



Ministry
of Defence

Childcare

Choices

Supporting Families with Childcare Costs

Comparison: A study between the two schemes has been conducted. The information listed below highlights the eligibility criteria for each scheme and the points you should consider if you are eligible for both schemes.

Which scheme is best for your family?

Tax-Free Childcare

or
Who is eligible

Childcare Vouchers

| Tax-Free Childcare |
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| Anyone can apply - Employed & Self-employed |
| Approx £130/wk minimum earnings (16 hours per wk) - If a couple, both parents must work |
| Child's maximum age 11 (16 if disabled) |
| Max income limit - Less than £100,000.00 per parent |

| Childcare Vouchers |
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| Only available if employer offers them |
| No minimum earnings - One parent needs to work |
| Child's maximum age 15 (16 if disabled) |
| No income limit |

What to consider if eligible for both schemes

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| Max gain of £2,000.00 per child (£4,000.00 if disabled) |
| 25% added to deposits; 20% of the resulting balance is government subsidy |
| Best option for more children & higher childcare cost |

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| Max gain of £930.00/yr per parent (basic-rate taxpayer) £624.00/yr per parent (higher-rate taxpayer) £590.00/yr per parent (top-rate taxpayer) |
| No tax & NI to pay on childcare costs, equivalent to 32% for basic-rate taxpayer (42% higher-rate, 47% top-rate) |
| Best option for fewer children and lower childcare cost |

What is more suitable

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| Self-employed people or couples who earn less than £100,000.00 each, as they're eligible for Tax-Free Childcare, but can't get childcare vouchers. |
| Parents with more than one child and high childcare costs, as the help available goes up with the number of children. There's a limit for childcare vouchers which isn't dependent on the number of children. |

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| Couples where one parent doesn't work, as they're not eligible for Tax-Free Childcare, but the employed parent is eligible for vouchers (provided their employer offers a scheme). |
| Basic-rate taxpayer parents with total childcare costs of £9,336.00 or less. Under this amount, the saving you make with childcare vouchers exceeds the saving you can make with Tax-Free Childcare. |
| Higher-rate taxpayer parents with total childcare costs of £6,252.00 or less. Under this amount, the saving you make with childcare vouchers exceeds the saving you can make with Tax-Free Childcare. |
| Higher earners, as anyone earning £100,000.00+ (or in a couple where one earns £100,000.00+) isn't eligible for the scheme, whereas these high earners can get childcare vouchers. |

For further information:
www.childcarechoices.gov.uk
www.modchildcare.co.uk
www.moneysavingsexpert.com/family/tax-free.childcare

The Childcare Voucher scheme closed to new joiners on 5 October 2018, but remains open to existing members. Members can switch to Tax-Free Childcare at any time, if eligible. Tax-Free Childcare users will not be able to rejoin the Childcare Voucher scheme.