



CHILDCARE SALARY SACRIFICE SCHEME/ TAX FREE CHILDCARE

Policy and Guidelines

1. Introduction

Childcare Salary Sacrifice Scheme closed to new applicants in October 2018. Employees who were already signed up to the scheme are eligible to keep receiving vouchers, but they will not be able to re-join the voucher scheme after this time if they leave/stop participating.

Parents not participating in a childcare voucher scheme are able to participate in the government's Tax Free Childcare scheme (see section 3), which was introduced in April 2017. Information about Tax Free Childcare is available via <https://www.gov.uk/tax-free-childcare>

2. Tax Free Childcare

The Government's Tax Free Childcare Scheme was introduced in April 2017. It is open to more than twice as many parents as the employer-supported voucher schemes. Employers' workplace nurseries aren't affected by the introduction of Tax-Free Childcare.

You can get up to £500 every 3 months (up to £2,000 a year) for each of your children to help with the costs of childcare. This goes up to £1,000 every 3 months if a child is disabled (up to £4,000 a year).

Employees are able to open an online account, which they can pay into to cover the cost of childcare with a registered provider. This will be done through the government website, GOV.UK

For every 80p the employee puts in the government will top up an extra 20p, this is the equivalent of the tax most people pay - 20%. The government will top up the account with 20% of childcare costs up to a total of £10,000 - the equivalent of up to £2,000 support per child per year (or £4,000 for disabled children).

The scheme will be open for children under the age of 12 and under the age of 17 for children with disabilities.

To qualify parents will have to be in work and each earning at least £120 per week and not more than £100,000 each per year. Any working family can use Tax-Free Childcare provided they meet the eligibility requirements. The scheme will be available to parents on paid sick leave and paid and unpaid statutory maternity, paternity and adoption leave. It's also available to self-employed parents.

Money can be paid into their childcare account as and when they like, which provides greater flexibility as to when the money can be used. Other family members can also pay into the account as well as employers. If their circumstances change they are able to withdraw the money they have built up. If they do the government will withdraw its corresponding contribution.

3. Childcare Advice

When it comes to choosing childcare there are lots of options to think about. Employees can contact the **Families Information Service** to request a personalised list on 0800 783 4645 or email fis@southtyneside.gov.uk

4. Equality and Diversity Statement

South Tyneside is committed to promoting equality and valuing diversity. An equality check was carried out in December 2021. No equality implications were identified in this policy.

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