct costs to the parent. There are some inbuilt effects of salary sacrifice issues which have been touched on and the parent is responsible for the correct request of the vouchers. If the parent wishes changes to the vouchers when they have been issued correctly by the employer there may be an administration fee involved but each case is reviewed individually. The parent is responsible for any late fees charged by the carer in ALL circumstances. Please refer to the terms and conditions as published.

How do I start saving money?

- 1. Your employer and carer need to be registered on the scheme. Check with them to see if they are. If your employer is already registered, speak to your HR or Payroll on how the scheme works. Show your employer and carer the website and ask them to register or contact us.**
- 2. Be proactive with your carer and employer to ensure that you can receive the savings as soon as possible. Ask around to see if there are others in your company who are eligible. A number of you asking about the scheme will have more impact. And a number of parents at the same carer have more effect too.**
- 3. Once they are registered you can start to save on your childcare costs.**
- 4. You take a reduction in your gross salary by what is known as a salary sacrifice, or have flex benefits or salary addition. Your employer then issues you with vouchers for the carer you choose every month you require them.**
- 5. When you request vouchers please use the voucher request form that you can download from your account admin section. You can also get these from your employer or if you are a part of a company that takes part in the Gold service you will receive separate instructions on how to proceed.**
- 5. Your employer pays Early Years Vouchers Ltd for your vouchers direct, they will be sent to you and you give them to the carer who then redeems them with Early Years Vouchers Ltd.**