

Childcare vouchers – the
tax and NI efficient way of
paying for registered childcare



parents | Your questions answered...



A proud member of the CVPA
Promoting best practice within
the childcare voucher industry



What does Allsave provide?

As well as giving you great savings on your childcare costs Allsave provides you with access to a personal online account, a childcare search tool, calculators to help you work out how to make the best savings, a smartphone app for simple account management **and** a massive range of brilliant savings through Allsave Discounts. Plus our friendly helpline team are always on hand to assist over the phone.

About childcare vouchers and savings

What are childcare vouchers?

Childcare vouchers are a tax and NI (National Insurance) efficient way of paying for registered childcare.

How do I make the savings?

In order to make the savings you must sign a salary sacrifice contract with your employer to vary the terms of your employment, this is in order to receive part of your pay in childcare vouchers. The earnings you exchange for childcare vouchers are gross, so there is no tax or NI to pay.

What is salary sacrifice?

Salary sacrifice is when you give up the right to part of your pay in return for a non-cash benefit e.g. childcare vouchers.

The contract to receive tax and NI free childcare vouchers usually lasts for at least a year. Within the contract period you may only withdraw from the scheme if you experience a life-changing event within your family, such as: death, divorce, new baby, child starting school, long term illness or redundancy of a partner. Once the contract has expired or you withdraw from the scheme, you will revert to your original salary.

What if I leave the organisation?

You will automatically stop receiving childcare vouchers, but you may still use any stored vouchers before they expire.

What is the maximum value of vouchers I can receive?

The maximum value of tax and NI free childcare vouchers depends on your tax band and when you joined the scheme. For all new joiners since April 2011 an annual earnings assessment will categorise you into a basic, higher or additional rate tax payer, which will then decide your maximum voucher amount. For more information see the table opposite.

Who may receive childcare vouchers?

Working parents / guardians, both men and women, provided that income does not fall below the national minimum wage (NMW) by receiving childcare vouchers.

How is a parent / guardian defined?

A parent / guardian is someone who maintains a child or stepchild (wholly, or partly) at their expense or who has parental responsibility for a child who resides with them. Grandparents, unless legal guardians, are not eligible to receive childcare vouchers.

	Old Scheme Members	New Joiners From April 2011		
	Tax Rates 20% / 40% / 50%	Basic Rate (20% Tax / 12% NI)	Higher Rate (40% Tax / 2% NI)	Additional Rate (50% Tax / 2% NI)
Weekly Amount	£55	£55	£28	£22
Monthly Voucher Amount	£243	£243	£124	£97
Annual Voucher Amount	£2,916	£2,916	£1,484	£1,166
Monthly Tax and NI Savings	£78 / £102 / £126	£78	£52	£51
Annual Tax and NI Savings	£933 / £1,225 / £1,516	£933	£623	£606

How is a child defined?

A person is considered a child until the 1st September following his / her 15th birthday, or 16th birthday if he / she is disabled.

What type of childcare may I pay for with childcare vouchers?

You may pay for any registered childcare with childcare vouchers. Check that your childcare provider is registered with the relevant body.

Registered childcare includes:

- Nannies
- Childminders
- Nurseries
- Pre-schools
- Day care
- Before and after school care
- Holiday schemes
- Sitter services (Scotland)
- Activity based care e.g. sports and drama coaching

If you are unsure whether your child's activity is eligible for childcare vouchers, please don't hesitate to contact us to find out.

Registration bodies include:

- Ofsted (England)
- Care Inspectorate (Scotland)
- Care and Social Services Inspectorate (Wales)
- Department of Health, Social Services and Public Safety (Northern Ireland)



Can I use childcare vouchers to pay private school fees?

No, childcare vouchers cannot be used to pay for private school fees but they can be used to pay for before and after school care at a private school provided it is invoiced separately and also for the boarding element of boarding school fees.

Receiving and using childcare vouchers

How will I receive vouchers?

How you receive vouchers will depend on which voucher delivery method you select when you register with Allsave. There are five options:



Auto – Your childcare provider will be paid automatically and electronically on your voucher day/pay day (Payments take up to three days to clear).



Standing Order – Your childcare provider will be paid automatically and electronically on the day you select.



Virtual – This is an online, electronic account. Voucher value is credited to your account each month and you may decide when and to whom payments are made, provided that the payee is a childcare provider you have registered with Allsave.



Postal – This is a postal account. Paper vouchers are issued and sent to your home address.



Email – This is an email account. A voucher is emailed to you to print off and to use as a paper voucher.

Payment to childcare providers can only be made once Allsave has received cleared funds from your employer.

When will I receive childcare vouchers?

Vouchers are usually received monthly and dates vary depending on your chosen delivery method. You can also choose to receive SMS updates on the status of your vouchers and smartphone users can monitor their account via our Allsave App.

What happens if I use more than one childcare provider?

You may use as many childcare providers as you like provided that you advise Allsave of their details. Should one childcare provider charge more than £243 then you may find it easier to use all your vouchers / voucher credit for that one provider.

What happens if my childcare costs are different in term time and school holidays?

Register all your childcare providers with Allsave and work out how much you need for each provider throughout the year, add it up and divide by 12 to give a monthly amount. You may find a Virtual account the easiest way to store and save credit.

How long are vouchers valid for?

Paper vouchers are valid for two years. Online accounts that are inactive for more than two years may be closed.

May I have a refund if I have unwanted vouchers?

Refunds are not possible under salary sacrifice contracts. Once your pay has been exchanged for a childcare voucher under contract it is generally not possible to reverse it back through the payroll.

May I leave the scheme?

You may only leave the scheme or temporarily stop receiving vouchers during the period of the contract you have signed if you experience a life changing event in your immediate family such as: a death, divorce, new baby, child starting school, redundancy or long-term illness. You must complete a scheme leaver form, either by post or electronically.

Can I use childcare vouchers as well as the Local Authority Childcare Assistance for three and four year olds?

Yes. You may use childcare vouchers if your Local Authority does not cover all your childcare costs.

Other Considerations

Will you protect my personal information?

Yes. We comply with all relevant data protection legislation and are committed to only using your personal data for the purposes of providing our childcare voucher services. We will never pass your information on to third parties.

Are there other considerations to think about before joining the scheme, such as if I receive tax credits, are lower paid or am on the NMW (national minimum wage), or become pregnant while on the scheme?

Allsave has a range of calculators to help you make informed decisions about whether childcare vouchers are right for you and your circumstances.

To access the calculators go to www.allsaveuk.com, click on Employers Organisation log-in and insert your Company password which will be given to you when your employer implements a scheme.

Tax credits

You may find for example that your tax credits reduce with childcare vouchers but that overall you are financially better off. The Allsave calculator will tell you more.



Lower paid and NMW

You may find that if you are lower paid, work part-time or are on the NMW (national minimum wage) you may not be eligible for childcare vouchers or only for a lower amount, the calculator will tell you more. If this is the case you may be eligible for tax credits. Go to: <http://www.hmrc.gov.uk/calcs/ccin.htm> to find out more.

Maternity pay / leave and childcare vouchers

Should you wish to continue with childcare vouchers while you are pregnant then you will receive lower Statutory Maternity Pay (SMP) for the first six weeks of your maternity leave because SMP will be based on your lower salary, not including childcare vouchers.

In order to receive full SMP you must withdraw from the scheme before you are 17 weeks pregnant. To calculate whether you will be better off continuing to receive childcare vouchers while you are pregnant and still working, or withdrawing from the scheme before you are 17 weeks pregnant, use the calculator.

Employer top up pay during maternity leave

Should you receive top up pay during at least the first six weeks of SMP, you will be better off continuing to receive childcare vouchers during your pregnancy, should you require them.

Maternity leave

Should you continue to require childcare vouchers for your elder child / children during maternity leave, then you may continue to receive them from your employer. Your SMP will not be affected.

Other statutory payments and the state pension

These will not be affected if you are paying sufficient NI contributions on your new lower salary, unless your earnings fall below the lower earnings limit (LEL). Should you receive no pay you may continue to receive childcare vouchers in line with other benefits, if you continue to need childcare during this period.

What do I do if I'm not happy with Allsave's service?

We take complaints very seriously and look to resolve them as quickly as possible. For more information please read our 'Complaints Policy' available on our website:

www.allsaveuk.com/doc/10114/Complaints_Procedure.html

Childcare Providers

Are all childcare providers eligible to receive vouchers?

Yes, if they are registered.

Does my childcare provider need to register with Allsave?

No, but you or they do need to provide their contact details, childcarer registration number and bank details so that we can make payments to them.

Do I need to ensure my childcare provider remains registered?

Most childcare providers do not need to renew their registration annually but if you know that your childcare provider has become de-registered then please notify Allsave immediately.

Some childcare providers must renew their registration annually with Ofsted, for example, nannies and activity-based childcarers (sports / drama coaching). It is your responsibility to ensure that your childcare provider has a current registration certificate for the period of childcare you require.

Does my childcare provider have to accept vouchers?

Not legally, but childcare vouchers are now widespread and an accepted way of paying for childcare. Allsave will ensure that your childcare provider is paid quickly.

No claim forms are required to arrange payments.

May a relative receive childcare vouchers as payment for childcare?

Parents, step parents and guardians may not receive childcare vouchers as payment for childcare. No other relative of the child may be paid with childcare vouchers unless they run a registered childcare business, such as a nursery, and the care is not provided in the child's home.

Joining the scheme

How do I join the scheme?

For more information or to register, go to www.allsaveuk.com, click on the Company log-in and enter your Company password.

The Allsave Helpline is info@allsaveuk.com.

Follow these simple steps:

- 1 Complete a contract to agree to exchange part of your pay for childcare vouchers.
- 2 Complete an Allsave registration form online through your Company log-in and confirm how you would like to receive childcare vouchers.
- 3 Allsave will acknowledge your registration and set up your member account.
- 4 Your parent / member log-in will be notified to you so that you may make changes to your details and childcare providers. Virtual accounts can also be accessed in this way, so that you may make payments from your account.
- 5 You will receive vouchers / voucher credit on voucher day (usually around payday).
- 6 Payments will be made to your childcare provider by BACS, directly into their bank account on voucher day; alternatively, you may instruct a payment from your Virtual account. Should your childcare provider receive a paper voucher, they must redeem the voucher for payment in one of four ways: using a pre-paid envelope, telephone redemption, email redemption or through their online account.

About Allsave

Allsave is contracted by your employer to manage your childcare voucher scheme. It is Allsave's job to ensure the scheme is run correctly, that you receive your vouchers / voucher credit on time each month, and that your childcare provider is paid on a timely basis, once funds have been received from your employer.

If you would like more information on how childcare voucher schemes work and how to get the most from your scheme, visit award winning provider Allsave:

www.allsaveuk.com

Email info@allsaveuk.com

or call Allsave on 01256 339100

*Don't forget!
visit www.allsaveuk.com
and check out the
calculators.*