

# Tax-Free Childcare

Personal Tax Factsheet | [www.rousepartners.co.uk/factsheets](http://www.rousepartners.co.uk/factsheets)



An overview of  
the latest changes and  
developments.

  
**rouse**  
Chartered Accountants

# Tax-Free Childcare

The government has introduced a tax incentive for childcare Tax-Free Childcare (TFC).

If you would like to discuss how we can assist you, please contact us on 01494 675321 or by email at [info@rousepartners.co.uk](mailto:info@rousepartners.co.uk)

## Overview

Under TFC the tax relief available is 20% of the costs of childcare up to a total of childcare costs of £10,000 per child per year. The scheme will therefore be worth a maximum of £2,000 per child (£4,000 for a disabled child). Parents are able to apply for TFC for children under 12 (up to 17 for children with disabilities).

To qualify for Tax-Free Childcare all parents in the household must generally meet a minimum income level, based on working 16 hours a week (on average £131 a week) and each earn less than £100,000 a year and not already be receiving support through Tax Credits or Universal Credit.

## Online account

Parents are able to register with the government and open an online account. The government will then 'top up' payments into this account at a rate of 20p for every 80p that families pay in.

## Self-employed

Self-employed parents are able to get support with childcare costs using the TFC scheme, unlike employer supported childcare scheme. To support newly self-employed parents, the government have introduced a 'start-up' period. During this period a newly self-employed parent will not have to earn the minimum income level.

## Roll out of TFC and service issues

All parents of eligible children can apply for both 30 hours free childcare and TFC via a single website. Parents can apply online through the childcare service which can be accessed via the [Childcare Choices website](#).

HMRC acknowledges that some parents did not receive the intended level of service when using the website and that they have subsequently made significant improvements. For those parents who have had difficulties in accessing the service, compensation may be available: see [childcare service compensation](#).

## Childcare providers

Only childcare providers registered with a regulator can receive Tax-Free Childcare payments.

## How does this relate to employer supported childcare?

Employer Supported Childcare (ESC) closed to new entrants in October 2018. ESC continues to be available for current members if they wish to remain in it or they can switch to TFC but parents cannot be in both ESC and TFC at the same time.

### How we can help

If you would like to discuss childcare in further detail, please do not hesitate to contact us on 01494 675321 or by email at [info@rousepartners.co.uk](mailto:info@rousepartners.co.uk)

# Trusted advice, *imaginative solutions.*

It's the old adage that all accountants are the same, but ask yourself this; what kind of service would most add value to your personal or business position? In our opinion, the quality of advice and service is what separates a good accountant from a great one. This is where Rouse Partners can make a difference for you.

Our award-winning team make it their business to get to know you and your specific needs. Whether your goal is to grow your business, increase your personal wealth or improve your work-life balance, by understanding your challenges, we will address them together.

We also know how important it is for you to have a team that you can rely on for timely advice and reassurance. At Rouse, our people are our most important asset and we will select team members who offer an optimum mix of experience, specialism and knowhow. From your Partner, to your Tax Advisor, each team member will be accessible to you or your team and be proactive in seeking solutions.

At the heart of our way of working is a determination to think differently, to challenge the 'status quo' and to ask 'what if?'. Whether you are facing a complex tax, accounting or management situation, we are ready to find a solution.

Contact us today to discuss how we can support your personal or business tax needs:

t: 01494 675321

e: [info@rousepartners.co.uk](mailto:info@rousepartners.co.uk)

Accountancy

Audit

Tax

Business advice

Corporate finance

Company secretarial

Outsourcing

Payroll

Wealth management

International services



Rouse Partners LLP  
55 Station Road  
Beaconsfield  
Buckinghamshire  
HP9 1QL

t: 01494 675321  
e: [info@rousepartners.co.uk](mailto:info@rousepartners.co.uk)  
[www.rousepartners.co.uk](http://www.rousepartners.co.uk)

© Rouse Partners 2020. This guide has been produced by Rouse Partners LLP for general interest. No responsibility for loss occasioned to any person acting or refraining from action as a result of the information contained in this edition is accepted by Rouse Partners LLP. In all cases appropriate advice should be sought from us before making a decision. All information correct at time of publication (29 January 2020) and subject to change.