

**childcare**   
voucher solutions



The childcare solution  
that's easy for everyone.

# Introduction

Your organisation has introduced a childcare voucher scheme in conjunction with Childcare Voucher Solutions. The Scheme offers a more flexible way for you to pay for your childcare. Under the scheme part of your wages are “sacrificed” or given up in exchange for childcare vouchers.

Within agreed limits these Vouchers are non-taxable and exempt from National Insurance Contributions and represent a saving for employees who receive them. The childcare vouchers you receive are then exchanged as payment for the childcare your child or children receive.

## So how does it work?

There is a simple process to request Childcare Vouchers under the Scheme. You agree with your employer to change the amount they have to “pay” you each month. The agreement between you and your Employer is known as a “salary sacrifice”. You give up the right to receive your full salary and instead agree with your Employer to receive a reduced salary payment with the rest made up of Childcare Vouchers. The total value you receive remains the same.

On the following pages you will find the answers to some of the most frequently asked questions. If you have a question which isn't covered here please contact **Childcare Voucher Solutions** on **0845 601 6020** or your Human Resources team.

“We previously used 2 other childcare voucher providers. After many administrative problems with them, we changed to Childcare Voucher Solutions and have found their service to be very satisfactory without the hassle we experienced previously.”

**Roger Oakes - R G Carter Construction Limited**

“We have been using Childcare Voucher Solutions to run our scheme at Norwood for over a year. I can highly recommend them as a company to use for your scheme.”

Natalie Sackman - Norwood



# Your Frequently Asked Questions

**We've broken this section down into three parts:**

- 1 Is it right for me?
2. The childcare provider
- 3 How do I join?

## 1. Is it right for me?

### **You mentioned a saving for employees - how much?**

The maximum amount you are entitled to sacrifice each month depends on the tax band you fall into. If you are a standard rate taxpayer you can sacrifice up to £243 per month for childcare vouchers (saving £933 per year). If you are a higher rate taxpayer you can sacrifice £124 per month (saving £623 per year). If you are an additional rate taxpayer you can sacrifice up to £97 per month (saving £606 per year).

### **It's only for mum's though isn't it?**

NO! Each employed parent can claim the exemptions on tax and National Insurance Contributions, so a two-parent family could double the savings.

### **What ages must the children be?**

The childcare vouchers can be used to pay for registered or approved childcare for children up to 1st September following their 15th birthday or 1st September following their 16th birthday if they are disabled.

### **Can I use them for more than one child?**

Yes. By using the Salary Sacrifice arrangement you can be paid in Childcare Vouchers for as many children as you wish. The exemption or benefit is restricted to £243.00 per month and not per child! If you have more than one child and use different childcare providers for their care you simply tell us the names of each child and the details of their carer on your order form.

### **What effect does it have on my pension?**

As long as you pay the minimum requirement for NI payments, receiving childcare vouchers shouldn't affect your Basic State Pension. It may have a small effect on your Second State Pension. For further information on this please contact your local tax office. Please contact your Pension advisor in respect of any pension arrangements with your employer.

## What about Working Tax Credits or Child Tax Credits?

The receipt of childcare vouchers through a salary sacrifice scheme can affect parents' entitlements to these tax credits in a couple of ways. As your average earnings will effectively be reduced, you could receive a higher payment through the WTC. However, the value you receive in childcare vouchers from your employer cannot be declared as childcare costs when calculations are made for your entitlement to the childcare element of WTC. This is to ensure that you are not claiming for the same assistance with childcare twice. The childcare element of WTC may therefore be reduced. We recommend you find out what level of support you could be entitled to through the CTC and WTC before you sign up to the childcare voucher scheme.

## How do I know if I would be better off with Tax Credits or a Voucher Scheme?

The following points provide a rough guide as to whether you would get more help from Tax Credits, or from the voucher scheme, but you should also make sure that you check your individual situation carefully before you decide which benefit is better for you.

Generally, if you are getting £545 or less a year in total from Tax Credits, you will be better off using vouchers.

Generally, if you are getting more than £545 a year in total from Tax Credits, you will not gain from claiming the tax and NICs exemptions - unless you are a higher rate tax payer.

Generally, if your childcare costs are more than £175 a week for one child, or £300 a week for two or more children, you will benefit from taking childcare vouchers to pay for the amount by which your childcare costs exceed those limits.

## For more information

on **Child Tax Credit** and **Working Tax Credit** contact the Tax Credit

**0845 300 3900**

or visit

[www.hmrc.gov.uk/childcare/taxcreditsguidance.htm](http://www.hmrc.gov.uk/childcare/taxcreditsguidance.htm)

## What happens if I expect to have some maternity leave?

Employees participating in the scheme who become pregnant and ultimately due to take Maternity leave, are advised to opt out as soon as possible before the Maternity leave commences as continuing to order vouchers may affect your Maternity pay entitlement. Statutory Maternity pay is calculated on the salary earned in the 15 weeks prior to Maternity Leave - if Childcare Vouchers were taken during this period, they would not be considered to be part of salary, hence lowering the Maternity pay that you may be eligible for.

## Minimum Wage

The salary sacrifice arrangement under which you receive Childcare Vouchers as part of your total pay reduces the amount of cash salary you receive from your employer. As the minimum wage is calculated on this amount, it is vital that the total value of Childcare Vouchers you receive does not reduce your hourly rate to below £6.08 per hour.



## 2. The Childcare Provider

### What types of childcare can I use the vouchers to pay for?

The childcare vouchers can be used to pay for any registered\* or approved childcare. This can include:

- // Childminders, nurseries and playschemes registered by Ofsted.
- // Out of hours clubs run by a school on the school premises or by a local authority.
- // Childcare schemes run by approved providers.
- // An approved foster-carer (the care must be for a child who is not the foster carer's foster child).
- // In England only, a childcarer who is approved by Ofsted to care for your child or children in your own home - these are childminders who have further qualified to become "home childcarers".
- // In England only, a childcarer approved under the Childcare Approval Scheme.
- // In England only, childcare given in the child's own home by a domiciliary worker or nurse from a registered agency.
- // In Scotland only, childcare given in the child's own home by (or introduced through) childcare agencies, including sitter services and nanny agencies, which must be registered.

"NB: Childcare provided by a relative\*\*of the child is generally not eligible for help. The sole exception to this is the situation in which a relative has been registered or approved as a childminder, and happens to care for a related child, but whose primary or main paid childminding is for children to whom they are not related. In short being a paid childminder for the child to whom they are related is INCIDENTAL to their usual paid childminding.

This care must be provided outside the child's own home."

\* Childcare services which have been registered and inspected by Ofsted (England only), the Care Standards Inspectorate for Wales, the Scottish Commission for the Regulation of Care and the Health and Social Services Trust in Northern Ireland

\*\*A relative of the child means a parent, grandparent, aunt, uncle, brother or sister - whether by blood, half blood, marriage, or affinity.

### Will any childcare provider accept them?

Most providers will accept the vouchers. Should you have any difficulties please contact Childcare Voucher Solutions on **0845 601 6020** and we will do our best to help.

### How much does it cost my childcare provider to redeem the vouchers?

We make no charge to your childcare provider to redeem the childcare vouchers. Each month/week they send the childcare vouchers to us and are paid via BACS directly into their bank account for the total value of the vouchers they have submitted

## 3. How do I join?

In order to join the scheme simply complete the Order Form in this pack and sign the agreement to vary your Terms and Conditions of Employment to enable your employer to provide the Childcare Vouchers as part of your salary.

Provided we receive your Order Form before your organisations payroll deadline your Vouchers will be issued with you next salary payment.



“I would just like to express my thanks for all the help and advice that you have given me. You were extremely patient and talked me through the system, the whole thing was so straight-forward.

It’s been great to be able to provide a service to our staff that offers them practical support and savings, and as a company, Zeag too benefits in monetary terms.”

Christine Saupé - Zeag (UK) Ltd



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