

Help with the costs of childcare

Information for parents and childcare providers

Contents

Introduction	1
Child Tax Credit	1
Working Tax Credit	1
The childcare element of Working Tax Credit	2
Can I claim the childcare element?	2
What childcare costs can I claim?	3
How much help with childcare costs will I get?	4
What do you mean by registered or approved childcare?	5
Change in the law on childcare approved by accredited Quality Assurance schemes in England	7
Change in the law in England - the Childcare Approval Scheme for care of children at home or in domestic premises	8
Your responsibility	9
Childcare provided by a relative	10
Claiming the childcare element	11
How do I work out my average weekly childcare costs?	13
What changes must I tell you about and when?	17
What if I change my childcare provider?	24
Information for childcare providers	27
Making a claim	34
Help and advice	35
Advice centres	36
Customer Service	39

This leaflet explains about the childcare element of Working Tax Credit and how it affects parents and childcare providers.

Introduction

Child Tax Credit and Working Tax Credit support families with children and working people on low incomes. They aim to give support to families specific circumstances, and respond to their changing needs, by helping when they need it most.

Child Tax Credit and Working Tax Credit do not affect Child Benefit payments, which we pay separately.

Child Tax Credit

Child Tax Credit supports families with children and young people aged 16-19 (up to age 20 in certain cases) in full-time education (up to and including A-levels, NVQ Level 3 or equivalent) or, providing they are not employees, on government funded, work based training programmes. We base the amount you get on your household income.

You do not have to be working to claim Child Tax Credit.

Working Tax Credit

Working Tax Credit supports working people (employed or self-employed) on low incomes by topping up earnings. It has several elements and we base the amount you get on your circumstances. There are extra amounts for:

- working at least 30 hours a week
- working people who have a disability and
- the costs of registered or approved childcare, known as the childcare element.

If you are responsible for a child or young person, you can claim Working Tax Credit if you are aged 16 or over and work at least 16 hours a week.

The childcare element of Working Tax Credit

You may be able to get extra help with the costs of registered or approved childcare. This is the childcare element of Working Tax Credit.

Can I claim the childcare element?

If you are a lone parent, you must be aged 16 or over **and** you must work at least 16 hours a week.

If you are in a couple, you must both be aged 16 or over **and** either:

- both of you must work at least 16 hours a week, or
- one partner must work at least 16 hours a week and the other partner must be
 - incapacitated or
 - an in-patient in hospital or
 - in prison (whether serving a custodial sentence or remanded in custody awaiting trial or sentence).

You are treated as incapacitated if you receive one of the following:

- Disability Living Allowance
- Attendance Allowance
- Severe Disablement Allowance
- Incapacity Benefit at the short-term higher rate or long-term rate
- Industrial Injuries Disablement Benefit (with Constant Attendance Allowance for you)
- War Disablement Pension (with Constant Attendance Allowance for you)

- Council Tax Benefit or Housing Benefit with a Disability Premium or Higher Pensioner Premium for you or
- a vehicle under the Invalid Vehicle Scheme.

If you are receiving Maternity Allowance, Statutory Maternity Pay, Statutory Adoption Pay or Statutory Paternity Pay, we treat you as being in work from the date you start receiving these payments, as long as you were in qualifying paid work (of at least 16 or 30 hours, whichever applies) before going on the leave.

If you are becoming a parent for the first time, you can claim Working Tax Credit, including the childcare element, from the child's date of birth or placement for adoption, as long as you usually worked at least 16 hours a week before the maternity, adoption or paternity leave began.

If you are already a parent before going on the maternity, adoption or paternity leave, Working Tax Credit is available if you worked at least 16 hours a week before the leave began. You can claim the childcare element to help with the costs of eligible childcare for the new baby or child as well as for other children in your family. This will help you to settle a new baby or child into childcare before returning to work.

You should claim Child Tax Credit and Child Benefit for the new child as soon as possible.

What childcare costs can I claim?

You can claim the childcare element for the costs of any registered or approved childcare that you pay for. You can **only** claim for the amounts you actually pay out.

If you receive a payment or refund from your Local Education Authority for part-time nursery education (sometimes given for three to four year olds), you cannot claim for the costs covered by that payment or refund.

You cannot claim the childcare element for the cost of compulsory education.

If you receive childcare vouchers from your employer to cover some of the costs of your childcare, you cannot claim for the amount covered by the voucher (even if you receive the vouchers in return for a reduction in the amount of cash pay you receive, sometimes called salary sacrifice). As a result childcare vouchers may affect your entitlement to both the childcare element of Working Tax Credit and Child Tax Credit. To help you decide whether you would be better off with tax credits or childcare vouchers, we have put together a calculator on our website at www.hmrc.gov.uk

You can claim the childcare element for any child up to:

- the Saturday following 1 September after their 15th birthday or
- the Saturday following 1 September after their 16th birthday if the child is on the blind register, or came off it in the last 28 weeks or you receive Disability Living Allowance for the child.

How much help with childcare costs will I get?

The childcare element can help with 80% of your eligible childcare costs up to a maximum cost of:

- £175 a week, if you pay childcare for one child
- £300 a week, if you pay childcare for two or more children.

The table below shows the maximum amount you can get, but the actual amount will depend on your income.

Number of children	Weekly limit on costs	Percentage of costs covered by childcare element	Maximum childcare element available
One child	£175	@ 80%	£175 x 80% = £140.00
Two or more children	£300	@ 80%	£300 x 80% = £240.00

If you employ someone as an approved home childcare provider, you can claim for up to 80% of the gross costs of employing that person as long as this is within the limits above. You should include:

- the costs of any employer's National Insurance contributions you pay
- the costs of any benefits in kind you give and
- any other costs associated with employing that person.

What do you mean by registered or approved childcare?

The childcare must be provided by one of the following:

- a childcare provider approved under a Ministry of Defence accreditation scheme abroad
- an approved foster carer. (The care must be for a child who is not a foster carer's foster child.)

In England only:

- a childcare provider registered by Ofsted
- out-of-school-hours childcare or supervised activity based childcare, provided by
 - a school on the school premises or
 - by a Local Authority or
 - by a childcare provider registered by Ofsted

- until 30 September 2007 - childcare schemes run by approved providers, for example, an out-of-school-hours scheme approved by an accredited childcare organisation. Please see ‘Change in the law on childcare approved by accredited Quality Assurance schemes in England’ on page 7
- a person approved under the Childcare Approval Scheme providing childcare in the child’s home or in other domestic premises. Please see ‘Change in the law in England – the Childcare Approval Scheme for care of children at home or on domestic premises’ on page 8
- a domiciliary worker or nurse from an agency registered under the Domiciliary Care Agencies Regulations 2002 providing childcare in the child’s home.

In Wales only:

- a childcare provider registered by the National Assembly for Wales (through the Care Standards Inspectorate for Wales)
- out-of-school-hours childcare, provided by
 - a school on the school premises or
 - by a Local Authority
- a person approved under the Approval of Child Care Providers (Wales) 2007 Scheme providing childcare in the child’s home or if several children are being looked after, in one of the children’s homes
- a domiciliary worker or nurse from an agency registered under the Domiciliary Care Agencies (Wales) Regulations 2004 providing childcare in the child’s home.

In Scotland only:

- a childcare provider registered by the Scottish Commission for the Regulation of Care
- out-of-school-hours childcare clubs registered by the Scottish Commission for the Regulation of Care
- childcare provided in the child's home by, or introduced through childcare agencies, sitter services and nanny agencies which are required to be registered.

In Northern Ireland only:

- childcare registered by the Health and Social Services Trust
- out-of-school-hours childcare
 - provided by a school on the school premises or
 - provided by an Education and Library Board or
 - registered by the Health and Social Services Trust
- a person approved under the Tax Credits (Approval of Home Child Care Providers) Scheme (Northern Ireland) 2006 providing childcare in the child's home.

Change in the law on childcare approved by accredited Quality Assurance schemes in England

From 1 October 2007, the rules relating to childcare approved by an accredited childcare Quality Assurance scheme in England have changed. Before this date, a childcare provider or club that was approved by an accredited childcare Quality Assurance scheme qualified you for the childcare element of Working Tax Credit. From 1 October 2007 this is no longer the case. To qualify for the childcare element, your childcare provider or club must be registered with Ofsted.

Childcare or over seven clubs approved by any one of the following accredited childcare Quality Assurance schemes will **no longer qualify** you for the childcare element of Working Tax Credit unless they are registered with Ofsted:

- Aiming High
- Flying High
- For one child and all children
- Growing in Quality
- Merits of Quality Play
- Norfolk Quality Kitemark
- Quality for All
- Quality in Play
- Star Quality Assurance.

If you use childcare or an over seven club approved by one of these schemes or any other Quality Assurance scheme, you **must check** that your childcare or club has **registered with Ofsted on the voluntary Ofsted Childcare Register**.

If they are not registered with Ofsted and you continue to use their services, you must let us know immediately to stop being overpaid tax credits, which you will have to pay back.

You can only get the childcare element if you use registered or approved childcare. If you make alternative childcare arrangements and change your provider, you must let us know.

Change in the law in England - the Childcare Approval Scheme for care of children at home or in domestic premises

From 1 October 2007, the Childcare Approval Scheme in England will **no longer accept applications**. From this date any nannies or other childcare providers seeking approval or renewal of their approval will need to apply to the Ofsted Childcare Register for registration. Those already approved under the Childcare Approval Scheme will remain approved until their approval expires (one year after it was granted).

If you are using a nanny or a childcare approved by the Childcare Approval Scheme, **you must check that the approval has not expired** in the meantime. If you

wish to carry on getting the childcare element of Working Tax Credit, your nanny or childcarer, on expiry of their approval, must be registered with Ofsted.

Your responsibility

You cannot claim the costs of childcare if it is not registered or approved.

All registered or approved childcare providers are given a letter or certificate as evidence of their approval or registration.

Some childcare providers must regularly re-apply for approval or registration (for example, yearly). If this applies to your childcare provider, the letter or certificate issued to them will clearly say when their approval or registration runs out.

Other childcare providers are regularly checked to make sure they are still suitable childcare providers. Many organisations publish the results of the checks they do (for example, in an inspection report).

It is your responsibility to make sure that the childcare you are using is registered or approved.

You should:

- check the documents sent to your childcare provider to confirm that they are registered or approved
- keep a record or a copy of their registration or approval details including
 - the authority they were registered with
 - their registration or approval number if one was sent to them
 - the date their registration or approval is due to expire
- check regularly that their registration or approval is still valid. Ask to see their new evidence of approval or registration, or their inspection report

- if necessary, make alternative arrangements if you want to carry on getting the childcare element. If you change your provider, you must tell us even if you are still paying the same amount to the new provider, giving
 - their name
 - their address
 - their phone number
 - their registration or approval number
 - the amount you are paying them for childcare
- **tell us as soon as possible, and within one month, if your childcare provider loses their approval or registration or their approval or registration runs out** and it has not been renewed, even if they have applied to renew it. If you don't tell us, and we have overpaid you tax credits, you will have to pay back the extra money. You may also have to pay a penalty of up to £300 if you failed to report the change within one month.

Childcare provided by a relative

You will not be eligible for help from the Working Tax Credit childcare element if the childcare is provided by:

- a relative of a child caring for that child in the child's home, even if the relative is registered or approved or
- a relative approved under the
 - Childcare Approval Scheme in England or
 - Approval of Childcare Provider in Wales or
 - Registration of the Childcare Providers Scheme in Northern Ireland

caring for a child or children, away from the child's or children's home and the care is solely for a child, or children, to whom the provider is related.

Relative means a:

- parent
- grandparent
- aunt or uncle
- brother or sister

whether by blood, half-blood, marriage, civil partnership or affinity. Affinity means a person with a strong relationship to the child, for example someone in a parental position regarding their partner's children, and includes step parents.

If you've any questions about the meaning of 'relative', please phone the Tax Credits Helpline (on page 35).

Claiming the childcare element

You can claim the childcare element of Working Tax Credit by filling in the relevant details in Part 3 of the tax credits claim form.

If you are already receiving tax credits but start paying for registered or approved childcare and want to claim help with your costs, you can report your change in circumstances by phoning the Tax Credits Helpline (on page 35).

You can claim the childcare element as soon as you start paying childcare costs or, if you have arranged a childcare provider, up to one week beforehand. You can claim even if you need the childcare for only a short period, for example, a few weeks in the school holidays. If this is the case, tell us the start date, and the average weekly childcare costs you will be paying over that period.

You must also tell us as soon as you stop using the childcare to avoid being overpaid tax credits, which you will have to pay back.

Once you have started paying childcare costs, you should make a claim **within three months**, as we cannot credit you for any costs you have paid before that.

As part of your claim, **you must include:**

- contact details for your childcare provider including their
 - name
 - address
 - phone number
 - registration or approval number if they were given one when they applied for registration or approval and
- details of your average weekly childcare costs.

We may check the information with your provider, so any claim for the childcare element must include valid contact details for them.

If you use more than one childcare provider, or you use a different provider at different times of the year (for example, in school holidays), you must give us the details of all your providers. You should tell us as soon as possible if you change your provider(s).

Childcare providers who must have a registration or approval number are:

- all registered childcare providers in England, Scotland, Wales, and Northern Ireland
- those approved under the Childcare Approval Scheme in England
- childcare providers approved under the Approval of Home Childcare Providers Scheme in Northern Ireland
- childcare providers approved under the Approval of Childcare Providers (Wales) scheme in Wales.

A registered childcare provider is one that is registered:

- by Ofsted, in England
- by the National Assembly for Wales (through the Care and Social Services Inspectorate Wales), in Wales
- by the Scottish Commission for the Regulation of Care (also known as the Care Commission), in Scotland and
- by the Health and Social Services Trust, in Northern Ireland.

How do I work out my average weekly childcare costs?

When you first claim, we base the childcare element on the average weekly childcare costs you pay. On the claim form you only need to put your average weekly costs, but you need to make sure you work out that average in the right way.

The way you work out your average weekly costs depends on the way you pay for childcare. Always round your average up to the nearest pound.

If you pay weekly and pay the same amount each week

How to work out your average weekly costs

1. Add together your weekly costs for the last four weeks.
2. Divide the total by four.

Example 1

Karim normally pays his childminder £50 a week. His average weekly costs are

$$\frac{(50 + 50 + 50 + 50)}{4} = \underline{\underline{£200}} = \underline{\underline{£50}}$$

If you pay weekly and pay different amounts at different times

For example, you pay more in the school holidays than you do during term-time.

How to work out your average costs

1. Take the total amount you have paid for childcare in the last 52 weeks.
2. Divide the total by 52.

The total amount should include any increases in costs you may have had:

- during the school holidays or at any other times, and
- weeks when you did not pay anything for childcare.

If it is less than 52 weeks since you started using childcare, you should work out what you expect to spend on childcare in the next 52 weeks and divide that by 52.

Example 2

Shahida normally pays £40 a week for childcare.

However, in the Easter holidays (two weeks), summer holidays (six weeks) and for two half-term holidays (one week each) she pays £120.

Shahida's average weekly costs are

$$\frac{(10 \times 120) + (42 \times 40) = \underline{\pounds 2,880}}{52} = \pounds 56 \text{ (rounded up)}$$

Example 3

Terry does not pay for childcare during term-time. In the Easter holidays (two weeks), he pays £60 a week to an approved playscheme to look after his son. He does the same for two half-term holidays (one week each) and the summer holidays (seven weeks), and he uses the scheme for one week at Christmas.

Terry's average weekly costs are

$$\frac{(12 \times 60) + (40 \times 0) = \underline{\pounds 720}}{52} = \pounds 14 \text{ (rounded up)}$$

**If you pay
monthly and pay
the same amount
each month**

How to work out your average weekly costs

1. Multiply the amount you paid in the last month by 12.
2. Divide the total by 52.

If you pay monthly and you pay different amounts at different times

For example, you pay more in the school holidays than you do during term-time

How to work out your average weekly costs

1. Take the total amount you have paid for childcare in the last 12 months.
2. Divide the total by 52.

The total amount should include any increases in costs you may have had:

- during the school holidays or at any other times, and
- weeks when you did not pay anything for childcare.

If it is less than 12 months since you started using childcare, you should work out what you expect to spend in total on childcare in the next 12 months and divide that by 52.

Example 4

Irene pays for childcare monthly but the amount she pays changes from month to month. Her monthly payments in the last 12 months were

April	£240
February, October and December	£200 each month
July and August	£320 each month
All other months	£160 each month

Irene's average weekly costs are

$$\frac{240+(3 \times 200)+(2 \times 320)+(6 \times 160)=£2,440}{52} = \text{£}47 \text{ (rounded up)}$$

If you have just arranged a childcare provider and have not started to pay them

Work out your average weekly costs with what you think you will be paying each week for the next 52 weeks. Ask your provider how much they will charge you before you do this.

Example 5

Sinead has just arranged to pay a nursery £100 a week to look after her daughter. The arrangement does not start until next week. Sinead's average weekly costs are £100.

If your childcare costs change

We can adjust the amount of tax credits you are due. You must tell us about any of the changes in 'What changes must I tell you about and when?', so that we pay you the right amount of childcare element. You can tell us about changes by phoning the helpline.



Tax Credits
Helpline
0845 300 3900

What changes must I tell you about and when?

Please tell us as soon as possible and **within one month** of the date of the change, if

Your childcare provider stops being registered or approved

For example:

- your childcare provider's Ofsted registration has been withdrawn
- your childcare provider has decided not to renew their registration.

You stop using a registered or approved childcare provider

For example:

- your child no longer needs childcare
- you start using a provider who isn't registered or approved.

Your weekly childcare costs go down by £10 or more

This means:

If you usually pay the same childcare costs each week (a fixed weekly amount) and in **each week** for four weeks in a row your **new actual weekly costs** are at least **£10 lower** than your old weekly average costs.

If you usually pay the same childcare costs each month (a fixed monthly amount) and your **new average weekly costs** are at least **£10 lower** than your old weekly average costs.

If you usually pay different amounts of childcare costs at different times


For example:

- you pay more in the school holidays than you do during term-time and
- your new average weekly childcare costs go down by £10 or more.

Your childcare costs fall to zero

A relative starts to look after your child in the child's home

These changes affect your award from the date of the change. If you delay telling us and we pay you too much tax credit, you will have to pay it back. You may also be liable to a penalty of up to £300 if you do not report the change to us within the time limit.

 To work out changes in your average weekly costs, please see 'How do I work out if my average weekly childcare costs have changed?' on page 20

Please tell us as soon as possible and **within three months** of the date of the change, if

Your weekly childcare costs go up by £10 or more

This means:

If you usually pay the same childcare costs each week (a fixed weekly amount) and in **each week** for **four weeks in a row** your **new actual weekly** childcare costs are at least **£10 higher** than your old weekly average childcare costs.

If you usually pay a different amount each week or month and your new weekly average childcare costs are at least **£10 higher** than the old weekly average.

We will increase your childcare element from the first week of the change.

If you don't tell us about your childcare costs going up on time you may not get as much childcare element as you should, because we **do not recalculate your average weekly costs at the end of the year**. To get any increase in your childcare element backdated to the week in which your costs first increased you **must tell us within three months** of that first week.

What if the change in my childcare costs is less than £10 a week?

This is not a relevant change and you do not have to tell us.

How do I work out if my average weekly childcare costs have changed?

Your childcare costs can change by either the amount you pay going up or going down.

How you work out changes in your childcare costs will depend on how you worked out your average weekly childcare costs in the first place.

If your old weekly childcare costs were based on you paying a different amount each week or month

For example, you pay more in the school holidays than you do during term time.

To work out if there is a relevant change in your average weekly childcare costs, work out your new weekly average:

1. Add up what you **expect to pay over the next 52 weeks (or 12 months)**.
2. Divide the total by 52.

Please tell us as soon as possible and within one month of the date of the change, if:

Your **new weekly average** is at least **£10 lower** than the old weekly average.

We will reduce your childcare element from the fifth week of the date when the change first happened.

Please tell us as soon as possible and **within three months** of the date of the change, if:

Your **new weekly average is £10 or more higher** than your old weekly average

We will increase your childcare element from the first week of the change.

Example 6

Using the information for Shahida in Example 2 on page 15.

On 2 October 2007, Shahida starts working shorter hours and needs her childminder to look after her children for fewer hours each week. During term-time she now pays £30 a week and in the 10 weeks of the holidays she pays £100.

Her new average costs for the next 52 weeks are

$$\frac{(10 \times 100) + (42 \times 30)}{52} = \underline{\underline{£2,260}} = \underline{\underline{£44}} \text{ (rounded up)}$$

Shahida's new weekly average of £44 is more than £10 lower than her previous average of £56, so she must tell us about this change **within one month**.

If your old weekly childcare costs were based on you paying a fixed amount each week

To work out if there is a relevant change in your childcare costs:

- compare over a four week period
- the **new actual childcare charges** you pay each week with your old average weekly childcare costs.

If you pay childcare for more than one child or to more than one provider and the costs are changing

It is the change in the total you pay each week that we are interested in.

1. Add together all the actual weekly childcare charges you pay for your children, and
2. Compare over a four week period, the **new actual** childcare charges you **pay each week** with your old average weekly childcare costs.

Please tell us as soon as possible and **within one month**, if:

In each week for four weeks in a row, your **new actual weekly** childcare costs are at least **£10 lower** than your old weekly average childcare costs.

We will reduce your childcare element from the first day of the fifth week from the date the change first happened.

To stop an overpayment of tax credits, please report the change to us as early as possible. You don't have to wait for the end of the four weeks to tell us about the change if you are sure it will last. For example, you are now using less childcare because your child has started school.

Please tell us as soon as possible and **within three months**, if:

In each one of the four weeks your **new actual weekly** childcare costs are at least **£10 higher** than the old weekly average.

We will increase your childcare element from the first week of the change.

Example 7

Pat's average weekly costs are £50. Then his costs drop for six weeks to £45. He can ignore this, as it is less than £10.

After those six weeks, he starts paying £70 a week and expects this to be his payment from now on. That's an increase of more than £10. He should tell us as soon as possible, as he is entitled to an increase in his childcare element.

Example 8

Jane's average weekly childcare costs are £50 because she always pays that fixed weekly amount. For two weeks, she needed her childminder to look after her child for more hours and paid her an extra £20 per week. Things are back to normal, and Jane is again paying her childminder £50 a week.

There is no need for Jane to report this to us as this is **not a relevant change**.

The increase in the actual childcare charges by £10 or more per week did not last for 4 weeks in a row - it only applies to two of the weeks.

If you pay a fixed monthly amount work out whether your average weekly costs have changed by looking at what you paid last month. Multiply that by 12 and divide the total by 52.

If it is £10 or more higher than your current average weekly costs then you should tell us as soon as possible, and at the latest within three months.

If it is £10 or more lower than your current average weekly costs then you must tell us **within one month**.

Example 9

Ahmed usually pays £300 a month for approved childcare. His average weekly costs are therefore

$$\frac{(\pounds 300 \times 12)}{52} = \pounds 70 \text{ (rounded up)}$$

On 2 July 2007 his children start to go to a new childminder who charges £350 a month. His new average weekly costs are therefore

$$\frac{(\pounds 350 \times 12)}{52} = \pounds 81 \text{ (rounded up)}$$

That's an increase of more than £10. He should tell us as soon as possible or within three months to get the full benefit of any increase to his tax credits payment.

If you are already claiming the childcare element, you should phone the helpline (on page 35) immediately if your costs change and you think we need to adjust your award.

What if I change my childcare provider?

If you change your provider, please tell us even if you are still paying the same amount to the new provider, and give us:

- their name
- their address
- their phone number
- their registration or approval number, if one was given to them as part of the registration process.

We check with childcare providers from time to time, to confirm the details of claims for the childcare element. If you do not give us up-to-date details, we might contact the wrong provider. If this happens, we could stop paying the childcare element if we cannot check the details of your claim.

Please give us accurate information about:

- your childcare provider
- when you change your childcare provider
- the childcare costs you pay.

Please tell us as soon as possible, and **within one month** of the date of the change, if:

- you are no longer using a registered or approved provider
- your provider stops being registered or approved.

If you delay telling us, and we pay you too much tax credits, you will have to pay it back. You may also be liable to pay a penalty of up to £300 if you do not tell us within the time limit.

What other changes must I tell you?

Remember that you can only claim the childcare element for any child up to:

- the Saturday following 1 September after their 15th birthday
- the Saturday following 1 September after their 16th birthday
 - if the child is on the blind register or came off it in the last 28 weeks
 - if you receive Disability Living Allowance for that child.

If you are claiming childcare costs for more than one child, and the older child has reached the cut off age, you must recalculate your childcare costs excluding any paid out for the older child. If your average weekly costs go down by £10 or more, you must tell us as soon as possible, and **within one month**.

Remember the childcare element is part of Working Tax Credit, so any payments will stop immediately if you stop qualifying for Working Tax Credit. You must tell us **within one month** if:

- you or your partner stop working
- your normal working hours go below 16 hours a week.

If you give us the wrong information and we pay you too much tax credits, you will have to repay the extra amount. If you have negligently given incorrect information you will also have to pay a penalty, which could be as high as £3,000.

If you have any questions about giving us the right information or to report changes, don't guess - phone the helpline (on page 35).

Information for childcare providers

How do parents claim the childcare element?

Parents fill in the details of their childcare costs and give your contact details as part of their claim. They are responsible for the accuracy of this information.

What if a parent asks for my registration or approval number?

If you are a registered childminder or a registered or approved childcare provider, you will be given a registration or approval number by the authority responsible for childcare registration or approval.

A parent should ask you for this number which they need to give to us as part of their tax credits claim.



Tax Credits
Childcare
Provider's
Helpline -
0845 300 3941

We only use this information to check that:

- the parent is claiming for the costs of registered or approved childcare and
- the registration or approval number they have quoted is for the provider that they have given details of on their claim.



We will not give your registration or approval number to any other organisation

If you wish, you can enter the number on the claim form for the parent, but they are responsible for the information they give on the form.

What if a parent asks to see a copy of my evidence of registration or approval?

We encourage parents to ask to see or take a copy of your registration or approval letter in order that they can keep a record of your registration and approval details. This is particularly important if you are required to renew your approval or registration on a regular basis. Parents are responsible for making sure that they only get tax credits for registered or approved childcare. We encourage them to check that your registration or approval is still valid. They cannot get the childcare element if your approval or registration runs out or it has not yet been renewed, even if you have applied for it to be renewed, so please try to renew it in plenty of time.

What follow-up checks do you make?

When a parent claims the childcare element, we may check the details of their childcare costs by contacting childcare providers directly. This is to make sure that the childcare costs that the parent is claiming, match the arrangement they actually have with you, as their childcare provider.

We will initially make these checks by phone. When we phone, we will confirm some details with you (for example, your registration or approval number) so that you can be sure the person is calling from HM Revenue & Customs.

If you have any doubts, take the person's name and call the Childcare Provider's Helpline on 0845 300 3941, they will either:

- put you through to the person who called you or
- arrange for that person to call back at a convenient time.

If we cannot carry out a follow-up check over the phone, we might write to you asking for information.

These checks are only for checking the details of the parent's tax credit claims. They do not affect your own tax credits claim or tax affairs.

When do you make these checks?

We can carry out follow-up checks at any time of the year. We can adjust the childcare element to reflect changes in a parent's average weekly childcare costs, so we may carry out further checks in-year to make sure they have reported any changes in costs.

What if you disagree with the information?

If, after checking with you, we disagree with the information that a parent has given us:

- we may stop payments of the childcare element if they were not entitled to it
- they may have to pay back any amounts we have already paid and
- they might have to pay a penalty of up to £3,000.

When we follow up a discrepancy with a parent, we will give them the information that you gave us about their childcare costs.

What changes do parents need to report?

Parents should tell us within three months if:

- their weekly childcare costs go up by £10 a week or more. This means:

If they normally pay the same childcare costs each week, they should tell us if in each week for four weeks in a row, their new actual weekly childcare costs are at least £10 higher than their old weekly average childcare costs.

If they normally pay a different amount each week or month, they should tell us if their new weekly average childcare costs are at least £10 higher than the old weekly average.

If they wait longer than three months to tell us, they will not get the increase in their tax credits paid from the first week of the change.

Parents **must** tell us **within one month** if:

- their weekly childcare costs go down by £10 a week or more. This means:

If they normally pay the same childcare costs each week, they must tell us if in **each week** for **four weeks in a row**, their **new actual weekly** childcare costs are at least **£10 lower** than their old weekly average childcare costs.

If they normally pay different amounts of childcare costs at different times (for example, they pay more in the school holidays than they do during term-time), they must tell us if their average weekly childcare costs go down by £10 or more;

- their weekly childcare costs fall to zero;
- you stop being registered or approved.

If a parent does not tell us about these changes, and we overpay them tax credits, they will have to pay it back. They may also have to pay a penalty of up to £300.

We do not need to know about changes of less than £10 a week. The examples show how parents should work out their average weekly childcare costs.

Parents must also tell us about a change in childcare provider, so that we do not make follow-up checks to the wrong provider.

What can I do if a parent has not reported a change?

If you think a parent has not reported a change in their childcare costs to us when they should have, you should contact the Childcare Provider's Helpline on 0845 300 3941. However, we cannot discuss any other details of a parent's claim with you.

We will contact the parent directly, to check the details of their tax credits award. When we contact a parent, we may give them details of the information that you gave us.

What if I am not registered or approved?

The childcare element of Working Tax Credit is only available to help with the costs of registered or approved childcare. If you are not a registered or approved provider, parents cannot claim the childcare element to help with the costs of any childcare that you give.

They also cannot get the childcare element if your approval or registration is terminated, or if it runs out, and it has not yet been renewed even if you have applied for it to be renewed. So please try and renew it in plenty of time. For details about registering as a childminder contact your registration authority (see page 36).

How do I get approval to care for children in their own home?

In England, up until 30 September 2007, you should contact the **Childcare Approval Scheme** at www.childcareapprovalscheme.co.uk
From 1 October 2007, you should contact **Ofsted**.

In Scotland, you should contact the **Scottish Commission for the Regulation of Care** at www.carecommission.com about working for a sitter service or agency registered to give childcare in the child's own home.

In Northern Ireland, you should contact the **Early Years Team** in your local Health and Social Services Trust.

In Wales you should contact the **Childcare Approval Scheme (Wales)**.

What if I am a relative of the child or parent making the claim?

If you are a relative of a child that you look after, you do not have to register as a childminder unless you also intend looking after other children.

Even if you are a registered childminder or an approved childcare provider, parents cannot claim for childcare costs if you give the childcare in a child's own home and you are a relative of that child. If you are a provider approved under the home Childcare Provider Schemes, parents cannot claim the childcare element if you give the childcare away from a child's home and the care is wholly or mainly in respect of that child or children that you are related to.

If you are a registered childminder, or an approved childcarer who looks after a number of children, some of who are related to you, a parent of a child related to you can claim the childcare element as long as the childcare is provided away from the child's home.

Relative means a:

- parent
- grandparent
- aunt or uncle
- brother or sister

whether by blood, half-blood, marriage, civil partnership or affinity. Affinity means a person with a strong relationship to the child, for example someone in a parental position regarding their partner's children, and includes step parents.

What if I am the child's parent and look after them as a childminder or I work in the nursery my child attends?

If you are a childminder, you cannot claim for the costs of looking after your own children.

If you work for a registered or approved nursery or playscheme that your child attends, and you pay for your child to attend, then you can claim for those costs.

Can childcare providers claim tax credits?

If you are responsible for your own children you can claim Child Tax Credit. You may also be able to claim Working Tax Credit if you are working as a childcare provider.

For the purposes of claiming Working Tax Credit, you can:

- count any hours you work as a childminder or in a nursery or playscheme
- claim if you are employed or self-employed as long as you work enough hours
- add together the hours you work in different jobs.

The amount of Child Tax Credit and Working Tax Credit you can get will depend on your income (or joint income, if you are part of a couple).

You can claim the childcare element in the same way as any other customer, but you cannot claim for the costs of looking after your own child, even if you look after them at the same time as you are childminding other children.

Making a claim

For us to work out your tax credits awards, you should give us:

- your income details (and those of your partner if you have one) for the previous tax year (a tax year runs from every 6 April one year to 5 April the next);
- your National Insurance number (and that of your partner). It looks like this - AB123456C.

To help you claim, you (and your partner if you have one) should keep any information you have about your income for the relevant tax year, including:

- the P60 tax certificate your employer gave you after the end of that tax year, and your form P11D or P9D (if you get one)
- any statements your bank and building society send you of taxable interest received in that year, and
- details of your taxable profits or losses for that year, if you were self-employed.

If you are self-employed as a childminder, you need to make sure that you give details of your taxable profits from childminding, even if you did not earn enough to pay any tax. Taxable profits means the amount you received in fees, less any expenses you had to pay for running your childminding business. For example, you should deduct the costs of:

- any business phone calls
- providing meals for the children, or
- maintaining and heating the part of your house that you use for childminding.

If you need help working out your taxable profits, phone the Self Assessment Helpline on **0845 900 0444** or see our Help Sheet IR222 ‘How to calculate your taxable profits’, which you can get

- by phoning our Orderline on **0845 900 0404**
- by visiting your nearest Enquiry Centre.

Help and advice

If you would like a claim pack sent to you or you need further advice about tax credits, you can:

- phone our helpline on **0845 300 3900**
- textphone the helpline (for people with hearing or speech difficulties) on **0845 300 3909**
- visit any Enquiry Centre, Jobcentre Plus Office or in Northern Ireland, a Social Security Office.

Childcare providers can call the dedicated Childcare Provider’s Helpline on **0845 300 3941** for advice on the childcare element of Working Tax Credit.

Our helplines are open between 8.00am and 8.00pm, seven days a week (except Christmas Day, Boxing Day, New Year’s Day and Easter Sunday).

For information about Child Benefit and a claim pack

- visit www.hmrc.gov.uk/childbenefit/index.htm
- phone the helpline on
 - **0845 302 1444** (England, Scotland and Wales) or
 - **0845 603 2000** (Northern Ireland) or
 - textphone the helpline (for people with hearing or speech difficulties) on **0845 302 1474**.

The helpline is open between 8.00am and 8.00pm seven days a week (except Christmas Day, Boxing Day, New Year's Day and Easter Sunday).

For more information about registered or approved childcare, including becoming a childminder, contact one of the advice centres below.

Advice centres

For national and local childcare information in England, Scotland and Wales, contact Childcare Link:

- phone 0800 096 0296
- visit www.childcarelink.gov.uk/

For more information in England, contact:

- Ofsted
 - phone 0845 601 4771
 - visit www.ofsted.gov.uk/
- the Commission for Social Care Inspection (responsible for registering domiciliary care agencies)
 - phone 0845 015 0120
 - visit www.carestandards.gov.uk/
- the Childcare Approval Scheme
 - phone 0845 767 8111
 - visit www.childcareapprovalscheme.co.uk

For more information in Scotland, contact the Scottish Commission for the Regulation of Care:

- phone 0845 603 0890
- visit www.carecommission.com/

For more information in Wales contact the Care Standards Inspectorate for Wales:

- phone 0144 384 8450
- visit www.csiw.wales.gov.uk/index.asp

For more information in Northern Ireland, contact your local **Health and Social Services Trust**.

HM Revenue & Customs commitment

Putting things right

Customers with particular needs

Customer Service

We aim to provide a high quality service with guidance that is simple, clear and accurate.

We will:

- be professional and helpful
- act with integrity and fairness, and
- treat your affairs in strict confidence within the law.

We aim to handle your affairs promptly and accurately so that you receive or pay only the right amount due.

If you are not satisfied with our service, please let the person dealing with your affairs know what is wrong. We will work as quickly as possible to put things right and settle your complaint.

If you are still unhappy, ask for your complaint to be referred to the Complaints Manager.

We offer a range of facilities for customers with particular needs, including:

- wheelchair access to nearly all Enquiry Centres
- help with filling in forms
- for people with hearing difficulties
 - RNID Typetalk
 - Induction loops.

We can also arrange additional support, such as:

- home visits, if you have limited mobility or caring responsibilities and cannot get to one of our Enquiry Centres
- services of an interpreter
- sign language interpretation
- leaflets in large print, Braille and audio.

For complete details please:

- go online at www.hmrc.gov.uk/enq, or
- contact us. You will find us in *The Phone Book* under HM Revenue & Customs.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

Issued by
HM Revenue & Customs
June 2008 © Crown Copyright 2008