

Kiddi Vouchers

Information for Small Businesses

This information leaflet is primarily for small businesses where the owner and the owner's partner are the only employees.

Introducing childcare vouchers

Since 6th April 2006, employers have been able to offer employees up to £55 a week (or £243 a month) in childcare vouchers. Childcare vouchers can be provided free of tax and national insurance, which makes them an efficient way of distributing your company's profits.

In comparison to distributing your company's profits as salary, using childcare vouchers could save each employee up to £1,196 a year in tax and national insurance. Your company would also save employer national insurance contributions, worth up to £373 a year per employee.

What's the difference between a "Salary Sacrifice" scheme and an "Addition to Salary" scheme?

In a "Salary Sacrifice" scheme, employees agree to reduce their existing salary in exchange for receiving childcare vouchers. The employer and employee enter into a Salary Sacrifice Agreement and the employer then amends the payroll to reflect the change in salary. Salary Sacrifice schemes need to be approved by the Inland Revenue.

In an "Addition to Salary" scheme, employees receive childcare vouchers on top of their salary. The vouchers are still tax-free and NI-free but, unlike Salary Sacrifice schemes, there is no need to seek Inland Revenue approval. As long as the vouchers are kept within the prescribed limits (£55 a week or £243 a month), they do not have to be declared on P11D forms.

For owners of small businesses who are able to amend their salary as they wish, Salary Sacrifice schemes and Addition to Salary schemes can provide identical savings.

KiddiVouchers

What does setting up a KiddiVouchers scheme cost?

KiddiVouchers schemes are free to set up and the administration fee is just 2.5% of the voucher face value, plus VAT.

How can I start using childcare vouchers?

You can start a KiddiVouchers scheme by selecting the 'Set up a new scheme' option at www.KiddiVouchers.com. You will be asked to choose a username and password for your company and to provide some basic company details. You will then be given a secure online employer account and a scheme reference number. For an Addition to Salary scheme, you can select the amount of vouchers you require by logging in to your employer account.

You can join your scheme by choosing the 'Join my employer's scheme' option from the online menu and quoting your scheme number. You will be asked to choose another username to access your online employee account. For a Salary Sacrifice scheme, you can order your vouchers by logging in to your employee account.

Your other employees can join your scheme by following the same process.

You will receive a regular invoice from KiddiVouchers, detailing your voucher order. Once the invoice has been paid, the vouchers will be available to each employee in their online KiddiVouchers accounts.

What can childcare vouchers be used for?

Childcare vouchers can be used to pay for many kinds of childcare, including nurseries, childminders, after-school play schemes and holiday clubs. KiddiVouchers offers a flexible payment facility, which allows employees to set up one-off or regular payments directly into the bank account of their childcare provider, or to print paper vouchers.

Where can I find out more about childcare vouchers?

For more information, phone 0845 094 1412, or visit our website at www.KiddiVouchers.com.