

TA.4

MAIN FEATURES OF NICS

1999-2000 TO 2012-13



	Rate in 1999-2000	Rate in 2000-2001	Rate in 2001-2002	Rate in 2002-2003	Rate in 2003-2004	Rate in 2004-2005	Rate in 2005-2006	Rate in 2006-2007	Rate in 2007-2008	Rate in 2008-2009	Rate in 2009-2010	Rate in 2010-11	Rate in 2011-12	Rate in 2012-13 (10)
Class 1														
Lower earnings limit (LEL) – a week	£66	£67	£72	£75	£77	£79	£82	£84	£87	£90	£95	£97	£102	£107
Primary threshold (PT) – a week	-	£76	£87	£89	£89	£91	£94	£97	£100	£105	£110	£110	£139	£146
Secondary threshold (ST) – a week	£83	£84	£87	£89	£89	£91	£94	£97	£100	£105	£110	£110	£136	£144
Upper accruals Point (UAP) – a week (1)	-	-	-	-	-	-	-	-	-	-	£770	£770	£770	£770
Upper earnings limit (UEL) – a week (2)	£500	£535	£575	£585	£595	£610	£630	£645	£670	£770	£844	£844	£817	£817
Primary contributions (employee)														
Main contribution rate (PT to UEL) (3)	10.0%	10.0%	10.0%	10.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	12.0%	12.0%
Additional contribution rate (above UEL)	-	-	-	-	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	2.0%	2.0%
Contracted out rebate (LEL to UAP/UEL) (4) (5)	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.4%
Reduced rate for married women and widow optants (6)	3.85%	3.85%	3.85%	3.85%	4.85%	4.85%	4.85%	4.85%	4.85%	4.85%	4.85%	4.85%	5.85%	5.85%
Secondary contributions (employer)														
Contribution rate (above ST)	12.2%	12.2%	11.9%	11.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	13.8%	13.8%
Contracted out rebate (LEL to UAP/UEL) (5)														
- COSRS	3.0%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.7%	3.7%	3.7%	3.7%	3.7%	3.4%
- COMPS (7)	0.6%	0.6%	0.6%	1.0%	1.0%	1.0%	1.0%	1.0%	1.4%	1.4%	1.4%	1.4%	1.4%	0.0%
Class 1A and 1B														
Contribution rate (8)	12.2%	12.2%	11.9%	11.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	13.8%	13.8%
Class 2														
Flat-rate contribution – a week	£6.55	£2.00	£2.00	£2.00	£2.00	£2.05	£2.10	£2.10	£2.20	£2.30	£2.40	£2.40	£2.50	£2.65
Small earnings exception – a year	£3,770	£3,825	£3,955	£4,025	£4,095	£4,215	£4,345	£4,465	£4,635	£4,825	£5,075	£5,075	£5,315	£5,595
Class 3														
Flat-rate contribution – a week (9)	£6.45	£6.55	£6.75	£6.85	£6.95	£7.15	£7.35	£7.55	£7.80	£8.10	£12.05	£12.05	£12.60	£13.25
Class 4														
Lower profits limit (LPL) – a year	£7,530	£4,385	£4,535	£4,615	£4,615	£4,745	£4,895	£5,035	£5,225	£5,435	£5,715	£5,715	£7,225	£7,605
Upper profits limit (UPL) – a year (2)	£26,000	£27,820	£29,900	£30,420	£30,940	£31,720	£32,760	£33,540	£34,840	£40,040	£43,875	£43,875	£42,475	£42,475
Main contribution rate (LPL to UPL)	6%	7%	7%	7%	8%	8%	8%	8%	8%	8%	8%	8%	9%	9%
Additional contribution rate (above UPL)	-	-	-	-	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%

Table updated March 2012

- (1) The upper accruals point was introduced in April 2009.
- (2) From April 2009 the upper earnings limit and upper profits limit were aligned to the income tax higher rate threshold.
- (3) Between LEL and UEL for 1999-2000.
- (4) For Appropriate Personal Pension Schemes (APPS) both employer and employee pay NICs at the full contracted-out rate and in the following tax year on submission of the end-of-year returns HMRC pay an age related rebate direct to the schemes. The employee's share of this rebate is 1.6%.
- (5) Up to and including 2008-09, the rebate applies between the LEL and the UEL. From 2009-10 onwards the rebate applies between the LEL and UAP.
- (6) Married women opting to pay contributions at the reduced rate earn no entitlement to contributory National Insurance benefits as a result of these contributions.
No women have been allowed to exercise this option since 1977.
- (7) For employers operating a COMPS, in addition to the reduction shown in secondary Class 1 contributions, in the following tax year on submission of end-of-year returns, HMRC pay an additional "top-up" rebate direct to the scheme. As with APPS, this rebate is age related. COMPs are abolished from 2012-13 onwards.
- (8) From April 2000 the Class 1A liability for employers was extended from company cars and fuel to include other taxable benefits not already attracting a Class 1 liability.
Class 1A and Class 1B contributions are paid in the year following accrual.
- (9) Class 3 contribution rules changed in 2009-10 to allow those reaching state pension age before April 2015 with 20 qualifying years to purchase up to 6 additional years.
- (10) From 2012-13 the default indexation assumption for NICs is CPI (excluding the secondary threshold).

Notes:

Class 1 National Insurance Contributions (NICs)

Class 1 NICs are earnings related contributions paid by employed earners who are below State Pension age (65 for men, 60 for women) and their employers. The contributions are paid at either the contracted-out rate or the not contracted-out rate. The contracted-out rate is payable only where the employee is a member of a contracted-out occupational scheme in place of State Second Pension (formerly SERPS). Class 1 NICs are collected by HMRC along with income tax under the Pay As You Earn (PAYE) scheme.

Class 1A National Insurance Contributions (NICs)

Class 1A NICs are paid only by employers on the value of most taxable benefits-in-kind provided to employees, such as private use of company cars and fuel, private medical insurance, accommodation and loan benefits. They do not give any benefit rights.

Class 1B National Insurance Contributions (NICs)

Class 1B NICs were introduced on 6 April 1999. Like Class 1A they are also paid only by employers and cover PAYE Settlement Agreements (PSA) under which employers agree to meet the income tax liability arising on a restricted range of benefits. Class 1B is payable on the value of the items included in the PSA that would otherwise attract a Class 1 or Class 1A liability and the value of the income tax met by the employer. They do not give any benefit rights.

Class 2 National Insurance Contributions (NICs)

Class 2 contributions are a flat rate weekly liability payable by all self-employed people over 16 (up to State Pension age) unless they have applied for and been granted a "small earnings exception" (SEE) because their earnings from self-employment are expected to be low, although they may still pay if they choose to. Class 2 NICs can be paid up to six years after the tax year in which they are due. Class 4 NICs may also have to be paid if their profits for the year are over the lower profits limit (see below).

Class 3 National Insurance Contributions (NICs)

Class 3 NICs may be paid voluntarily by people aged 16 and over (but below State Pension age) to help them qualify for State Pension and Bereavement Benefits if their contribution record would not otherwise be sufficient. Contributions are flat rate and can be paid up to six years after the year in which they are due.

Class 4 National Insurance Contributions (NICs)

Class 4 NICs are paid by the self-employed whose profits are above the lower profits limit. They are profit related and do not count for any benefits themselves.