**QUALIFYING CARE RELIEF (SIMPLIFIED METHOD) – TAX SCHEME FOR FOSTER CARERS**

Many foster carers have little or no taxable profit from fostering, because the qualifying care relief (specific tax scheme for foster carers) is fairly generous. However, a foster carer needs to do a simple calculation at the end of each tax year to find out what their qualifying amount is for the tax year and whether they have any taxable profit or not.  We would also advise foster carers not to compare themselves with other foster carers.  The simple calculation will be unique to you and your circumstances and therefore your threshold is unlikely to be the same as other foster carers.

The calculation is as follows:

**STEP 1**

Work out your tax-free ‘qualifying amount’ (tax threshold) by adding together two elements:

A basic element of £10,000 per household per tax year on the basis the foster carer has been approved for the whole of the tax year (or pro rata for foster carers newly approved part-way through the tax year)

Plus

A child element, for each week (or part week) a child is placed with you of:

£200 per week per child aged under 11

£250 per week per child aged 11+

Example: child aged 8 is placed for a full year (6th April to 5th April). Basic element £10,000 plus child element £200 x 52 weeks ie £10,400 therefore TOTAL qualifying amount £10,000 + £10,400 = £20,400

**STEP 2**

Work out your total payments from your fostering service for the tax year (6th April to 5th April). This is **everything** paid to you by your fostering service including fostering allowances, fee or reward payments, retainer payments, holiday or birthday allowances, mileage and any other expenses. Your fostering service should give you a statement after the 5th April, showing your total payments for the year.

**WORKING OUT IF YOU HAVE ANY TAXABLE PROFIT**

Now work out your profit – by deducting your ‘qualifying amount’ (tax threshold) from your total payments from your fostering service provider.

If the qualifying amount (tax threshold) is more than the total payments from your fostering service, the profit is zero.

For further information or what to do if your total payments are higher than your qualifying amount please see the additional information sheet which also includes advice on national insurance and how to register as self employed.