

National Insurance Changes

Given the extraordinary number of changes to tax legislation over the last few years, practitioners could be forgiven for missing some amendments to the National Insurance rules that seem to have slipped quietly through the net.

First of all, the National Insurance Contributions Act 2008 introduced an Upper Accruals Point ("UAP") which applies from 6 April 2009 and above which contributions do not count towards the State Pension. The weekly UAP for 2009-10 is £770, which you will note, is below the current weekly UEL of £844.

Secondly, from 6 April 2011, all rates of National Insurance increase by half a percentage point (0.5%) so the new rates will be:

Class 1 ees = 11.5%

Class 1 ers = 13.3%

Class 4 = 8.5%

Higher rate on amounts over the UEL = 1.5%

Coupled with the increases in State Pension age (so individuals pay NI for longer) and the increase of the UEL to match the income tax higher rate bands (so individuals pay more NI at the full rates), NI is getting increasingly onerous.

We aim to bring you news as it arrives so come back soon for the most up to date bulletins!!

