Class 2 National Insurance

Employment Tax **OMB**

01 May 2018

We have received reports that HMRC are re-working SA302 payment calculations for some self-employed clients to take out the Class 2 National Insurance contributions.

We raised this (along with others) on the HMRC Agent Forum. It seems that previous years' problems are recurring, as HMRC responded with the following note:

> 'The instructions for all of these cases would be the same as last year. If the National Insurance record is updated to show that a person is self-employed then the information will flow through to and update the self-assessment record to show the [Class 2] liability due. If no liability is shown it would suggest that the National Insurance office has not been notified of commencement of self-employment. We have asked for examples to determine if this is the case. As last year, if you believe that Class 2 National Insurance is due then you should have instructed your client to make payment of this also. A call to the Agent Dedicated Line will result in either the corrective action being taken to restore the Class 2 National Insurance or a referral to the National Insurance Contact Centre. I must emphasise though that the completion of self-employment details on a self-assessment tax return does not update the National Insurance record.'

HMRC are requesting that agents send examples to the Agent Forum mailbox in order that they can review this issue further. For more details of the forum and how to join go to the CIOT website.

We are aware that recalculations have occurred for individuals who have been self-employed for some years. It would be helpful if examples could be provided of any cases where it is possible to show that the National Insurance office has been informed of the commencement of self-employment, but Class 2 has been recalculated.