

About these notes

These notes tell you about the conditions you need to satisfy to apply for deferment of self-employed National Insurance contributions (NICs). Please read these notes before you fill in form CA72B 'Application for deferment of payment of Class 2 and/or Class 4 National Insurance contributions (NICs) 6 April 2014 to 5 April 2015'.

Introduction

The law states that you must meet all NICs liabilities as an employee and as a self-employed person in all of your employments. But, if you are employed and self-employed and expect to pay:

- primary Class 1 NICs as an employee
 - Class 2 and/or Class 4 NICs in your self-employment
- you can ask to defer some of your Class 2 and/or Class 4 NICs until we can calculate the correct amount of NICs due after the end of the following tax year.

You may defer your Class 2 NICs if you are likely to pay Class 1 NICs on your earnings of at least £805 each week (£3,489 each month), for the whole year.

You may defer some of your Class 4 NICs if you can show that you are likely to pay too much in Class 1, Class 2 and Class 4 NICs.

Important

Even if we allow you Class 4 deferment, you will still have to pay Class 4 NICs at the additional Class 4 percentage rate of 2% on all profits above the Lower Profit Limit of £7,956 when you pay your Income Tax charge on trade profits.

Class 1 NICs

You must pay primary Class 1 NICs if:

- you work as an employee in the UK, and
- your earnings exceed the employee's Primary Threshold (PT)
- you are 16 or over and under State Pension age (see the following paragraph 'Changes to State Pension age')

Changes to State Pension age

There have been changes to the State Pension age from 6 April 2010.

The State Pension age for women born between 6 April 1950 and 5 December 1953 will gradually increase to 65. This is being phased in over an 8 year period from April 2010 to November 2018.

The State Pension age for men and women born after 5 December 1953 will gradually increase to 66. This will be phased in between November 2018 and September 2020.

To find out your State Pension age go to www.gov.uk/state-pension

Class 2 NICs

If you are aged 16 or over and self-employed, you must pay Class 2 NICs unless:

- you are over State Pension age (see the paragraph 'Changes to State Pension age')
- you are entitled to pay reduced rate employee's Class 1 NICs as a married woman or widow
- you have small earnings and have a Certificate of Small Earnings Exception for the period concerned

The Class 2 weekly rates for the 2014-15 tax year are:

• self-employed	£2.75
• share fishermen	£3.40
• volunteer development worker	£5.55

Self-employed with small earnings

If you are employed and self-employed, but you expect your self-employed earnings to be less than the Small Earnings Exception (SEE) limit of £5,885 for 2014-15 you:

- may not have to pay Class 2 NICs
- should not make a claim for deferment

If you would like more information on SEE go to

www.hmrc.gov.uk/lowearnings or phone the National Insurance Self-Employed Helpline on **0300 200 3505**, and ask about claiming SEE. Please have your National Insurance number ready when you phone. You can also go to www.hmrc.gov.uk/selfemployed

Newly self-employed

When you become self-employed you must register for Self Assessment with HM Revenue & Customs (HMRC). We will then set up the right Income Tax and National Insurance records for you. If you are starting out in self-employment you need to tell us straightaway. If you are not starting within 28 days you cannot currently apply. If you delay registering you may have to pay a penalty. You may have to pay further penalties if payments become due and you do not pay on time and in full.

To register for Self Assessment go to www.hmrc.gov.uk/sa/register.htm

You will need your National Insurance number to register.

Class 4 NICs

Class 4 NICs are profit related and for 2014-15 are calculated at:

- 9% of profit or gains between the Lower Profit Limit of £7,956 and the Upper Profit Limit of £41,865
- 2% of profit or gains above the Upper Profit Limit

They are normally self-assessed and collected with the Income Tax charge on trade profits.

If you:

- are self-employed
- receive income that is assessed for tax by a charge on trade profits

you may have to pay Class 4 NICs, provided your profits and gains are over the Lower Profit Limit.

You are liable to pay Class 4 NICs for the whole of the tax year in which you reach State Pension age (see the paragraph 'Changes to State Pension age').

When you do not have to pay Class 4 NICs

You do not have to pay Class 4 NICs if you are:

- at or over State Pension age at the beginning of the year of assessment (including if you reach State Pension age on 6 April)
- not resident in the UK for Income Tax purposes
- a trustee, executor or administrator (in some cases only)
- a diver or diving supervisor working in connection with exploration or exploitation activities on the UK continental shelf or in UK territorial waters and you receive income that is assessed for tax by a charge on trade profits

If you are assessed for Class 4 NICs and you think you should have been excepted under one of the categories above, tell the HMRC office dealing with your tax return.

Class 1 NICs on income that is assessable to tax by a charge on trade profits, and ancillary business earnings assessed to tax by a charge on trade profits

Example 1 – Class 1 NICs on income that is assessable to tax by a charge on trade profits

Class 4 NICs are normally payable on all income that is assessed as trade profits from self-employment. However, some individuals have earnings from employed earner's employment on which they pay Class 1 NICs, but which are chargeable to tax by a charge on trade profits.

If you have any earnings from employed earner's employment for the 2014-15 tax year, which are chargeable to tax by a charge on trade profits, those earnings should be removed from the profit figure for any Class 4 NICs liability on your tax return.

Example 2 – ancillary business earnings assessed to tax by a charge on trade profits

You may receive earnings from employed earner's employment and an amount representing those earnings is subsequently paid into your business accounts which are used in the calculation of trade profits from self-employment. For example, you may be a sub-postmaster or doctor.

If you pay an amount representing earnings from employed earner's employment into your business accounts for the 2014-15 tax year, that amount should be removed from the profit figure for any Class 4 NICs liability on your tax return.

In both of these examples, no Class 4 NICs are due on earnings from employed earner's employment. There is no need to apply for deferment in respect of those earnings.

If example 1 or 2 applies to you, when completing your tax return you should exclude all employed earner's earnings when calculating the taxable profits for assessing Class 4 NICs liability. To do this you should record an adjustment to profits liable for Class 4 NICs on your tax return. Please see Class 4 NICs in the notes on the 'Self-employment' pages of the tax return.

These earnings should not be included in the profits and gains shown on your tax return. However, you may still have earnings from self-employment after you exclude earnings from employed earner's employment. Such earnings will be chargeable to tax as trade profits and liable for Class 2 and Class 4 NICs.

If this applies to you but you still expect to pay too much in Class 1, Class 2 and Class 4 NICs you can either:

- apply for deferment of Class 2 and/or Class 4 NICs
- apply for a refund of Class 4 NICs when your tax return has been finalised and fully paid

Share fishermen

Specific conditions apply if you are a share fisherman as well as an employee.

If you have not made arrangements for someone to record and collect Class 4 NICs on your behalf, you must apply for deferment of Class 4 NICs. In this case you should write to Deferment Services at the address shown in the section 'How to contact us for help' on page 3.

For more information about share fishermen, go to www.hmrc.gov.uk/working/intro/class2.htm

You can also phone the National Insurance Self-Employed Helpline on **0300 200 3505**. Please have your National Insurance number ready when you phone.

Third party applications

If you want us to deal with a third party, we need signed written consent.

If you want an accountant, advisor or someone to act on your behalf in connection with any matter involving HMRC, or if you wish to change your agent details at any time, please fill in form 64-8 'Authorising your agent'. Send it with your deferment application (or separately) marked 'for the attention of Deferment Services' to the address shown in the paragraph 'How to contact us for help' on page 3. This authority overrides any earlier authority submitted to HMRC.

You can get a copy of form 64-8:

- online, go to www.hmrc.gov.uk/forms/64-8.pdf
- by email at saorderline.hmrc@gtnet.gov.uk
- from the orderline by phone on **0300 200 3610** or fax **0300 200 3611**
- at any Enquiry Centre. You can find details in 'The Phone Book' under 'HM Revenue & Customs'

For our opening hours go to www.hmrc.gov.uk/contactus

How to apply

If you satisfy the conditions for deferment of Class 2 and/or Class 4 NICs, please fill in and sign the application form CA72B we have sent you with these notes and send it back to us.

When to apply

You should send us your 2014-15 application form as soon as possible before 6 April 2014, but we will accept it up to 5 April 2015.

If we receive your application after 5 April 2015 we will only consider allowing you deferment of Class 4 NICs, and only if your Class 4 liability is:

- not fully paid
- under enquiry

This is because you should have paid Class 2 NICs during the contribution year in which you were self-employed. We cannot allow deferment of Class 2 NICs after the end of the relevant year.

After you apply

When we receive your application form we will consider it. To help us we may ask you to send us some payslips.

Too late to apply

If you did not apply for deferment in time and have paid:

- Class 1 and Class 4 NICs
- Class 1, Class 2 and Class 4 NICs

you may be able to get a refund of overpaid Class 4 NICs.

To ask about making a claim, please see the paragraph 'How to contact us for help' opposite. We cannot give you a refund until your tax return for the year has been finalised and fully paid.

If we can allow you to defer

We will write to tell you what class(es) of NICs have been deferred.

Important

You must note deferment of Class 4 NICs on your tax return for that tax year.

You should only pay Class 4 NICs at the additional Class 4 percentage rate of 2% on all your profits above the Lower Profit Limit of £7,956 when you pay your Income Tax charge on trade profits.

If we cannot allow you to defer

We will write to you to tell you why.

After the end of the tax year

We will look at your NI account to check that you have paid enough NICs in the tax year.

If you have not paid enough NICs and you owe money, we will write to ask you for payment.

What happens next year

We will, if appropriate, invite you to renew your deferment before the start of the next tax year.

If you are employed with more than 1 job

If you have more than 1 job and expect to pay primary Class 1 NICs on earnings of at least:

- £805 each week, (£3,489 each month) throughout the whole tax year in 1 job
- £958 each week, (£4,152 each month) throughout the whole tax year in 2 jobs

you can ask to defer paying some of your Class 1 NICs in any other job(s) you have, until we can calculate the correct amount of NICs due after the end of the tax year. To ask about deferring Class 1 NICs please see the paragraph 'How to contact us for help' below.

How to contact us for help

For help and advice:

- go to www.hmrc.gov.uk/ni
- phone Deferment Services on **03000 560 631**
- write to us at
HM Revenue & Customs
National Insurance Contributions & Employer Office
Deferment Services
Benton Park View
NEWCASTLE UPON TYNE
NE98 1ZZ

When you contact us, please tell us your full name, National Insurance number and a daytime phone number.

Your rights and obligations

'Your Charter' explains what you can expect from us and what we expect from you. For more information go to www.gov.uk/hmrc/your-charter