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3HR Legal Weekly

Employment

Tax-Free Childcare Scheme

From early 2017, working parents can get up to £2,000 a year, per child, in tax relief to help cover childcare costs. For every £8 a parent pays in, the government will pay in an extra £2. Parents can receive up to £2,000 per child, per year, towards their childcare costs, or £4,000 for disabled children. It replaces the existing system that sees parents buy 'childcare vouchers' from their employer that enable each parent to pay for childcare worth up to £243 a month.

Each £243 voucher costs the parent £165.24. For higher-rate taxpayers who can only buy vouchers of £124, the cost is £71.92. For additional-rate taxpayers, their £110 voucher costs £58.30. Each parent can sign up to the voucher scheme (as long as their employer offers it).

Employees can choose between continuing with the old voucher scheme, or using the new tax-free scheme, depending upon which is most cost-efficient for them. However, once they've switched to the tax-free scheme, they cannot go back to purchasing vouchers.

The scheme will be available for children up to the age of 12, or 17 for children with disabilities.

To qualify, parents will have to be in work, and each expecting to earn at least £115 a week. Each parent must not have income over £100,000 per year.

Tax-Free Childcare is due to begin rolling out from early 2017, with disabled and very young children first.

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Immigration

Sponsor Licence Holders

As a Sponsor Licence holder, there will be various times when you need to make additional requests or applications to the Home Office. Examples of this may be requesting additional Certificates of Sponsorship ("CoS") or applying for a new Level 1 User or replacement Authorising Officer. Unfortunately, the time taken by the Home Office to process these requests can vary considerably and can be very lengthy. Indeed, the Home Office's own specified service standard for dealing with any request made via the Sponsorship Management System ("SMS") is 18 weeks.

This can be particularly difficult when the approval awaited from the Home Office is business critical – for example when an additional CoS is required, either for a new expatriate or other migrant worker or, perhaps more crucially, for an extension application to allow a worker (and therefore their family) to continue to stay in the UK.

It will therefore come as good news to many of our clients, that the Home Office have confirmed that, as of 7th November this year, certain requests via the SMS will qualify for a "premium" consideration service. Under this new premium service, the Home Office will aim to make decisions within 5 working days, for a fee of £200 per request.

Initially, this service will be limited in scope, only applicable to: annual CoS renewals, requests for additional CoS during the year, requests for new Level 1 Users and requests to replace the Authorising Officer. However, we anticipate that this will in future be rolled out to cover the majority of SMS requests and therefore provide a new option for those situations which are simply too urgent to wait 18 weeks for. Under the present system, the only way to seek a decision prior to 18 weeks is to convince the Home Office of some particular urgency applicable to your situation, which in most cases can be very difficult, since the Home Office has a high threshold for such matters. This is therefore expected to be a popular service, despite the additional cost.

3HR are of course able to act as one of your Level 1 Users and make all necessary applications and requests on your behalf. Please do not hesitate to contact us for more information.

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