

National Insurance Contributions (NIC)

Self-employed

If you are self-employed you normally have to pay class 2 NIC. This is a flat rate of £2.95 (2018/19), (£3, 2019/20) per week and entitles you to various benefits such as the state pension, maternity allowance and bereavement benefit. You are however exempt from paying this if your earnings are below the small earnings threshold of £6,205.

You will also be required to pay class 4 NIC on profits above £8,424 (2018/19). This is really just an additional tax on self-employed individuals as there are no benefits attached to it. The amount of Class 4 NIC is determined by the level of your profits as follows:

	Rate
Profits up to £8,424	0%
Profits between £8,424 and 46,350	9%
Profits above £46,350	2%

The rates for 2019/20 are:

	Rate
Profits up to £8,632	0%
Profits between £8,632 and 50,000	9%
Profits above £50,000	2%

Class 2 and 4 NIC is paid via the self-assessment system together with your tax liability.

Partnerships

The individual partners pay Class 2 and 4 NIC in the same way as self-employed individuals.