Exemption of Certain Childcare Support Payments

Part 07-01-40

This document should be read in conjunction with section 194AA of the Taxes
Consolidation Act 1997

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1   Introduction

Finance Act 2018 inserted a new section, 194AA, into the Taxes Consolidation Act 1997. This section provides an exemption from tax for certain childcare support payments made by or on behalf of the Department of Children, Disability, Equality and Integration.

Where such payments are made, they are fully exempt from tax in the hands of the parent/guardian of the eligible child to which the payment relates. In addition, there is no requirement to declare such payments in an income tax return.

2   What Payments Qualify?

Payments made under the following schemes:

- Community Childcare Subvention;

- Community Childcare Subvention Plus;

- Community Childcare Subvention Resettlement;

- Community Childcare Subvention Resettlement (Transitional);

- Community Childcare Subvention Universal; and

- Training and Employment Childcare.

Any payments made under the above schemes are treated as exempt for tax purposes, irrespective of the date of payment.

3   The National Childcare Scheme (NCS)

The National Childcare Scheme (NCS) was launched in November 2019. The scheme provides for:

- a graduated State contribution towards crèche fees, dependent on the income of the families involved, which will be assessed by means testing; and

- a limited universal state contribution to those who do not qualify under the means assessment.

See the National Childcare Scheme web page for further information.

Any payments made under this scheme will also be treated as exempt from tax in the hands of the parent/guardian of the eligible child to which the payment relates.