

National Insurance Class 4

Class 4 National Insurance Contributions (NIC) are paid by the self employed. They are calculated on the profits or gains of the self-employment.

Class 4 is paid in addition to Class 2, and is paid when earnings are above £5715 per year, and as with Class 1 there is a 1% level above £43875.

Lower profit limit	£5715	8%
Upper Profit limit	£43875	1%

Class 4 is not payable when: -

- Profits do not exceed the lower limit
- Aged 65 or over for men, and 60 or over for women
- A non-UK resident.
- An exception certificate is held.
- A trustee or executor (some cases).
- A sleeping partner (input capital, but does not actively run the business).
- Diver or Diving supervisor – special rules.

If an exception applies then zero must be put into the Class 4 NIC box

Proof of exception must be supplied by a client.

There is no partial payment for Class 4 if the client is 65/60 within the tax year. A full year has to be paid before the next tax year.

If the client is under 16 on the 6th April of any tax year, they must apply for an exception (Form CA285U) which can be obtained through

Newly Self-employed Helpline **08459 154515** 8am to 5pm, Monday – Friday

And useful information can be found at: -

www.hmrc.gov.uk/startingup/class4ni.htm

Class 4 is calculated as part of the self-assessment process, and is collected with the tax in January and July of each year.