EXPLANATORY MEMORANDUM TO

THE CHILDCARE PAYMENTS (AMENDMENT) REGULATIONS 2017

2017 No. 1096

1. Introduction

1.1 This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 The purpose of the instrument is to make consequential amendments to The Childcare Payments Regulations 2015.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

Other matters of interest to the House of Commons

3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 The Childcare Payments Act 2014 ('The Act') enacted a new scheme designed to provide financial support to help working families with the costs of childcare.

4.2 The Act provides for the overall structure of the scheme and the way in which it will operate. It also contains a number of delegated powers exercised by regulations. Those powers were exercised in making The Childcare Payments Regulations 2015 ("the 2015 Regulations"). This instrument amends the 2015 Regulations, which were previously amended by The Childcare Payments (Amendment) Regulations 2016 and The Childcare Payments (Amendment No 2) Regulations 2016.

5. Extent and Territorial Application

5.1 The extent of this instrument is the United Kingdom.

5.2 The territorial application of this instrument is the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

What is being done and why

7.1 This memorandum replaces the original memorandum laid with the Statutory Instrument. There was a sentence in the original memorandum that referred to a regulation that did not appear in the final version of the Statutory Instrument.

7.2 Tax-Free Childcare provides financial support to help working families with the costs of childcare. In particular the scheme aims to support parents to take up paid work, or increase their hours of work, should they wish to do so.

7.3 The scheme was launched in April 2017 and will gradually roll out to all eligible parents.

7.4 The instrument contains amendments to enable an account holder's entitlement period to be varied when a new household is formed and their partner has an existing declaration period under the Childcare (Early Years Provision Free of Charge) (Extended Entitlement) Regulations 2016 – normally referred to as the "30 free hours free childcare scheme". The Government opened the childcare service in April of this year – a single online application through which parents apply for both 30 hours free childcare and Tax-Free Childcare. This amendment will allow the periods for the two schemes to be aligned in a way that best suits the two partners.

7.5 The instrument also contains amendments to put beyond doubt that any variation of an entitlement period for any of the reasons set out in regulation 5(1) of the 2015 regulations is restricted to a maximum of two months.

7.6 The instrument contains amendments to extend and clarify the circumstances when a compensation payment may be made to parents who experience difficulties that prevent them from opening or effectively using a childcare account.

Consolidation

7.7 There are no plans for consolidation.

8. Consultation outcome

8.1 HMRC has not formally consulted before introducing the amendment regulations however, the Social Security Advisory Committee (SSAC) has considered these regulatory changes under its Memorandum of Understanding with HM Treasury and HMRC.

9. Guidance

9.1 HMRC is working with the Government Digital Service to update the guidance on the TFC scheme.

10. Impact

10.1 There is no impact on business, charities or voluntary bodies.

10.2 There is no impact on the public sector.

10.3 A full Impact Assessment of the effect that the childcare payments scheme will have on the costs of business and the voluntary sector was published on 18th November 2014 alongside The Childcare Payments Act 2014 and is available from the gov.uk website at https://www.gov.uk/government/publications/tax-free-childcare-impact-

assessment. An updated Impact Assessment was made on 30th March 2017 and is available at http://www.legislation.gov.uk/ukpga/2014/28/resources.

11. Regulating small business

11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

12.1 The policy will be reviewed two years after full implementation of the scheme to assess whether Tax-Free Childcare is delivered effectively and supports working families as intended.

13. Contact

13.1 Phil Mattacks at the HM Revenue and Customs. Telephone: 03000 585 501 or email: phil.mattacks@hmrc.gsi.gov.uk can answer any queries regarding the instrument.