

Working Tax Credit – the childcare element

Information for childcare providers

You could be providing childcare for parents claiming help for childcare costs through tax credits (the childcare element of Working Tax Credit). This factsheet tells you more about what you need to know and how tax credits can help you as a childcare provider.

In this factsheet where we refer to parent or parents we also include other people responsible for children who are claiming help for childcare costs through tax credits. For example, they could be grandparents or guardians of the child or children.

How 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.

If you are a registered or approved childcare provider

If you are registered or approved, you will get a registration or approval number from the authority responsible for childcare registration or approval.

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

We will only use this to check that:

- the parent is claiming for the costs of registered or approved childcare
- the registration or approval number they gave us on their tax credits claim matches your details as their childcare provider

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

If you are not registered or approved

If you are not registered or approved, parents cannot claim for help with the costs of any childcare you provide.

For details about becoming registered or approved, contact the relevant authority below.

How to become registered or approved

In **England**, contact Ofsted:

- go to www.ofsted.gov.uk
- phone **0300 123 1231**

In **Scotland**, contact the Care Inspectorate:

- go to www.scswis.com
- phone **0845 600 9527**

In **Northern Ireland**, contact the Early Years Team in your local Health and Social Services Trust. Go to www.nidirect.gov.uk and search for *Early Years Teams*.

In **Wales**, contact the Care and Social Services Inspectorate Wales:

- go to www.cssiw.org.uk
- phone **0300 062 8800**

Help

For more information on tax credits:

- go to www.hmrc.gov.uk/taxcredits
- phone our Childcare Provider's Helpline on **0345 300 3941**
- for all other tax credits enquiries phone our helpline on **0345 300 3900**
- textphone our helpline (for people with hearing or speech difficulties) on **0345 300 3909**
- write to us at
Tax Credit Office
PRESTON
PR1 4AT

For our opening hours go to www.hmrc.gov.uk/contactus or phone us.

Yr laith Gymraeg

Ffonwch **0300 200 1900** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

Your rights and obligations

To find out what you can expect from us and what we expect from you go to www.gov.uk/hmrc/your-charter and have a look at 'Your Charter'.

We have a range of services for disabled people. These include guidance in Braille, audio and large print. Most of our forms are also available in large print. Please contact our phone helplines for more information.

If a parent asks to see evidence of your registration or approval

Parents are responsible for making sure that they only claim for registered or approved childcare.

We encourage parents to ask to see or take a copy of your registration or approval letter so they can keep a record of your details. We also ask them to check that your registration or approval is still valid. This is particularly important if you have to renew your registration or approval regularly.

Parents cannot claim for their childcare costs if your registration or approval runs out, or has not been renewed, even if you have applied for it to be renewed. So please try to renew it in plenty of time.

Follow-up checks

When a parent claims for help with their childcare, we may check their childcare costs by getting in touch with you 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.

First of all, we will make these checks by phone. When we phone, we will confirm some details with you so that you can be sure the person is phoning from HM Revenue & Customs. If we can't carry out a follow-up check over the phone, we may write to you asking for information.

These checks are only for checking the details of the person claiming childcare costs. They do not affect your own tax credits claim or tax affairs.

When we make these checks

We carry out follow-up checks at any time of the year. We can adjust parents' tax credits to reflect changes in their average childcare costs, so we may make further checks to make sure they have reported any relevant changes.

If we disagree with information given to us

If, after checking with you, we disagree with the information given to us by the person making a claim for childcare costs:

- we may stop payments for childcare if they were not entitled to them
- they may have to pay back any amounts we have already paid
- they may have to pay a penalty of up to £3,000

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

Changes to childcare costs

Parents must tell us about these changes within 1 month

- You stop being registered or approved
- They stop using childcare
- Their weekly childcare costs go down by £10 or more
 - If they pay the same fixed amount each week, this means that for four weeks in a row their new fixed weekly costs are at least £10 lower than their old fixed weekly costs
 - If they don't pay weekly, or their payments vary, this means their new average weekly costs are at least £10 lower than their old average weekly costs
- Their weekly childcare costs go up by £10 or more
 - If they pay the same fixed amount each week, this means that in each week for four weeks in a row their new fixed weekly costs are at least £10 higher than their old fixed weekly costs
 - If they don't pay weekly, or their payments vary, this means their new average weekly costs are at least £10 higher than their old average weekly costs
- Their childcare costs fall to zero
- They start getting help from someone else towards their childcare costs (for example, childcare vouchers from their employer or costs which are met by their local authority or local education authority)

If a parent does not tell us about these changes, and we pay them too much 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.

Our guide WTC5 Help with the costs of childcare gives examples of how parents should work out their average weekly childcare costs.

Changes you can tell us about

Please phone our Childcare Provider's Helpline if you think a parent:

- has not reported a change in their childcare costs to us when they should have
- has not told us that they stopped using you for their childcare

However, we cannot discuss any other details of a parent's claim with you.

When we get in touch with a parent to check the details of their tax credits award, we may give them details of the information that you gave to us.

You provide childcare and you are a relative of the child or parent making the claim

Parents claiming tax credits can't usually claim help for childcare provided by relatives. However, they can if you are:

- a registered childminder who cares for the child outside of the child's own home
- a childcare provider approved under an Approval of Child Care Providers (Wales) Scheme or a Home Child Care Provider's Scheme in Northern Ireland and you care for the child outside of the child's own home - but you must also care for at least one other child that is not related to you

Our guide 'Help with the costs of childcare'

To get a copy of our guide WTC5 Help with the costs of childcare:

- go to www.hmrc.gov.uk/leaflets/wtc5.pdf or
- if you do not have access to the internet, phone our helpline

What we mean by relative

A relative can be a child's:

- parent
- grandparent
- aunt or uncle
- brother or sister
- step-parent
- a person with a strong relationship to the child, for example someone in a parental role regarding their partner's children

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.

To claim 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 get will depend on your income (or joint income, if you are part of a couple).

Looking after your own child as a childminder or working in the nursery your child attends

If you are a childminder, you cannot claim for the costs of looking after your own children even if you look after them at the same time as you provide childcare for other 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.

To get a tax credits claim form, phone our helpline.

Making a claim

For us to work out your tax credits, we need:

- your income details (and those of your partner, if you have one) for the previous tax year (a tax year runs from 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) need to keep any information you have about your income for the relevant tax year, including:

- the P60 End of Year Certificate your employer gave you, and your form P11D or P9D (if you get one)
- any bank and building society statements showing any taxable interest you received in that year
- details of your taxable profits or losses, if you were self-employed

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

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

Find out if you can claim tax credits

To find out more about tax credits and to see if you can claim:

- go to www.hmrc.gov.uk/taxcredits or see
- our guide (WTC2) A guide to Child Tax Credit and Working Tax Credit explains in more detail what tax credits are and how to claim. To get a copy of this guide go to www.hmrc.gov.uk/leaflets/wtc2.pdf
- if you do not have access to the internet, phone our helpline

Help to work out your taxable profits

If you need help working out your taxable profits:

- phone the Self Assessment Helpline on **0300 200 3310**
- get a copy of our Helpsheet HS222 How to calculate your taxable profits
 - go to www.hmrc.gov.uk/helpsheets/hs222.pdf
 - phone our orderline on **0300 200 3610**

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

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