



Introduction to the Childcare Voucher Scheme

Childcare Vouchers have been available since 1989, however in April 2005 the government announced fantastic incentives for both employers and employees to take part in a voucher scheme. An employee can save up to £1066 per year in tax and NI contributions and employers can save up to £333 in NI contributions per employee per year.

Ordinarily, a parent would pay for their childcare directly to the childcare provider, but by their employer deducting those childcare costs from the employee's salary through a salary sacrifice, costs are saved. The employer is invoiced for the childcare costs by Children's Links and the childcare providers are paid using BACS.

The Childcare Voucher Scheme is designed to ease the financial burden on parents which follows shortly after starting a family. Financial pressures are relaxed and employees are comfortable knowing they can afford to pay a registered childcare provider to safely watch over their children. For employers there are also financial benefits, through savings made on overall national insurance contributions. In addition, surveys have shown that offering these benefits improves recruitment and levels of staff retention.

