

CHILDCARE PAYMENTS ACT 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Introductory

Section 1: Entitlement to receive money towards costs of childcare

22. **Section 1** entitles a person to receive Government support with their childcare costs (referred to as ‘top-up payments’) if:
- they meet the eligibility conditions;
 - they provide information to demonstrate their eligibility in a declaration to HMRC and HMRC agrees, based on that information, that they are eligible;
 - they have a child who qualifies for support;
 - they have opened a childcare account in accordance with the scheme; and
 - they (or another person) pay money into the childcare account.
23. Once a person becomes entitled to top-up payments they will remain entitled for a period of time, which will generally be three months. This is referred to as an ‘entitlement period’ in the Act. They will remain entitled for the period even if their personal circumstances change in a way that means they cease to meet some or all of the eligibility conditions. This means that a person will not be required to make contact every time they experience a change in their circumstances which might have a bearing on their eligibility. There are further details about entitlement periods in section 5.
24. Top-up payments will be paid at a rate of 25% of the amount of money paid into the childcare account. For example, where a person pays £80 into a childcare account, the value of the top-up payment will be 25% of that amount, or £20. Subsection (5) allows the rate of top-up payments to be changed in regulations.
25. The remainder of the section signposts other parts of the Act, including those relating to how childcare accounts operate, HMRC’s power to obtain information and special rules relating to tax credits and universal credit.