

Families reap the benefits of Tax-Free Childcare

Families using their Tax-Free Childcare accounts to pay for their childcare costs are benefitting from a government top-up worth up to £500 every three months, HM Revenue and Customs (HMRC) has announced.

But there are thousands of families across the UK missing out on the chance to save money on childcare. They too could join almost 248,000 families across the UK who saved money using Tax-Free Childcare in December 2020, an increase of almost 43,000 families from December 2019, and received a share of more than £25 million in government top-up payments.

Tax-Free Childcare allows parents or carers who have children aged up to 11, or 17 if their child is disabled, to pay their childcare provider through the scheme, and receive a 20% government top-up on any money deposited.

For every £8 per child a parent or carer deposits, they will receive £2 in top-up, up to the value of £500 every three months, or £1,000 if their child is disabled. That equals £2,000, or £4,000 for the care of a disabled child, for a whole year. The top-up is paid directly into the child's account and is ready to use almost instantly.

As children across the UK return to school, families can use the money to pay their childcare provider including childminder fees, after school clubs or sports activities, where the childcare provider has signed up to Tax-Free Childcare. Families could also save money now to earn the government top-up and use the money to pay for childcare, summer camps and play schemes during school holidays.

Myrtle Lloyd, HMRC's Director General for Customer Services, said:

As children return to their schools, after-school clubs and nurseries, help is available towards the cost of childcare.

Families using Tax-Free Childcare to pay their childcare provider are already benefiting from the 20% government top-up on deposits, and you could too. To find out more search 'tax-free childcare' on GOV.UK.

Tax-Free Childcare is also available to families with pre-school aged children attending nurseries, childminders or other childcare providers.

The tax-free savings on childcare costs can provide much needed financial support to families affected by the pandemic. If parents and carers' working patterns have changed because of COVID-19 or they have received either furlough payments or the Self-Employment Income Support Scheme grant, they may still be eligible to receive Tax-Free Childcare.

Childcare providers can also sign up for a [childcare provider account via GOV.UK](#) to receive payments from parents and carers via the scheme.

Further information

Latest [Tax-Free Childcare statistics](#) were released on 17 February 2021. Data is available up to December 2020.

Each eligible child requires their own Tax-Free Childcare account. If families have more than one eligible child, they will need to register an account for each child. The 20% government top-up is then applied to deposits made for each child, not household.

Account holders must confirm their details are up to date every three months to continue receiving the government top-up.