

Dear First Permanent Secretary and Chief Executive

I am the CEO & Founder of Childcare.co.uk – the UK's largest online childcare platform, with over 3 million customers.

We have around 40,000 registered childminder members and I am contacting you on their behalf about the decision by the government to remove the historic childminder agreement, known as Business Income Manual BIM52751, for those childminders who have to start using Making Tax Digital.

Childminders have been benefiting from a 10% wear and tear allowance, as part of the agreement, which dates back as early as 1986.

As you will know, the vast majority of childminders work from their own homes and the 10% wear and tear allowance has enabled them to account for the greater depreciation of their household items due to increased use by the children in their care.

We have spoken to some of your colleagues at HMRC and they have said that instead of the agreement, childminders using MTD, will now be able to claim the cost of items purchased instead. However, childminders have told us that they don't want to do that. That only helps when a childminder has to make new purchases and many childminders have household items that do not need replacing for many years. Most household items are also used personally when they are not working which makes things complicated. Childminders have told us they would prefer to keep the 10% wear and tear allowance.

We all understand that Making Tax Digital is a different way of reporting accountancy information to HMRC and there is nothing wrong with that, but just because a childminder has to use MTD to report their numbers, there isn't any reason why they still could not keep the 10% wear and tear allowance as well.

The plans will allow childminders who don't come under the income thresholds of MTD to keep benefiting from the agreement, but this is unfair and will create a two-tier system, where some childminders can claim the 10% wear and tear allowance, and others who are working harder, delivering more childcare, and earning a slightly greater gross income are penalised when they use MTD.

Childminder numbers have been falling every year for over a decade and this decision will only force more childminders to close their small businesses down and choose an alternative career. Further, the changes are likely to put off new childminders joining the childcare industry.

We would be very grateful if you and your team could look into this injustice and do everything in your power to reinstate BIM52751, including the 10% wear and tear allowance, for all childminders, irrespective of whether or not they have to use MTD.

Best wishes

A handwritten signature in black ink that reads "Richard Conway". The signature is fluid and cursive. Below the name, the letters "CEO" are printed in a small, sans-serif font.

Richard Conway
CEO & Founder

Childcare.co.uk