

Childcare Vouchers are tax and NI exempt to certain limits* depending on the rate of tax and NI that you pay.

	Weekly tax & NI exempt limit	Monthly tax & NI exempt limit	Annual tax & NI exempt limit
Basic rate taxpayers**	£55	£243	£2916
Higher rate taxpayers	£28	£124	£1484
Additional rate taxpayers	£25	£110	£1164

(**and employees who were already receiving childcare vouchers before the 6th April 2011 who have not changed employer)

To establish which rate of tax you are likely to pay and therefore how much exemption you are entitled to, your employer will perform a 'basic earnings assessment'. This will include:

- Basic salary (after your salary sacrifice)
- Taxable benefits
- Car allowance
- Guaranteed bonuses
- Shift allowances
- Commission (based on the previous two year's or last year's whatever is more favourable. Only included where it is specified in the contract of employment as a proportion of income generate for the company).

Discretionary and performance related bonuses are not included in this assessment. For the sake of the assessment, if you earn under £150,000 a year, it will be assumed that you have the standard personal allowance.

As a rule of thumb for the tax year 2016-17, if your basic earnings before the salary sacrifice are greater than £45,916 you will be considered higher rate (higher rate threshold of £32,000 + personal allowance of £11,000 plus Childcare Voucher salary sacrifice of £2,916). If your basic earnings before the salary sacrifice are greater than £151,484 you will be considered additional rate (additional rate threshold of £150,000 plus Childcare Voucher salary sacrifice of £1,484).

Once completed, this assessment will remain valid until the start of the next tax year, regardless of any changes in circumstances throughout the year; therefore your tax and NI exemption will not change throughout the year.