Changes to National Insurance ahead

The way that National Insurance Contributions are paid by the self-employed is set to change in the 2015-2016 tax year. The option to pay Class 2 National Insurance by direct debit will be scrapped. Instead, individuals who are self-employed will have to pay Class 2 and Class 4 together at the end of the tax year whilst filing their tax return.

Class 2 **National Insurance Contributions** apply to anyone who is over 16, self-employed and making a profit over £5,885 a year while Class 4 is for anyone self-employed earning over £7,956. Whereas employees have Class 1 **National Insurance Contributions** deducted, self employed individuals are responsible for making their own contributions.

Bob Cummings, tax specialist for the National Association of Specialist Dental Accountants, said the change was announced in the 2014 budget and is still going through parliament. However, the current six monthly billing system will cease from April 2015 and from April 2016, NICs will be paid via self-assessment.

Another change in the 2015/2016 tax year will be an increase in the personal allowance for people born after 5th April 1948 to £10,500

**Note to editors:** For further information, contact Caroline Holland on 020 8679 9595/07974 73139