

MagicBooking partners with HMRC to revolutionise Tax-Free Childcare payments for schools and clubs.

A fully integrated Tax-Free Childcare (TFC) payment solution set to tackle issues of accessibility for working families as well as cut cumbersome workloads and administrative costs for childcare providers.

THE FUTURE OF TAX-FREE CHILDCARE

MagicBooking the first to integrate with HMRC's Tax-Free Childcare API



We're one of the first booking management systems to work with HMRC to deliver their new Tax-Free Childcare API



**Magic
Booking**



**HM Revenue
& Customs**

Childcare
Choices

London, United Kingdom Feb 10, 2025 ([Issuewire.com](https://www.issuewire.com)) - [MagicBooking, a UK-based booking, payment, and admin system for schools, clubs, and childcare providers](#), is proud to announce its groundbreaking partnership with HMRC to offer one of the first and only fully integrated Tax-Free

Childcare (TFC) payment solution.

This revolutionary new feature is set to drastically reduce administrative headaches nationwide, making TFC payments smoother, faster, and more accessible for both parents and childcare providers. The update will officially launch on **February 10th, 2025**, offering a seamless process that automates and simplifies the payment journey for families using TFC benefits.

How HMRC TFC supports working families

Tax-Free Childcare offers financial assistance with childcare expenses for working parents. For every £8 a parent deposits into their Tax-Free Childcare account, the government contributes an additional £2, with a yearly cap of £2,000 per child. For children with disabilities, the maximum annual contribution increases to £4,000.

Improving accessibility: Transforming the childcare experience for parents and providers

HMRC Tax-Free Childcare (TFC) payments have become a vital support system for self-employed parents, part-time parents, parents returning to work, low-income households, and single-parent households.

For years, MagicBooking has helped providers process TFC payments, but the integration between TFC and existing booking/payment systems presented challenges that affected both providers and families. Given the demographic using HMRC TFC, the separate and complex processing systems often added barriers, reinforcing accessibility challenges for families.

Providers - whether schools, clubs, or childcare centres - have had to navigate cumbersome, costly, manual processes for accepting and reconciling TFC payments. These lengthy procedures created additional tasks compared to traditional cards or cash payments.

For parents, this led to confusion at checkout, the need to manually 'promise' payments, and the frustration of having to log in to HMRC each time they wished to make a payment. Moreover, many parents found their accounts incorrectly frozen for overdue payments while awaiting reconciliation from HMRC.

These difficulties have highlighted issues of accessibility, particularly for families who need TFC but face barriers in navigating the system, which often creates inequalities in childcare access.

Carine Grascher, MagicBooking's CEO states: "We firmly believe that childcare should not be gatekept by financial privilege. All schools and clubs should be equipped to accept every legitimate form of payment without the burden of labour-intensive and costly processes. Equally, all families should be able to use HMRC TFC payments without disadvantage. That's why we've partnered with HMRC - both of us are committed to creating a smoother, more equitable solution."

Before the HMRC TFC integration, a [2024 client survey](#) revealed that 93% of clients felt MagicBooking had increased accessibility for parents. This priority was already a key benefit of the system.

With instant payment verification, automated reconciliation, and seamless checkout for parents, this partnership with HMRC marks a new era in childcare payment systems. Parents can now make payments instantly via MagicBooking, with no need to log into HMRC, while providers can enjoy automated reconciliation that saves time and reduces errors.

Why this matters: Addressing current industry challenges

In the face of the cost-of-living crisis and increasing inflation, parents are looking for ways to better afford childcare payments, and providers are wanting to support them without sacrificing their livelihoods.

The HMRC TFC programme is a vital lifeline for working families, and MagicBooking's new feature ensures that the benefits of TFC can be easily accessed without the hurdles of administrative bottlenecks.

"By partnering with HMRC, we've dramatically improved the TFC payment process," said Franck Merlin, CTO of MagicBooking. "Our mission is to simplify childcare for parents and providers alike, making services more accessible and removing the hassle from admin so that the focus can be on supporting children and growing healthy businesses. We are committed to continuously improving and bringing new solutions to drive efficiency and support the industry in these challenging times."

These improvements are also a matter of urgency as Tax-Free Childcare is taking the place of the childcare voucher and directly contracted childcare programmes, which stopped accepting new applicants in October 2018.

Inclusion and accessibility for all families

MagicBooking is committed to inclusive and accessible childcare solutions, catering to all families. By offering automated TFC payments, MagicBooking ensures that providers, whether they're primary schools, MATs, or independent childcare clubs, can accept TFC payments without the burden of manual processing.

According to recent government data, approximately 545,000 families used Tax-Free Childcare for 664,000 children in April 2024 to help cover the costs of childcare. The new MagicBooking integration will dramatically reduce the frustrations associated with HMRC TFC, creating a smoother experience for both parents and providers, particularly in the face of rising costs and financial pressure.

What's changing with MagicBooking and HMRC

- **Instant TFC payments:** Parents can now make payments instantly via MagicBooking, directly verified by HMRC, eliminating the need to log into separate systems or wait for manual processing.
- **Automated reconciliation:** Childcare providers will no longer face the burden of manually reconciling payments, reducing errors and saving valuable time.
- **Simplified checkout for parents:** Parents can view their balances, validate their TFC codes, and make payments all in one easy-to-use checkout experience.

The new HMRC TFC integration will initially be available as a free feature for schools and clubs using the MagicBooking platform. However, after a few months, it will transition to a paid add-on to help replenish the investment MagicBooking has made in developing and maintaining this feature. This phased approach allows schools, clubs, and childcare providers to experience the benefits of the new system at no initial cost. By offering the feature for free initially, MagicBooking gives providers the time to evaluate whether the time and cost savings from reduced admin efforts justify the investment once

the feature becomes paid. Importantly, parents will not incur any additional charges from the system or the new feature; the cost will be absorbed by the schools and clubs.

MagicBooking is confident that this streamlined, automated feature will ultimately save money and time for providers by reducing manual processes and administrative burdens. The option to continue using the original manual TFC payment system will still be available at no charge, allowing users to make a fully informed decision based on their own needs.

Based on MagicBooking's [2024 client survey](#), the platform helps clients save approximately 8,536 hours and over £13,341 in staff time each year. 86% of clients reported an increase in savings, with the average experiencing a 73% boost in cash flow. These savings can be reinvested into childcare services and business growth, allowing staff to focus on their core responsibilities. With the addition of the new HMRC TFC feature, these savings are projected to grow even further.

Why MagicBooking stands out

MagicBooking is one of the first and only booking platforms to offer this fully integrated TFC payment solution. While other platforms have supported TFC, they have yet to streamline the entire process. MagicBooking's system automates everything, from instant payments to error-free reconciliation, and ensures that parents won't be penalised for delays in processing.

Theo Merlin, COO of MagicBooking, shared: "We're proud to be leading the charge in simplifying childcare payments. By listening to our clients' needs and proactively addressing these issues, we've created a solution that not only saves time and money but makes childcare services more accessible to families who need them most."

Join the future - [Book a demo with MagicBooking.](#)

About MagicBooking

MagicBooking is a nine-year old, family-grown, all-in-one software solution designed to support schools, childcare providers, and clubs with automated booking, payment, admin, and communication systems. With the goal of empowering all schools and clubs to simplify every aspect of their childcare operations, MagicBooking's innovative platform helps businesses scale, improve efficiency, and reduce administrative burdens.

[Leave a message with MagicBooking to find out more.](#)





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