



HM Revenue
& Customs

Help with the costs of childcare

Information for parents and childcare providers

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We have a range of services for people with disabilities, including guidance in Braille, audio and large print. Most of our leaflets are available in large print. Please phone our Helpline if you need these services - see page 31

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 help 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

If you are responsible for a child or children under the age of 16, (or under 20 if they're in full-time education or approved training) you may be able to claim Child Tax Credit to help with the cost of looking after them.

You can claim Child Tax Credit for a child who lives with you, up to 31 August after their 16th birthday.

If your child is aged between 16 and 19, you can still claim Child Tax Credit for them if they are:

- still in full-time education, up to and including 'A' levels, NVQ level 3 or Scottish Highers
- in approved training, for example, Entry to Employment, Skillbuild and Get Ready for Work.

If your child is aged between 16 and 17, and not in full-time education or approved training, you can still claim Child Tax Credit for them for up to 20 weeks if they have signed up with the:

- Careers Service, Connexions Service or
- Training and Employment Agency.

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 usually 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 usually work at least 16 hours a week or
- one partner must usually 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
- a vehicle under the Invalid Vehicle Scheme or
- contribution-based Employment and Support Allowance (ESA) if you have received
 - this allowance for 28 weeks or more or
 - Statutory Sick Pay (SSP) followed by contribution-based ESA for a combined period of 28 weeks or more.

The 28 weeks doesn't need to be a single continuous period. You can add together any periods that you received:

- contribution-based ESA, as long as they were no more than 12 weeks apart
- SSP as long as they were no more than 8 weeks apart
- SSP with periods that you received contribution-based ESA, as long as they were no more than 12 weeks apart and you met the contribution conditions for contribution-based ESA on the days that you received SSP.

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.

You cannot claim the childcare element for:

- childcare costs covered by payments from your local authority or local education authority, paid either to you or to your childcare provider (or school), for early learning or nursery education for children under the age of 5.
- childcare costs met by other Government funding, for example
 - the cost of childcare covered by the student childcare grant you get from the local authority or
 - childcare payments you get from the Department for Work and Pensions or local authorities to help you with starting work
- the costs of compulsory education
- any amount you get from your employer towards your childcare costs. This can be in cash or in vouchers, including vouchers in return for a reduction in the amount of cash pay you receive, often known as salary sacrifice.

If you receive childcare vouchers from your employer, they may affect your entitlement to both the childcare element of Working Tax Credit and Child Tax Credit. If you need advice about what childcare costs you can claim, please contact our helpline – see page 31.

You can only 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 that child.

How much help with childcare costs will I get?

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

In England only:

- a childcare provider registered by Ofsted, either in the Early Years Register or in the compulsory or voluntary part of the General Childcare Register. Please see 'Childcare providers registered by Ofsted (law changes in England)' on page 8
- a school, for a child aged between **3 and 4 years old**, if both of the following apply
 - the childcare is provided by, or under the direction of the school's governing body
 - the childcare takes place on school premises or on other premises covered by the inspection that Ofsted carry out of the whole school
- a school, for a child between **5 and 15 years old** (or 16 years old if the child is disabled), if **all** of the following apply
 - the childcare or activity based childcare is provided out of school hours
 - the care is provided by, or under the direction of the school's governing body
 - the care is provided on the school premises, or on other premises covered by the inspection that Ofsted carry out of the whole school. An example of this could be if the school uses a village hall for its out of school hours childcare activities.

Also see 'Childcare provided by schools in England (law changes)' on page 9 and 'Early years education for 3 and 4 year olds in England' on page 10

- until 17 July 2009 a person approved under the Childcare Approval Scheme providing childcare in the child's home or in other domestic premises. These rules are changing from 18 July 2009 – please see page 8 'The Childcare Approval Scheme for care of children at home or in domestic premises (law changes in England)'
- a domiciliary worker or nurse from an agency registered under the Domiciliary Care Agencies Regulations 2002 providing childcare in the child's home.
- until 17 July 2009, an approved foster carer (the care must be for a child who is not the foster carer's foster child). These rules are changing on 18 July 2009 – please see page 8 'Foster carers in England (law changes)'.

In Wales only:

- a childcare provider registered by the National Assembly for Wales (through the Care and Social Services Inspectorate 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
- an approved foster carer (the care must be for a child who is not the foster carer's foster child).

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
- an approved foster carer (the care must be for a child who is not the foster carer's foster child).

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
- an approved foster carer (the care must be for a child who is not the foster carer's foster child).

Outside of the United Kingdom - a childcare provider approved under a Ministry of Defence accreditation scheme abroad. This could apply to you if you are a Crown Servant posted overseas to work - for example you are a civil servant or a member of the Armed Forces.

The Childcare Approval Scheme for care of children at home or in domestic premises (law changes in England)

From 18 July 2009, the Childcare Approval Scheme in England will cease to exist. All childcare providers previously approved under the Scheme have been advised to register with Ofsted if they want to continue to provide registered childcare.

If you are using a nanny or a childcare provider approved by the Childcare Approval Scheme in England, you must check that they are registered with Ofsted on the correct childcare register – please see below – Childcare providers registered by Ofsted. You cannot claim the childcare element of Working Tax Credit if your childcare provider is not registered.

Foster carers in England (law changes)

The law governing childcare requires foster carers in England to register on either the Early Years Register or the General Childcare Register if they provide childcare to children other than their own foster child. This means that if they work as a childminder or childcare provider, they must register with Ofsted. The Working Tax Credit rules have been changed with effect from 18 July 2009 to meet the requirements of the childcare law. If you are using a foster carer to provide childcare for your child, please check that they are registered with Ofsted on the correct childcare register. You cannot claim the childcare element if your childcare provider is not registered.

Childcare providers registered by Ofsted (law changes in England)

From 1 September 2008, the law requires Ofsted to operate two registers for childcare providers in England:

- **the Early Years Register (EYR)**
 - childminders and other providers of childcare to children from birth until 31 August following their 5th birthday and
 - schools providing childcare to children from birth up to the age of 3 **must** register on the EYR
- **the General Childcare Register (GCR)** is made up of two parts
 - **the compulsory part**
childminders and other providers of childcare to children from 1 September following their 5th birthday up to the age of 8 **must** register on this part of the GCR
 - **the voluntary part**
childminders or providers of childcare to children aged 8 and over, or providers who are not required to register on the EYR or the compulsory part of the GCR, (for example, those who provide activity-based care such as sports clubs or nannies

because they provide care in the child's own home), can voluntarily register on this part of the GCR if they want to be eligible childcare providers for tax credits.

To claim the childcare element please make sure that the childminder or childcare provider looking after your child is registered on the correct childcare register (the EYR for children under the age of 5 and the GCR for children aged 5 and over).

Childcare approved by quality assurance schemes (law changes in England)

In England, since 1 October 2007, childcare providers or childcare clubs approved by any of the following childcare quality assurance schemes cannot qualify you for the childcare element of Working Tax Credit unless they are registered with Ofsted. If your childcare provider is approved by one of these schemes or by any other quality assurance scheme, you must check that they are also 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.

Childcare provided by schools in England (law changes)

From 1 September 2008, childcare provided directly by a school (under the direction of the school's governing or equivalent body) for pupils aged 3 years and over will not be separately registered by Ofsted. The governing body will be expected to meet the requirements of registration, and the care it offers will be included within the school's regular Ofsted inspections.

However, you can claim the childcare element for the cost of childcare if:

- your child is aged between 3 and 4 years and
- the care is provided by a school under the direction of the school's governing body or equivalent body
 - on the school premises or
 - on premises that may be inspected as part of an inspection of the school by the Chief Inspector.

If your child is aged between 5 and 15 (or 16 if disabled), you can also claim the costs of childcare or supervised activity-based childcare if it is provided out of school hours by a school under the direction of the school's governing body or equivalent body:

- on the school premises or
- on premises that may be inspected by the Chief Inspector's inspection of the whole school (for example, if the school uses the local village hall for some of its out-of-school-hours activities, and the premises are included in the inspection).

Early years education for 3 and 4 year olds in England

All 3 and 4 year olds who are being looked after by schools or by childcare providers registered on the EYR are entitled to free early years education of 12.5 hours per week for 38 weeks of the year.

You should not be required to pay any fee for a child's early education place or be expected to take up additional services in order to access their free place.

You cannot claim the childcare element for this free entitlement. You can, however, claim the childcare element for any additional childcare provided to your child by the school outside of the free entitlement.

How do I know if my childcare is registered or approved?

All providers who are registered by:

- Ofsted in England, or
- the Care and Social Services Inspectorate Wales, or
- the Scottish Commission for the Regulation of Care in Scotland, or
- by the Health and Social Services Trust in Northern Ireland, and
- providers who are approved under the home childcare providers schemes

are given a letter or certificate as evidence of their registration or approval.

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 expires. You can check if their registration is still valid by contacting:

In England:

- OFSTED
- go to www.ofsted.gov.uk
- phone **08456 40 40 40**

In Wales:

- Care and Social Services Inspectorate Wales
 - go to www.cssiw.org.uk
 - phone **01443 84 84 50**
- Childcare Approval Scheme Wales
 - go to www.childcareapprovalschemewales.co.uk
 - phone **0844 736 0260**

In Scotland:

- the Scottish Commission for the Regulation of Care in Scotland
 - go to www.carecommission.com
 - phone **0845 603 0890**

In Northern Ireland:

- contact the children's centre in your local Health and Social Services Trust
 - go to www.dhsspsni.gov.uk or www.childcarechoices.n-i.nhs.uk

Your responsibility

You cannot claim the costs of childcare if it is not registered or approved. 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 should 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 provided by a relative

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.

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
 - 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 31).

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 credit 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 do this by phoning the tax credits Helpline (on page 31).

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 childcare providers registered by:
 - Ofsted in England
 - the Care and Social Services Inspectorate Wales
 - the Scottish Commission for the Regulation of Care in Scotland
 - the Health and Social Services Trust in Northern Ireland.
- all childcare providers approved by:
 - the approval of Childcare Providers (Wales) Scheme in Wales
 - the Approval of Home Childcare Providers Scheme 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

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

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 weekly 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 in total 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

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

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

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

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 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

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

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

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

Please tell us about any of the changes in 'What changes do I have to tell you about and when?' on page 18, so that we pay you the right amount of childcare element.

What changes do I have to tell you about and when?

Tax Credits helpline

Phone 0845 300 3900

You must 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 average weekly 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 average weekly 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

For example:

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.

You start getting childcare vouchers from your employer or other funding from the Government towards your childcare costs

These vouchers and payments are not treated as payments by you for childcare. You cannot claim the childcare element for any amount covered by these payments. So if you get childcare vouchers from your employer for example, it will reduce the

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

childcare costs that your Working Tax Credit calculation is based on.

You must tell us within a month if you start getting childcare vouchers or other Government funding and they reduce what you actually pay for childcare by £10 or more a week.

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 average weekly childcare costs.

If you usually pay a different amount each week or month and your new average 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.

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 average 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 2008, 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 weekly costs for the next 52 weeks are

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

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 average 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 average weekly 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 the change 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 a 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 a week did not last for four 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 amount 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 2008 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 by 1 October 2008 to get the full benefit of any increase to his tax credit payment.

If you are already claiming the childcare element, you should phone the Helpline (on page 31) 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 credit, 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 do I have to 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 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 that child.

If you are claiming childcare costs for more than one child, and the older child has reached the cut off age, you will have to recalculate your childcare costs as you will no longer be able to claim the childcare element in respect of that 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 that 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 credit, 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 31).

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.

Tax Credits Childcare Provider's Helpline
0845 300 3941

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

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

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.

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 claim. They do not affect your own tax credit 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 to 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 to 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 average weekly childcare costs

- If they normally pay a different amount each week or month, they should tell us if their new average weekly 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 credit 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 or
- you stop being registered or approved.

If a parent does not tell us about these changes, and we overpaid them tax credit, 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 should 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 credit award. When we contact a parent, we may give them details of the information that you gave to 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 the appropriate registration authority.

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

In England, you should contact Ofsted at www.ofsted.gov.uk or phone **0845 640 4040**.

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 (see page 32).

In Northern Ireland, you should contact the Early Years Team in your local Health and Social Services Trust at www.childcarechoices.n-i.nhs.uk

In Wales, you should contact the Childcare Approval Scheme Wales at www.childcareapprovalschemewales.co.uk or phone **0844 736 0260**.

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 claimant, 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 credit 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 HS222 *How to calculate your taxable profits*, which you can get

- by phoning our Orderline on **0845 900 0404**
- by visiting any HM Revenue & Customs 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 HM Revenue & Customs Enquiry Centre.

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 and New Year's Day).

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).

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

For more information about registered or approved childcare, including becoming a childminder, contact one of the advice centres (see page 32).

Advice centres

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

- phone **0800 2 346 346**
- visit **www.childcarelink.gov.uk/**

For more information in England, contact:

- Ofsted
 - phone **0845 640 4040**
 - visit **www.ofsted.gov.uk/**
- the Care Quality Commission (responsible for registering domiciliary care agencies)
 - phone **0300 61 61 61**
 - visit **www.cqc.org.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 **01443 848450**
- visit **www.csiw.wales.gov.uk/index.asp**

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

Customer service

HM Revenue & Customs commitment

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.

Putting things right

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.

Customers with particular needs

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

- wheelchair access to nearly all HMRC 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 to 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.

HMRC Customer Information Team
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