

National Insurance Class 2

Class 2 National Insurance Contributions (sometimes called STAMP) are payable by all those that are self employed.

This list is extensive, as many people are not employees on a PAYE system, but work for themselves, within a partnership or a practice. Some examples are

- Sole traders
- Members of a practice, i.e. accountants, solicitors, architects, barristers
- Doctors and dentists, both NHS and private
- Authors/artists
- Farmers
- Partnerships

Class 2 NIC is paid weekly at a rate of £2.40 (2010/11). Payments can be set up for monthly Direct Debit, or quarterly payments.

Class 2 NIC is payable if a person is

- Normally self employed
- Aged 16 years or over
- Under pension able age
- Does not have possession of a certificate saying payments are not required because of small earnings (less than £4825– self employed)

Class 2 NIC must be applied for within 3 months of starting self employment. A £100 fine is levied if the application is not made and earnings are above the small earnings threshold (more than £5075 – self employed).

Class 2 can still be paid, even if earnings are below £5075 (2010/11).

Class 2 is not payable once pension age has been reached.

Married women and some widows used to be able to choose not to pay Class 2. This is no longer available, and is only allowed if the person had the reduced rate before 5th April 1978, but if divorced or widowed, this is no longer valid. A certificate CA270 that is in date and valid is required by an employer before applying reduced rates.

Class 2 may not be payable in certain circumstances when the person has a long term illness, is on incapacity benefits, is pregnant, or is ill for complete weeks.