
STATUTORY INSTRUMENTS

2011 No. 1000

**The Social Security (Contributions)
(Amendment No. 4) Regulations 2011**

Qualifying childcare vouchers for employees who join a scheme on or after 6th April 2011

5. After paragraph 7 insert—

“Qualifying childcare vouchers for employees who join a scheme on or after 6th April 2011

7A.—(1) A qualifying childcare voucher, where an employee joins a scheme on or after 6th April 2011, subject to the qualifications in sub-paragraphs (3) and (6).

(2) In this paragraph a “qualifying childcare voucher” means a non-cash voucher in relation to which conditions A to D (see sub-paragraphs (7) to (11)) are met.

(3) Where the chargeable expense of the voucher exceeds the exempt amount, only that amount shall be disregarded by virtue of sub-paragraph (1).

(4) The exempt amount is the amount found by the formula—

$$E \times QW$$

Here—

E is, in the case of an employee the sum of—

- (a) £22, if the relevant earnings amount for the tax year, as estimated in accordance with Condition D, exceeds the higher rate limit for the tax year;
- (b) £28, if the relevant earnings amount for the tax year, as estimated in accordance with Condition D, exceeds the basic rate limit but does not exceed the higher rate limit for the tax year; or
- (c) £55, in any other case; and
- (d) the administration costs for the qualifying childcare voucher;

QW is the number of qualifying weeks—

- (a) for which the earner has been employed by the secondary contributor during the tax year in which the qualifying childcare voucher is provided; and
- (b) for which no other qualifying childcare voucher has been provided by the secondary contributor.

(5) Where an earner has two or more employed earner’s employments, the earnings from which fall to be aggregated in accordance with regulation 14 or 15, the reference to the secondary contributor in paragraph (b) of the definition of QW is a reference to the secondary contributor in respect of any of those employments.

(6) An earner is only entitled to one exempt amount even if childcare vouchers are provided in respect of more than one child.

(7) Condition A is that the voucher is provided to enable an employee to obtain care for a child who—

- (a) is a child or stepchild of the employee and is maintained (wholly or partly) at the employee's expense; or
 - (b) is resident with the employee and is a person in respect of whom the employee has parental responsibility.
- (8) Condition B is that the voucher can only be used to obtain qualifying child care.
- (9) Condition C is that the vouchers are provided under a scheme that is open—
- (a) to the employer's employees generally; or
 - (b) generally to those at a particular location, subject to sub-paragraph (10).
- (10) Where the scheme under which the vouchers are provided involves—
- (a) relevant salary sacrifice arrangements; or
 - (b) relevant flexible remuneration arrangements,
- Condition C is not prevented from being met by reason only that the scheme is not open to relevant low-paid employees.
- (11) Condition D is that the employer has, at the required time, made an estimate of the employee's relevant earnings amount for the tax year in respect of which the voucher is provided.
- (12) In sub-paragraph (11) "the required time", in the case of an employee, means—
- (a) if the employee joins the scheme under which the vouchers are provided at a time during the tax year, that time, and
 - (b) otherwise, the beginning of the tax year.
- (13) In sub-paragraph (11) the "relevant earnings amount", in the case of an employee provided with vouchers by an employer for any qualifying week in a tax year, and subject to sub-paragraph (14), means—
- (a) the aggregate of—
 - (i) the amount of any relevant earnings (see sub-paragraph (15)) for the tax year from employment by the employer; and
 - (ii) any amounts to be treated under Chapters 2 to 12 of Part 3 of ITEPA 2003(1) as earnings from such employment; less
 - (b) the aggregate of any excluded amounts (see sub-paragraph (16)).
- (14) But if the employee becomes employed by the employer during the tax year, what would otherwise be the amount of the aggregate mentioned in sub-paragraph (13)(a) is the relevant multiple of that amount; and the relevant multiple is—

$$\frac{365}{RD}$$

where—

RD is the number of days in the period beginning with the day on which the employee becomes employed by the employer and ending with the tax year.

- (15) In sub-paragraph (13)(a) "relevant earnings" means—
- (a) salary, wages or fees, and
 - (b) any other earnings to which the employee is contractually entitled (without the exercise of discretion by any person).

- (16) For the purposes of sub-paragraph (13)(b) the following are “excluded amounts”—
- (a) contributions under a registered pension scheme allowed under section 193(2) of Finance Act 2004⁽²⁾ (relief under net pay arrangements) to be deducted by the employer from the employee’s employment income for the tax year;
 - (b) donations for which a deduction is made under section 713 of ITEPA 2003 (payroll giving) in calculating the employee’s net taxable earnings from employment by the employer for the tax year;
 - (c) expenses within Chapter 3 of Part 3 of ITEPA 2003 (expenses payments) which the employer is authorised to exclude from the employee’s taxable earnings for the tax year in accordance with PAYE Regulations;
 - (d) payments in respect of removal expenses to which section 271 of ITEPA 2003⁽³⁾ applies (as defined in section 272) and which are taxable earnings of the employee from employment by the employer for the tax year;
 - (e) the amount of any allowance under Part 3 of the Income Tax Act 2007⁽⁴⁾ to which the employee is shown to be entitled to in the code determined in accordance with PAYE Regulations for use by the employer in respect of the employee for the tax year.”.

⁽²⁾ 2004 c. 12.

⁽³⁾ 2003 c. 1; section 271 was amended by paragraph 25 of Schedule 7 to the Finance Act 2008 (c. 9).

⁽⁴⁾ 2007 c. 3.