

National Insurance Class 1 and 1A

Class 1 and 1A is paid by all those within the PAYE system that earn more than £110 per week (2010/11).

Class 1 is paid on salary through PAYE and is both a tax on employees (EEs) and Employers (ERs). Employers who provide directors and employees with certain benefits in kind e.g. cars and fuel pay class 1A.

Contributions are payable on all earnings over the primary threshold (£110 2010/11)

EEs	11%	Up to £770 per week, thereafter contributions are payable at 1%
ERs	12.8%	

Contributions are due when wages are paid via Payroll.

To count for benefits Class 1 contributions must be paid before the end of the second tax year after the one in which they were due.

If Class 1 contributions are not paid by an employer, even after deduction from pay, or have been paid at the wrong rate, rights to benefits are not affected if the employee has not been negligent, and there has not been any consent or collusion in the failure to pay.