

CHILDCARE PAYMENTS ACT 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Compensatory Payments

Section 62: Compensatory payments

272. [Section 62](#) requires HMRC to make a compensatory payment to a person in certain circumstances. The purpose is to provide compensation for any top-up payments which a person has, through no fault of their own, been unable to receive.
273. Subsection (1) requires HMRC to pay a person a compensatory payment if they have been unable to receive top-up payments in situations which will be set out in regulations. This compensatory payment will be equal to 20% of the qualifying childcare costs which they have incurred, up to a maximum amount to be specified in regulations under subsection (2). Regulations under subsection (6) can modify the 20% rate. The result is that the amount paid will be equivalent to the top-up payments to which the person would have been entitled.
274. Subsection (4) allows compensatory payments to be made whether or not a person has a childcare account or made a declaration of eligibility. For example, a person could apply to open a childcare account while waiting to be paid Employment and Support Allowance, but cease to be eligible for the scheme for another reason before the claim comes into payment. The person will not have a childcare account but will still be able to receive a compensatory payment.