



FACTSHEET 15

National Insurance : Have I Paid Too Much ? (Below Applies To 2003/04 Only)

Where you have income from more than one job or if are self employed as well as being employed then you should be aware that over the course of a year you may be paying too much national insurance contributions .

For the current tax year 2003/04 the prescribed annual maximum total of contributions for an individual is £2681.80 . If you consider that there is a chance of you exceeding this limit then you can apply to the DSS Deferment Group for contributions to be deferred in respect of the surplus income from employment or self employment .

The different categories of contribution to be deferred are as follows :

Class 1 Contributions (For Employees)

The Deferment Group will inform you for which employments they have permitted deferment of contributions . They will send to the relevant employer a certificate , CA2700 , instructing them not to deduct primary Class 1 contributions from you during the tax year and asking them to refund any contributions that they may have already deducted from your wages during the year . As Class1 contributions give the best benefits entitlement they will generally always be the last to be deferred .

Class 2 Contributions (For Self Employed)

If you anticipate your net earnings from self employment to be less than the small earnings exception limit (£4095 for 2003/04) you can apply for exception from paying Class 2 contributions (currently £2 per week) . Your Class 2 contributions may be deferred if you can demonstrate that , in aggregate , you are likely to pay above the annual maximum contribution of £2681.80 in Class 1 and Class 2 contributions .

Class 4 Contributions (For Self Employed)

Again your Class 4 contributions may be deferred if your aggregate national insurance contributions are likely to exceed the maximum for Classes 2 and 4 contributions on their own , currently £2212 .

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Post Year End Review

Some time after the end of the tax year the Deferment Group will calculate your aggregate contribution record for that year and collect any balance of contributions that remain payable . If you do not apply for deferment in time , it is still possible to claim a refund of overpaid contributions . This must be done within six years after the end of the tax year in which payment of the related contributions were made .

For further advice and before taking any action please give me a call .

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