

CHILDCARE PAYMENTS ACT 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Childcare Accounts

Section 22: Withdrawals

108. [Section 22](#) provides the rules which apply where an account-holder withdraws amounts from a childcare account.
109. If an account-holder makes a withdrawal from a childcare account, subsection (1) requires the account provider to pay the corresponding top-up amount, calculated under subsection (2), to HMRC. Therefore, if an account-holder withdraws £400 from the childcare account, the corresponding top-up amount will be £100 which the account provider must pay to HMRC.
110. Subsection (3) provides that, as the corresponding top-up amount of any withdrawal must be paid to HMRC, the maximum amount which can be withdrawn from a childcare account is the ‘relevant percentage’ of the total amount in the account at any time. Where top-up payments are provided at the rate of 25% of a qualifying payment, the relevant percentage will be 80%.
111. Subsection (5) prevents a withdrawal from being made from a childcare account when a top-up payment is payable into the account. This is to ensure that the required 80:20 ratio between account-holder funds and top-up payments is maintained.