**Tax-Free Childcare: Top things local authorities need to know**

This year the government will introduce Tax-Free Childcare, a new UK-wide scheme to help working parents pay for childcare.

As a local authority, childcare providers and parents are likely to come to you for help and advice on this new offer. By encouraging providers in your area to sign up, you can help raise awareness and ensure as many local parents as possible benefit from the scheme.

**What is Tax-Free Childcare?**

Parents will be able to open an online childcare account, which they will use to pay for their childcare directly.

For every £8 a parent pays in, the government will pay in an extra £2. Parents can receive up to £2,000 per child, per year, towards their childcare costs, or £4,000 for disabled children – separate from funded entitlements. The offer will be available for children up to the age of 12, or 17 for children who are disabled.

To qualify, both parents will have to be in work, and each expecting to earn at least £115 a week – and not more than £100,000 each year.

**Tax-Free Childcare can be used to pay for:**

* Pre schools
* Registered childminders
* Day nurseries
* School based care (that is paid for, such as after-school clubs)

Parents can’t claim Tax-Free Childcare at the same time as claiming tax credits, Universal Credit or childcare vouchers. Childcare providers can receive payments from both Tax-Free Childcare and childcare vouchers.

**How does Tax-Free Childcare work for providers?**

Childcare providers can sign up now for Tax-Free Childcare.

Letters were sent to registered childcare providers throughout September and October, inviting them to sign up and get ready for the launch of Tax-Free Childcare. They must do this in order to receive payments from parents through the scheme.

To sign up, childcare providers should visit [www.childcare.tax.service.gov.uk](http://www.childcare.tax.service.gov.uk) and will need:

* The unique code included in their invitation letter.
* The bank account details for the account they wish to receive payments into.
* Their Unique Taxpayer Reference (UTR) number – or their National Insurance number, if they don’t have a UTR.

To sign up, childcare providers must first be registered or approved, with a regulating body. Registering with a regulator can take up to 12 weeks, so if childcare providers aren’t registered yet, they should act now.

Parents will soon be able to search for childcare providers who have signed up using an online tool. Payments will be made directly from a parent’s online account and will automatically include the government’s contribution, arriving in one simple transaction for providers.

**How can you make sure parents and childcare providers in your area benefit from the scheme?**

We are asking for your help to ensure childcare professionals in your area are ready for Tax-Free Childcare. Between now and the launch we will be writing to providers and sharing our messages through other channels such as social media. We would also appreciate your help in preparing your local childcare providers. We have included some content below for you to share through your channels such as your website, Family Information Service (FIS) and provider forums/meetings.

**What happens next?**

Tax-Free Childcare will be gradually rolled-out to parents from early 2017. Once the scheme is introduced, parents will be able to sign up online.

 We will provide further details on the launch of Tax-Free Childcare in due course. In the meantime, please click [here](http://www.childcare.tax.service.gov.uk) for more information on the current guidance being offered to providers and [here](https://www.gov.uk/government/news/tax-free-childcare-10-things-parents-should-know) for the top things parents should know.

If you require any support or have any questions on Tax-Free Childcare please contact HMRC at tax-free.childcaremailbox@hmrc.gsi.gov.uk.

**Intranet story for your local authority colleagues**

**Tax-Free Childcare: helping working parents pay for childcare**

**What is Tax-Free Childcare?**

Throughout this year, Tax-Free Childcare, a new UK-wide scheme will become available to around 2 million households. Designed to help working parents with their childcare costs, the scheme allows parents to open an online bank account to pay registered childcare providers directly. For every £8 parents pay into these accounts, the government will add £2. The money can then be spent on childcare. Parents can receive up to £2,000 in government support per child, per year, or £4,000 for disabled children.

**Tax-Free Childcare can be used to pay for:**

* Pre schools
* Registered childminders
* Day nurseries
* School based care (that is paid for, such as after-school clubs)

**How does Tax-Free Childcare work for providers?**

Over 100,000 letters have been sent to childcare providers across the country, inviting them to sign up for the government’s new offer. They must do this in order to receive payments from parents. To sign up, childcare providers should visit [www.childcare.tax.service.gov.uk](http://www.childcare.tax.service.gov.uk)

Employer-Supported Childcare will continue to run alongside Tax-Free Childcare and the current scheme will remain open to new entrants until April 2018. Childcare providers will be able to receive payments from both Tax-Free Childcare and childcare vouchers.

For more information providers can visit the [Top things providers need to know on Gov.uk](https://www.gov.uk/government/news/tax-free-childcare-top-things-childcare-providers-should-know) and parents can visit: <https://www.gov.uk/government/news/tax-free-childcare-10-things-parents-should-know>.

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**External story for your local childcare providers**

**Are you ready for Tax-Free Childcare?**

Childcare providers across the country are signing up for the government’s new offer: Tax-Free Childcare.

Tax-Free Childcare will help working parents with the cost of childcare, offering up to £2,000 per child per year, or £4,000 if a child is disabled. Parents will be able to open an online account, which they can use to pay for childcare from a registered provider. For every £8 parents pay into these accounts, the government will add £2. Childcare providers must sign up to be able to receive payments from parents through the scheme. Sign up now at: <https://childcare-support.tax.service.gov.uk>

To sign up, childcare providers should visit [www.childcare.tax.service.gov.uk](http://www.childcare.tax.service.gov.uk) and will need:

* The unique code included in their invitation letter.
* The bank account details for the account they wish to receive payments into.
* Their Unique Taxpayer Reference (UTR) number – or their National Insurance number, if they don’t have a UTR.

Tax-Free Childcare will be rolled out to parents from early 2017 but it is important that you as a provider sign up as soon as possible to be ready for the scheme’s launch. You can find more information on the scheme by visiting the [Top things providers need to know on Gov.uk.](https://www.gov.uk/government/news/tax-free-childcare-top-things-childcare-providers-should-know)