



# Employer Supported Childcare

## Short Guide for Childcarers

This guide aims to give childcarers an overview of childcare arrangements which may be offered by employers to their employees and what this may mean for you.

Certain childcare arrangements made by employers, either with employees or directly with you can have tax and National Insurance contributions (NICs) savings for both the employer and the employee. Therefore the parents of the children you look after, or their employers, may ask you to be paid in a different way for them to benefit from those savings. You do not have to participate in different arrangements but if you do, you should not be disadvantaged in any way.

### We run a nursery and one of our parent's employer has offered to pay us instead of the parent. How does this work?

If employers contract to buy registered or approved childcare from a third party which is then made available to their employees, the first £50 a week is free of tax and NICs. By buying the childcare from you direct rather than the parent buying it, the employer is able to make this benefit available to their employee and benefit from a NICs saving on the first £50 a week. The employee also benefits from a tax saving on the first £50 a week. However, to benefit from the tax and NICs savings, the contract for childcare must be between the employer and you. If the employer simply settles all or part of the parent's own childcare bill, tax and NICs are payable on the full amount.

It is up to the employer how much childcare they agree to buy from you for the parent. This may be all of the cost or just part of it with the parent meeting the rest.

### I am a childminder and a parent has asked if I will agree to be paid in childcare vouchers. How do these work?

Childcare vouchers are provided by the parent's employer, often through a childcare voucher company. Where they are used for registered or approved childcare the first £50 a week of the vouchers is exempt from tax and NICs, saving the parent and employer some money.

If you agree to accept payment in vouchers, you will normally be asked to provide some information up front to the parent's employer or voucher provider. This may typically include your name and address, registration or approval number and in some

cases, bank account details. You will be given information about how you will be able to redeem vouchers you receive for cash.

Once the details are recorded, the parent will pay or part pay you in vouchers. You will either return the vouchers to the employer or voucher provider and receive a cheque in return or the scheme may provide you with a direct payment by BACS transfer into your account.

Most childcarers find vouchers a convenient and reliable method of payment but it is advisable to find out how it will work before you agree to this method of payment.

### We are a nursery and have been approached by a company to sign up as a workplace nursery for an employer. How does this work?

If a parent's employer runs a nursery and provides the parent with a free or subsidised place, there is a full tax and NICs exemption on the value of the benefit. Some schemes exist which aim to create a financial and management responsibility between existing commercial nurseries and employers with the intention of exploiting this exemption. These schemes are only likely to be effective if the employer's responsibility for the running of your nursery is a real one.

If you are approached to participate in any such scheme we recommend that you take legal advice on the construction of the arrangement or contact your local HMRC office for more information.

### I am an approved nanny and receive some of my pay in childcare vouchers for providing childcare services. Do I benefit from the tax and NICs exemption on childcare vouchers?

No, the parent and their employer make the tax and NICs savings on qualifying childcare vouchers. When you are paid in vouchers your employer calculates your tax and NICs in the same way as they do now.

## Do I have to be registered or approved?

It is compulsory for some childcare to be registered. Some childcare that is not required to be registered can be approved. This is voluntary but may give the parent access to financial help as childcare help through tax credits or tax and NICs exemptions on employer support are only available in respect of registered or approved childcare.

In England - care of children under 8, and over 2 hours a day outside of the child's home, must be registered. Care of 8s and over, and care in the child's home given by individual carers, may be approved.

In Wales - care of children under 8, and over 2 hours a day outside of the child's home, must be registered.

In Scotland - care of children to age 16 outside of the child's home must be registered. Sitter services and nanny agencies are also registered but individual home childcarers are not.

In Northern Ireland - care of children to age 12 outside of the child's home must be registered.

## How can I become a registered childcarer?

In England - contact the Office for Standards in Education (OFSTED) on **0845 601 4771** (calls charged at local rates), or visit [www.ofsted.gov.uk](http://www.ofsted.gov.uk)

In Wales - contact the Care Standards Inspectorate for Wales on **01443 848450** or visit [www.wales.gov.uk/csiw](http://www.wales.gov.uk/csiw)

In Scotland - contact the Care Commission on **01382 207 200** or visit [www.carecommission.com](http://www.carecommission.com)

In Northern Ireland - contact the children's centre in your local Health & Social Services Trust. The number will be in **The Phone Book** or visit [www.dhsspsni.gov.uk/links.asp](http://www.dhsspsni.gov.uk/links.asp)

## How can I become an approved childcarer?

In England only - contact Nestor Primecare Services Ltd on **0845 7678 111** (calls charged at local rates) or visit [www.surestart.gov.uk/childcareapproval](http://www.surestart.gov.uk/childcareapproval)