



# Changes to NICs for the self-employed

**Reforms are now live, but legacy issue around NICs system glitch is still a cause for concern.**

Since 6 April 2024, the main rate for Class 4 NICs has been 6% (down from the previous 8% level) on profits of between £12,570 and £50,270.

The freezing of those thresholds is also beneficial for anyone with profits in excess of £50,270 where NICs are paid at the additional rate of 2%.

On the same date, class 2 NICs were scrapped for self-employed workers – but they will still benefit from entitlement to contributory state benefits such as the state pension.

Those with profits between £6,725 and £12,570 will continue to benefit from a national insurance credit without having to pay Class 2 NICs.

Where profits are below £6,725, individuals can continue to pay voluntary Class 2 NICs. For example, you might choose to make voluntary contributions to ensure you have enough qualifying years to claim the full state pension (the number required is currently 35).

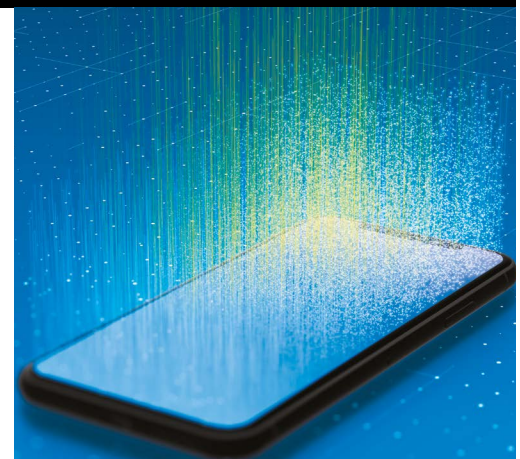
## Tax glitch putting pensions at risk

Some self-employed workers could be missing out on future state pensions and benefits because of a glitch in the self-assessment system.

The problem first came to light in 2015, the year that collection of Class 2 NICs changed from a direct debit payment system to instead being collected as part of the self-assessment tax return.

Since that time, many individuals have received notice from HMRC reversing out the Class 2 NI and often refunding it, saying they do not need to pay Class 2 NICs because they 'aren't properly registered as self-employed'.

If not addressed, this failure to make NIC payments can impact full entitlement to a state pension and retrospective self-employment registration may be needed. This can be corrected within time limits. If you believe you might be affected by this issue, please talk with your Shipleys contact.



## Don't forget your digital assets when it comes to estate planning

Documenting your 'digital estate' is becoming an increasingly crucial aspect of modern estate planning.

Just as we carefully consider our physical assets in our wills, our digital footprint warrants similar attention.

Most people's lives are intricately intertwined with technology – from social media accounts to online banking and subscriptions. To avoid complications and frustrations for executors and loved ones left behind, it's important to account for these assets.

Considering your digital life in estate planning typically involves taking stock and making a list of your online presence, including social media profiles, email accounts, digital files and financial accounts.

Listing and providing clear instructions of your wishes for these assets will make it easier for your family at an already difficult time. Furthermore, it can also help prevent identity theft and unauthorised access to sensitive information after your passing.

Remember that it's still essential to keep your passwords safe when pulling this information together.

The Digital Legacy Association is a good source of advice and resources on organising your digital footprint in a secure way. Find out more by going to their website at: <https://tinyurl.com/2rdfuu7k>