

MILSTED LANGDON

NATIONAL INSURANCE

Are you paying the right amount?

What is National Insurance?

National Insurance (NI) is a type of tax paid on earnings. It is used by the Government to support State Benefits, such as State Pension, Maternity Allowance, Jobseeker's Allowance, and the NHS.

There are different Classes of National Insurance Contributions (NIC) that will dictate how much you have to pay.

Most people receive an NI number when they turn 16, because this is the minimum age to make NI payments.

National Insurance Classes

Your employer will collect your NIC on behalf of HM Revenue & Customs (HMRC), dependent on salary. Deductions are calculated weekly.

Class One contributions are the most common, made by employees and automatically deducted from earnings, based on the following thresholds:

- Less than £242 per week – Exempt
- Between £242 and £967 per week – 8 per cent
- Income over £967 per week – two per cent

Some people will pay a different rate of NI. If you're self-employed, you might pay Class Two or Class Four (or both), depending on your income.

Why you need to pay the right amount

Your National Insurance Contributions qualify you for certain benefits and the State Pension. Underpayment could impact the amount of state benefits that you can claim in the future, including State Pension.

Why might you be paying too much?

If you have multiple jobs, you could be paying too much National Insurance.

This is true for anyone working two or more jobs, where each employer automatically deducts National Insurance from income earned.

You may also be overpaying if you are working a second job where you are self-employed. Check that you are paying the correct amount if you earn over £967 per week.

8 per cent in action

Consider the following example.

If you work two jobs, earning £568 per week at Company A and £492 per week at Company B, you will earn £1060 per week.

However, Companies A and B may deduct 8 per cent on all your earnings above £242 per week. This means that you would be paying 8 per cent NIC on all of your taxable earnings, rather than the mandatory two per cent on earnings over £967 per week.

Over time, this can add up to a significant loss of earnings, which is why it's important to check that you're paying the right amount.

How to reclaim overpayments

If you've overpaid on National Insurance, the good news is that you can reclaim it.

Using HMRC's [online form](#), you can claim an NI refund based on the class that your earnings come under.

For more information, you can also call HMRC on 0330 200 3300.

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