

**Isle of Man**

**National Insurance  
Software Developer Guide  
2024/2025**

# National Insurance guidance for software developers 2024/2025

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### Key for abbreviations in formulae

PT	Primary Threshold
GP	Gross Pay for NI purposes
LEL	Annual Lower Earnings Limit
NI	National Insurance
NIC	National Insurance contributions
p	Number of weeks/months in Pay Period. Round result of calculation at this point up to nearest whole pound.
p1	Number of weeks/months in Pay Period. If equals 1 round result of calculation at this point to the nearest whole pound. If equals more than 1 round UP to whole pounds.
ptd	Paid to date
UEL	Annual Upper Earnings Limit
w/m	Number of weeks or months in tax year i.e. 52 weeks or 12 months

## **National Insurance guidance for software developers 2024/2025**

### **National Insurance Contributions from April 2024**

From 6 April 2024 the rates payable for employee and employer National Insurance Contributions (NICs) remain unchanged in the Isle of Man (IOM). The Lower Earnings Limit (LEL) remains the same at £123 per week, the Primary and Secondary thresholds remain aligned, however increase to £160 per week and the Upper Earnings Limit (UEL) increases to £938 per week (see page 7 for figures).

#### **State Pension Age for women and men**

State pension age for men and women is currently 66 years of age.

If any of your employees are over State Pension Age, you must have a CF384 Certificate of Age Exception for those employees before you stop deducting employee's contributions.

Payments made to the employee on or after the date that they reach State Pension Age should have table letter C applied to them. The National Insurance tables for letter C are available in leaflet CF393 (IOM) on the Income Tax Division's website at <https://www.gov.im/categories/tax-vat-and-your-money/income-tax-and-national-insurance/national-insurance-contributions/> in the downloadable documents section.

More information regarding pensions can be found on the State Pension webpage:

<https://www.gov.im/categories/benefits-and-financial-support/pensions/manx-state-pension>

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### **Compulsory use of Online Tax Services for employers**

The compulsory use of Online Tax Services for employers with an accumulated total of 5 or more employees was required from 6 April 2014. All submissions to the Division from that date, regarding new employees, monthly remittances and leavers must be made using Online Tax Services.

The following would be considered as automatic grounds for exemption from compulsory use of Online Tax Services:

- companies with an accumulated total of fewer than five employees; and
- those which do not have access to a computer or the internet.

This list is not exhaustive and may be expanded.

The Assessor will also consider, and be able to accept, any reasonable request from an employer who considers that they should be exempt from the compulsory use of Online Tax Services for employers.

### **Electronic submission of an employer's return**

The Division has the facility to accept employer returns in an electronic format. For further details on how to submit your annual return in this format please see the Employers Annual Electronic Specification 2024/25 document on the Income Tax Division's website at [www.gov.im/categories/tax-vat-and-your-money/income-tax-and-national-insurance/employers/](http://www.gov.im/categories/tax-vat-and-your-money/income-tax-and-national-insurance/employers/) under Employers, Downloadable Documents.

### **Substitute T14s**

If you provide substitute T14 forms then you must have the form approved by the Division. For further details on the approval of substitute T14 forms, please contact the Income Tax Division, Employers Team on 01624 685400, or email AdminSection.ITD@itd.treasury.gov.im.

# National Insurance guidance for software developers 2024/2025

## 1. INTRODUCTION

- 1.1. This specification sets out the calculation format for National Insurance Contributions (NICs) for 2024/25.
- 1.2. The method of calculation preferred by the Division is the exact percentage method. Please note that the manual NIC tables are designed for the convenience of the manual user, incorporating various roundings which make for possible differences to the calculations undertaken by computerised NIC routines. Software packages which use a mixture of NIC Tables and the Exact Percentage Method must not allow National Insurance to be deducted, for an employee, by both methods within one tax year by the same payroll.
- 1.3. This specification gives instructions for weekly/monthly paid or multiples of weeks or months i.e., 3, 4, 5 weeks etc.

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### 2. NI RATES AND EARNINGS LIMITS FROM 6 APRIL 2024

The following NI rates and earnings limits will apply from 6 April 2024

#### Earnings Limits

	<b>Lower Earnings Limit (LEL)</b>	<b>Primary Threshold (PT)</b>	<b>Upper Earnings Limit (UEL)</b>
<b>Weekly</b>	£123	£160	£938
<b>Monthly</b>	£533	£694	£4,065
<b>Yearly</b>	£6,396	£8,320	£48,776

#### Rates

	<b>Employee</b>	<b>Employer</b>
<b>Standard A Rate Contributions</b>		
Earnings above PT up to UEL	11%	12.80%
Earnings above UEL	1%	12.80%

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**Earnings Bands and NICs Percentage Rates**

TIER	VALUE	2024/25	% BANDS	EMPLOYEE NI% RATES				EMPLOYER NI % RATES
				A	B	C	J	A / B / C / J
5	UEL+	∞	<b>BAND D</b>	1%	1%	NIL	1%	12.80%
4	UEL	48776	<b>BAND C</b>	11%	4.85%	NIL	1%	12.80%
3	PT	8320	<b>BAND B</b>	0%	0%	NIL	0%	0%
2	LEL	6396	<b>BAND A</b>	NIL	NIL	NIL	NIL	NIL
1	0	0						

Note: Mariner rates are not included in this table



### 3. COMPLETING FORM T11 FOR 2024/2025

- 3.1. The format for the deductions working sheet - form T11 remains unchanged from 2021/22.
- 3.2. Earnings-Columns 1a to 1d should contain whole pounds with 00 pence if NICs are calculated using the tables or the exact percentage method. Columns 1e to 1f should contain pounds and pence (£ p).
- 3.3. All references to LEL, PT and UEL in this section are the rates appropriate to the earnings period, i.e. weekly, monthly or multiples thereof.

**1a Earnings at the LEL:** populate with LEL as soon as earnings reach or exceed LEL, even when no NICs are due

**1b Earnings from LEL to PT:** earnings above LEL up to and including PT

**1c Earnings from PT to UEL:** earnings above PT up to and including UEL

**1d Earnings above UEL**

- 3.4. Contributions - Columns 1e and 1f should contain pounds and pence

**1e Total of employee's and employer's contributions:** All earnings above PT multiplied by the appropriate employer's percentage rates, plus, all earnings above PT multiplied by the appropriate employee's percentage rates

**1f Employee contributions:** All earnings above PT multiplied by the appropriate employee's percentage rates

### 4. DESCRIPTION OF THE DIFFERENCES BETWEEN CALCULATING NICs USING THE TABLES AND THE EXACT PERCENTAGE METHOD

The figures shown in the manual NIC tables may differ from the exact percentage method figures. This is because with the exception of the LEL, PT UEL, the figures in the tables are calculated on the mid-point between the earnings bands shown. Therefore the table figures will only match the exact percentage figures when the mid-point is the same as the earnings used in the exact percentage calculation, or where the earnings match exactly the LEL, PT or UEL figures.

### 5. RULES FOR ROUNDING

General NI contributions

5.1. The Social Security (Contributions) Regulations 2001 (as applied to the Island) provide specific rules for rounding in the calculation of National Insurance contributions.

Regulation 12(1)(b) provides that:

“primary and secondary Class 1 contributions shall be calculated to the nearest penny and any amount of a half-penny or less shall be disregarded”.

5.2. As the law requires that £0.005 or less is disregarded, we only look at the third decimal place in calculating NICs due where such calculation results in more than two decimal places.

If it is 5 or less round down.

If it is 6 or more round up.

For example, if the NIC calculated was to result in:

£67.5558 the NIC payable would be £67.55, but if the NIC payable came to £67.5568 the NIC payable would be £67.56.

5.3. Where rounding is required within the body of the calculation this has been indicated in brackets (round).

### 6. VALIDATION CHECKS

6.1. The following validation checks should be built into the routines. This will ensure that the information, if required, will be correct and help to eliminate errors.

6.2. Appropriate cross referencing within these fields will let the user know an error has been made. This could be when a field is completed with information that is incompatible with another field, or requires the completion of another field.

DATA	SPECIFICATION
Employer's reference number	Mandatory field - Field must <b>not</b> contain <b>all</b> spaces.
Employer's Name	Mandatory field - Field must <b>not</b> contain <b>all</b> spaces.
Employer's Address	Encouraged completion field - Field should <b>not</b> contain <b>all</b> spaces.
Employee's Surname	Mandatory field - Error message should be displayed if omitted.
Employee's Forename(s)	Mandatory field - Error message should be displayed if omitted. Initials not acceptable.
Employee's address	Encouraged completion field - Not validated in this version. Can be space or anything.
Date of birth	Mandatory field – 8 digit number e.g. YYYYMMDD. Error message should be displayed if omitted.
Sex	Mandatory field - Must be M or F. This field should contain cross validation with the category letter B to ensure Married Woman Reduced Rate contributions are not paid by a male employee.
Marital status	Not validated in this version. Can be space or anything.
NI Number	Mandatory field - Error message should be displayed if omitted.
NI Number	Mandatory field - Error message should be displayed if NINO is not in the correct format. The NI number should be in the following format: characters 1 and 2 should both be in the range A to Z Characters 1 and 2 cannot be QQ characters 3 to 8 should be numeric character 9 <b>must</b> be in the range A to D.
NI Contributions Table Letter	Mandatory field - error message should be displayed if omitted. Must be A, B, C, J or X. No other table letter is acceptable.
NI Contributions	Earnings must be recorded when the LEL is reached even when no NICs are payable.

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NI Contributions	No NIC is due on earnings at or below the Primary Threshold.
NI Contributions	Employee NIC is due on earnings above the UEL at 1%.

DATA	SPECIFICATION
NI Contributions	Employer NIC is due on earnings above the UEL.
NI Contributions	NIC will <b>not</b> be due for employees under age 16.
Category B contributions	An error message should be displayed by the system if category B is input to the account of a male employee, or an unmarried/divorced female.
Category B contributions	If category B is entered the system should prompt the user to confirm that a valid certificate of election is held for the employee.
Category J contributions	If category J is entered, the system should prompt the user to confirm that a valid certificate of deferment is held. NIC is due at 1%. Earnings fields must be completed.
Category C	If category C is recorded for an employee who is state pension age or over the system should prompt the user to confirm that proof of pension age is held.
Category C	If category C is recorded, no figure should be in the employee field for NI. Earnings fields must be completed.
Categories A, B & J	If categories A, B or J are recorded an error message should be displayed if the employee is state pension age or over (must revert to category C details above).
Category X	This category should be used for NIL contributions and NIL earnings only.

## 7. NIC CALCULATION FORMULAE

### Exact percentage method

Step 1 Earnings up to and including LEL

$$\left( GP - \left( \frac{LEL \times p}{w/m} \right)^* \right) =$$

If answer is negative no NICs due and no recording required. Stop.  
If answer is zero or positive enter result of calculation at this point \* in column 1a and proceed to Step 2.

Step 2 Earnings above LEL up to and including PT

$$\left( GP - \left( \frac{LEL \times p}{w/m} \right) \right) - \left( GP - \left( \frac{PT \times p^1}{w/m} \right) \right)^{\#} =$$

# If answer is negative treat as zero.  
If answer is zero no NICs due and column 1b should be zero filled. Stop.  
If answer is positive proceed to Step 3.

Step 3 Earnings above PT up to and including UEL

$$\left( GP - \left( \frac{PT \times p^1}{w/m} \right) \right)^{\#} - \left( GP - \left( \frac{UEL \times p^1}{w/m} \right) \right)^{\#} =$$

# If answer is negative treat as zero.  
If answer is zero no NICs due and column 1c should be zero filled. If answer is positive enter in column 1c and proceed to Step 4.

Step 4 Earnings above UEL

$$\left( GP - \left( \frac{UEL \times p^1}{w/m} \right) \right)^{\#} =$$

# If answer is zero or negative no earnings above UEL. Proceed to Step 6. If answer is zero column 1d should be zero filled  
If answer is positive enter in column 1d and proceed to Step 5.

Step 5 Employee's NICs

Step 3 multiplied by employee's Band C % rate (round) PLUS

Step 4 multiplied by employee's Band D % rate (round)

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Enter in column 1f and proceed to Step 6.

Step 6

Employer's NICs

Step 3 multiplied by employer's Band C % rate (round) PLUS

Step 4 multiplied by employer's Band D % rate (round)

Proceed to Step 7

Step 7

Total NICs

Step 5

PLUS

Step 6

= Total employer and employee NICs (enter in column 1e).

## 8. WORKED EXAMPLES USING THE NIC CALCULATION FORMULAE

### Example 1

An employee earns £134.53 a week and pays standard NICs Category A NICs.

Step 1 Earnings up to and including LEL

$$\left( GP - \left( \frac{LEL \times p}{w/m} \right)^* \right) =$$
$$\left( £134.53 - \left( \frac{£6,396 \times 1}{52} \right)^* \right) = £11.53 \text{ (enter weekly LEL (£123) in column 1a)}$$

If answer is negative no NICs due and no recording required. Stop.  
If answer is zero or positive enter result of calculation at this point \* in column 1a and proceed to Step 2.

Step 2 Earnings above LEL up to and including PT

$$\left( GP - \left( \frac{LEL \times p}{w/m} \right) \right) - \left( GP - \left( \frac{PT \times p^1}{w/m} \right) \right)^{\#} =$$
$$\left( £134.53 - \left( \frac{£6,396 \times 1}{52} \right) \right) - \left( £134.53 - \left( \frac{£8,320 \times 1}{52} \right) \right)^{\#} = £11.53$$

# If answer is negative treat as zero.  
If answer is zero no NICs due and column 1b should be zero filled. Stop.  
If answer is positive enter in column 1b and proceed to Step 3.

Step 3 Earnings above PT up to and including UEL

$$\left( GP - \left( \frac{PT \times p^1}{w/m} \right) \right)^{\#} - \left( GP - \left( \frac{UEL \times p^1}{w/m} \right) \right)^{\#} =$$
$$\left( £134.53 - \left( \frac{£8,320 \times 1}{52} \right) \right)^{\#} - \left( £134.53 - \left( \frac{£48,776 \times 1}{52} \right) \right)^{\#} = £0$$

# If answer is negative treat as zero.  
If answer is zero no NICs due and column 1c should be zero filled. If answer is positive enter in column 1c and proceed to Step 4.

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Steps 4 to 7 are not applicable as no NICs due. Zero fill columns 1d to 1f.

Although no NICs are due, as earnings have reached or exceeded the LEL they must be recorded on the T11 as follows:

	1a	1b	1c	1d	1e	1f
A	123	11.00	0.00	0.00	0.00	0.00

### Example 2

An employee earns £1000 a week and pays standard A rate NICs

#### Category A NICs

Step 1 Earnings up to and including LEL

$$\left( GP - \left( \frac{LEL \times p}{w/m} \right)^* \right) =$$
$$\left( £1000 - \left( \frac{£6,396 \times 1}{52} \right)^* \right) = £877 \text{ (enter weekly LEL (£123) in column 1a)}$$

If answer is negative no NICs due and no recording required. Stop.  
If answer is zero or positive enter result of calculation at this point \* in column 1a and proceed to Step 2.

Step 2 Earnings above LEL up to including PT

$$\left( GP - \left( \frac{LEL \times p}{w/m} \right) \right) - \left( GP - \left( \frac{PT \times p^1}{w/m} \right) \right)^{\#} =$$
$$\left( £1000 - \left( \frac{£6,396 \times 1}{52} \right) \right) - \left( £1000 - \left( \frac{£8,320 \times 1}{52} \right) \right)^{\#} = £37 \text{ (enter in column 1b)}$$

# If answer is negative treat as zero.  
If answer is zero no NICs due & column 1b should be zero filled. Stop.  
If answer is positive enter in column 1b and proceed to Step 3.



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Step 3 Earnings above PT up to and including UEL

$$\left( GP - \left( \frac{PT \times p^1}{w/m} \right) \right)^{\#} - \left( GP - \left( \frac{UEL \times p^1}{w/m} \right) \right)^{\#} =$$
$$\left( \pounds 1000 - \left( \frac{\pounds 8,320 \times 1}{52} \right) \right)^{\#} - \left( \pounds 1000 - \left( \frac{\pounds 48,776 \times 1}{52} \right) \right)^{\#} = \pounds 778 \text{ (enter in column 1c)}$$

# If answer is negative treat as zero.

If answer is zero no employee NICs due and column 1c should be zero filled. If answer is positive enter in column 1c and proceed to Step 4.

Step 4 Earnings above UEL

$$\left( GP - \left( \frac{UEL \times p^1}{w/m} \right) \right)^{\#} =$$
$$\left( \pounds 1000 - \left( \frac{\pounds 48,776 \times 1}{52} \right) \right)^{\#} = \pounds 62 \text{ (enter in column 1d)}$$

# If answer is zero or negative no earnings above UEL. Proceed to Step 5.

If answer is zero column 1d should be zero filled.

If answer is positive enter in column 1d and proceed to Step 5.

Step 5 Employee's NICs

Step 3 multiplied by employee's Band C% rate (round)

$$\pounds 778 \times 11\% = \pounds 85.58 \text{ PLUS}$$

Step 4 multiplied by employee's Band D% rate (round)

$$\pounds 62 \times 1\% = \pounds 0.62$$

$$\pounds 85.58 + \pounds 0.62 = \pounds 86.20 \text{ Employee's NICs (enter in column 1f)}$$

Step 6 Employer's NICs

Step 3 multiplied by employer's Band C% rate (round)

$$\pounds 778 \times 12.8\% = \pounds 99.58 \text{ PLUS}$$

Step 4 multiplied by employer's Band D% rate (round)

$$\pounds 62 \times 12.8\% = \pounds 7.94$$

$$\pounds 99.58 + \pounds 7.94 = \pounds 107.52 \text{ Employer's NICs}$$

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Step 7 Total NICs

Step 5 £86.20 PLUS

Step 6 £107.52

= £193.72 Total employer and employee NICs (enter in column 1e)

NICs must be recorded on the T11 as follows:

	1a	1b	1c	1d	1e	1f
A	123	37	778	62	193.72	86.20

### 9. DIRECTOR'S NIC CALCULATION FORMULAE

9.1. For National Insurance purposes, company directors are classified as office holders and, under Section 2(1) of the Social Security Contributions and Benefits Act 1992 (as applied to the Island), office holder's fall into the definition of 'employed earner'. As such, provided their earnings reach appropriate levels, they are liable for Class 1 NICs.

9.2. The earnings period for calculating NICs is usually determined by the interval between payments. For example an employee who is monthly paid will have a monthly earnings period. However, to calculate NICs for directors you must use either:

- an annual earnings period, or
- a pro-rata annual earnings period.

9.3. This applies regardless of the actual interval between payments.

9.4. Under the Regulation 8(6) of the Social Security (Contributions) Regulations 2001 (as applied to the Island), contributions can now be deducted on a weekly/monthly basis and the annual calculation completed at the end of the tax year to confirm the correct amount has been paid. Any subsequent amendments are then made to the Deductions Working Sheet, Form T11 or Substitute.

9.5. The following calculation formulae set out the basic calculations for Director's NICs, using an annual or pro rata annual earnings period.

Step 1 Earnings up to and including LEL

$$GP_{ptd} - LEL =$$

If answer is negative no NICs due and no recording required. Stop.

If answer is zero or positive enter LEL in column 1a and proceed to Step 2.

Step 2 Earnings above LEL up to and including PT

$$(GP_{ptd} - LEL) - (GP_{ptd} - PT)^{\#} =$$

# If answer is negative treat as zero.

If answer is zero no NICs due & column 1b should be zero filled. Stop.

If answer is positive proceed to Step 3.

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Step 3 Earnings above PT up to and including UEL

$$(GP_{ptd} - PT)^{\#} - (GP_{ptd} - UEL)^{\#} =$$

# If answer is negative treat as zero.

If answer is zero no NICs due and column 1c should be zero filled. If answer is positive enter in column 1c and proceed to Step 4.

Step 4 Earnings above UEL

$$GP_{ptd} - UEL =$$

If answer is zero or negative no earnings above UEL. Proceed to Step 6.

If answer is zero column 1d should be zero filled.

If answer is positive enter in column 1d and proceed to Step 5

Step 5 Director's NICs due to date

Step 3 multiplied by employee's Band C % rate (round) PLUS  
Step 4 multiplied by employee's Band D % rate (round)

= Employee's NIC due to date.

Step 6 Director's NICs due this period

Step 5 MINUS  
Employee's NICs paid to date

= Employee's NIC's due this period.

If answer is zero column 1f should be zero filled.

If answer is positive enter in column 1f and proceed to Step 7.

Step 7 Employer's NICs due to date

Step 3 multiplied by employer's Band C % rate (round)

PLUS

Step 4 multiplied by employer's Band D % rate (round)

= Employer's NICs due to date.

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Step 8      Employer's NICs due this period

Step 7 MINUS

Employer's NICs paid to date

= Employer's NICs due this period

Step 9      Total NICs

Step 6 PLUS

Step 8

= Total employer and employee NICs (enter in column 1e)

### 10. DIRECTOR'S WORKED EXAMPLE USING FORMULAE

A director is appointed from 1st December 2024 earns £38,128 in the rest of the tax year (18 weeks). Pays standard rate NICs.

#### Pro rata limits

LEL	$£6,396 \div 52 \times 18 =$	£2,214
PT	$£8,320 \div 52 \times 18 =$	£2,880
UEL	$£48,776 \div 52 \times 18 =$	£16,884

#### Category A NICs

Step 1 Earnings up to and including LEL

$$GP_{pta} - LEL =$$
$$£38,128 - £2,214 = £35,914$$

If answer is negative no NICs due & no recording required. Stop.  
If answer is zero or positive enter LEL (£123 x 18 weeks = £2,214) in column 1a and proceed to Step 2.

Step 2 Earnings above LEL up to and including PT

$$(GP_{pta} - LEL) - (GP_{pta} - PT)^{\#} =$$
$$(£38,128 - £2,214) - (£38,128 - £2,880)^{\#} = £666$$

# If answer is negative treat as zero.  
If answer is zero no NICs due & column 1b should be zero filled. Stop. If answer is positive enter in column 1b and proceed to Step 3.

Step 3 Earnings above PT up to and including UEL

$$(GP_{pta} - PT)^{\#} - (GP_{pta} - UEL)^{\#} =$$
$$(£38,128 - £2,880)^{\#} - (£38,128 - £16,884)^{\#} = £14,004$$

# If answer is negative treat as zero.  
If answer is zero no NICs due and column 1c should be zero filled. If answer is positive enter in column 1c and proceed to Step 4.

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Step 4 Earnings above UEL

$$GP_{ptd} - UEL = \\ £38,128 - £16,884 = £21,244$$

If answer is zero or negative no earnings above UEL. Proceed to Step 6.  
If answer is zero column 1d should be zero filled.  
If answer is positive enter in column 1d and proceed to Step 5

Step 5 Director's NICs due to date

Step 3 multiplied by employee's Band C % rate (round)

$$£14,004 \times 11\% = £1,540.44 \text{ PLUS} \\ \text{Step 4 multiplied by employee's Band D \% rate (round)}$$

$$£21,244 \times 1\% = £212.44$$

$$=£1,540.44 + £212.44 = £1,752.88$$

Step 6 Director's NICs due this period

Step 5 £1,752.88

MINUS

Employee's NICs paid to date

£0.00

$$=£1,752.88$$

If answer is zero column 1f should be zero filled.  
If answer is positive enter in column 1f and proceed to Step 7.

Step 7 Employer's NICs due to date

Step 3 multiplied by employer's Band C % rate (round)

$$£14,004 \times 12.8\% = £1,792.51 \text{ PLUS} \\ \text{Step 4 multiplied by employer's Band D \% rate (round)}$$

$$£21,244 \times 12.8\% = £2,719.23$$

$$£1,792.51 + £2,719.23 = £4,511.74$$

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Step 8 Employer's NICs due this period

Step 7 £4,511.74

MINUS

Employer's NICs paid to date

£0.00

= £4,511.74

Step 9 Total NICs

Step 6 £1,752.88 PLUS

Step 8 £4,511.74

= £6,264.62 total employer and employee NICs (enter in column 1e)

NICs must be recorded on the T11 as follows:

	1a	1b	1c	1d	1e	1f
A	2214	666	14004	21244	6264.62	1752.88



## **National Insurance guidance for software developers 2024/2025**

For any questions relating to this document, please contact the **National Insurance Section**.

- [www.gov.im/incometax](http://www.gov.im/incometax)