Voluntary National Insurance contributions for older years and Home Responsibilities Protection: potential for doubling up?

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LITRG recommends taxpayers to check for missing Home Responsibilities Protection before making voluntary National Insurance contributions.

As readers will be aware, it is usually possible to make voluntary National Insurance contributions (NICs) going back up to six tax years (SI 2001/769, reg 4(3)–(5)). At present, there is also a time-limited opportunity for some taxpayers to plug gaps in their National Insurance record going back as far as 2006/07. This extended voluntary NIC facility is available for men born after 5 April 1951 or women born after 5 April 1953, and is only available until 5 April 2025. Following this, taxpayers will only be able to contribute under the normal six-year lookback principles.

Over the next few months, up until the end of the extended contribution window, it is likely that a final flurry of taxpayers will be checking their National Insurance record, with a view to possibly making voluntary contributions for earlier years.

Online service for voluntary contributions

HMRC now have an online service to facilitate voluntary NIC payments, including for the extended contributions back to 2006/07, which can be accessed via the personal tax account (by clicking 'Your National Insurance and State Pension' tile). The online service is only available for Class 3 voluntary NICs. The service provides various tailored payment options in respect of tax years currently showing as 'not full', allowing the taxpayer to see:

- what their payment options are; and
- what impact these payment options are predicted to have on the taxpayer's eventual state pension award.

Taxpayers can contact the Department for Works and Pension's Future Pension Centre if they are unable to use the online service, or would like further guidance to understand their options. Contacting the Future Pension Centre is also the only option for those who wish to make Class 2 voluntary NICs for previous tax years.

Missing Home Responsibilities Protection: a separate campaign

As a separate exercise, the Department for Work and Pensions and HMRC have also launched a campaign to correct some taxpayers' National Insurance records, where entitlements to Home Responsibilities Protection (HRP) might be missing. Broadly speaking, HRP was the forerunner to Class 3 National Insurance credits for those claiming child benefit prior to April 2010. As part of this exercise, HMRC are writing to taxpayers who they believe might be affected, encouraging them to check eligibility and claim for any missing HRP. LITRG recently wrote an article explaining more about the problem and the process for claiming: tinyurl.com/y5wmm2yn

Potential for voluntary NICs to be overpaid?

Bringing together the possibility of claiming HRP for tax years prior to 2009/10, and the extended facility to make voluntary NICs back as far as 2006/07, it is possible that some taxpayers may inadvertently overpay voluntary NICs if they do not first

seek to investigate their HRP position. HMRC's online service for making voluntary contributions currently makes no obvious reference to HRP to act as a prompt (which LITRG has pointed out as being problematic).

Remind clients to check HRP eligibility

LITRG recommends anyone that is seeking to make use of the extended facility for voluntary NICs – particularly in respect of the period 2006/07 to 2009/10 – first investigates whether they are eligible for HRP for those tax years. HMRC's HRP guidance includes an eligibility checker tool, and can be found on GOV.UK at tinyurl.com/48r78avw.

If a taxpayer does make voluntary NICs for a tax year where they later discover that HRP was available, we understand from HMRC that it may be possible to obtain a refund of overpaid voluntary NICs.

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