

Guidance for deferring employee Class 1 National Insurance contributions (NICs) for 6th April 2018 to 5th April 2019

Introduction

The law states that you must meet all National Insurance contribution (NIC) liabilities as an employee in all of your employments.

However, if you have more than one job and expect to pay Class 1 (employee) NICs on earnings of at least £784 each week (£3,398 each month), throughout the whole tax year in any one job, or at least £902 each week (£3909 each month) in a combination of two jobs, you can ask to defer paying some of your Class 1 NICs in any other job(s) you have, until we can calculate the correct amount of NICs due after the end of the tax year.

Example:

In the tax year 2018/19 Robert has two employments. Company A pays him £3,400 monthly and Company B pays him £300 weekly, he expects these employments to continue throughout the year at the same or higher pay. Rob can apply to defer his National Insurance for the employment with Company B as he is paying above the Upper Earnings Limit (£3,398 monthly) with Company A.

Please note:

With effect from 6th April 2010, even if we allow you Class 1 deferment, you will still have to pay Class 1 NICs at a rate of 1% on all earnings above the employee's Earnings Threshold (£118 each week, or £512 each month) in each deferred job.

Class 1 NICs

You must pay employee Class 1 NICs if

- You work as an employee in the Isle of Man (IOM) or United Kingdom (UK), and
- You are aged 16 years or over and under State Pension Age, and
- Your earnings exceed the employee's Earnings Threshold for National Insurance.

State Pension Age and Deferment

We do not usually allow deferment for the tax year in which you reach State Pension Age.

If you reach State Pension Age during 2018/2019 we will not expect you to apply. But, we can consider deferment if you show that by the time you reach State Pension Age you expect to pay maximum Class 1 NICs for the tax year with your main employment.

For example, if you are a director of a company with an Annual Earnings Period you may pay enough Class 1 NICs in your main job before reaching your State Pension Age.

Contracted-out Salary Related (COSR) schemes and deferment

If your earnings have NICs deductions related to this type of scheme, regarding pension, these jobs will be given preference wherever possible as main employment(s) over employments which relate to State Second Pension.

How to apply: Please fill in and sign form CF379 and send it to us.

When to apply:

You should send us your application form as soon as possible before 6 April 2018, but we will accept it up to 12 February 2019.

If we get your application between 12 February 2019 and 5 April 2019 we will only consider it with the agreement of your deferred employer(s). This is because we may not have enough time to process it, and your employer may not be able to give you a refund before they complete their End of Year Tax Returns.

After you apply:

If we cannot allow you to defer, we will write and tell you why. If we grant deferment we will send the relevant employer(s) a deferment certificate. This asks them to deduct employee NICs at a rate of 1% on all your earnings above the employee's Earnings Threshold during the 2018/19 tax year. We will ask them to adjust their records and give you a refund of any over-deduction which may have already occurred during the current year. We will not give your employer(s) any information about your other job(s).

After the end of the tax year:

When the employer returns have been allocated to your record we will look at your NI record to check that you have paid enough Class 1 NICs in your main employment(s). If the NICs received are as expected then no further action is taken and you will be invited to renew your application for deferment the following year. If you have not paid enough Class 1 NICs and you owe money, we will write to you to ask for payment to be made within 28 days. You may not be invited to renew your application for deferment for the following year.

Notifying us of any changes: You must tell us at once if

- any job ends or starts
- any job that is currently not contracted-out becomes contracted-out
- you move home

Too late to apply:

If you had two or more jobs in a previous tax year and did not apply for deferment of Class 1 NICs but think that you may have overpaid Class 1 NICs in that tax year you may be able to get a refund of some of your Class 1 NICs.

If you think you are due a refund, write to

National Insurance
Income Tax Division
2nd Floor, Government Office
Bucks Road
Douglas, Isle of Man, IM1 3TX

Or email us at nationalinsurance.itd@gov.im

Getting advice:

If you have any questions about deferring Class 1 NICs you can email us or phone the National Insurance section on 01624 685400.

If you are employed and self-employed:

If you are employed and self-employed and expect to pay employee Class 1 NICs (at the main employment amounts noted above) and also Class 2 and Class 4 NICs regarding self-employment, you can ask to defer some of your Class 2 and/or Class 4 NICs until we can calculate the correct amount of NICs due after the end of the tax year. Application form CF359 is available on our website or contact us if you have any questions.



The Treasury *Yn Tashtey*

Assessor of Income Tax
Nicola Guffogg

National Insurance
Income Tax Division
2nd Floor, Government Office
Bucks Road
Douglas, Isle of Man IM1 3TX
Telephone (01624) 685400
Fax (01624) 685351
E-mail nationalinsurance.itd@gov.im

Application for deferment of Class 1 National Insurance contributions for the tax year 6th April 2018 to 5th April 2019

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1. National Insurance Number

2. Name and Address (Block capitals please) -

Mr/Mrs/Miss/Ms

3. Telephone Numbers –

Home		Mobile	
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4. E-mail address:-

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If you change any of the above contact details, please tell us.

5. If you want your correspondence on this subject to be sent direct to your agent, please give their name and address:-

6. Please give details of your employments and estimated earnings during the 2018/2019 tax year (please supply these details on a separate piece of paper if they will not fit below):-

Name and Address of Employer(s)	Staff or Payroll Number	Estimated earnings in the year from 6 th April 2018 to 5 th April 2019

DECLARATION

- ◆ I expect to pay Class 1 employee's National Insurance on earnings at or above the Upper Earnings Limit (i.e. £784 per week or £3,398.00 per month) regularly throughout the 2018/2019 tax year in my employment with:-

Name of Employer	
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- ◆ I apply for deferment of payment of Class 1 National Insurance for the 2018/2019 tax year in the other employment(s) listed on the previous page.
- ◆ **I understand that in those employments where deferment has been granted, I will pay Class 1 (employee) NICs at a rate of 1% on all earnings that exceed the Earnings Threshold.**
- ◆ I agree to notify the National Insurance section if any of my employments cease.
- ◆ I will provide such information as may be required to calculate the amount of any outstanding National Insurance.
- ◆ I undertake to pay any arrears requested within 28 days of their request.
- ◆ I accept that consideration will not be given to further deferment applications if a liability remains unpaid.

Signature of applicant _____ Date _____

Please note that personal details on this form will be shared between the Income Tax and Social Security Divisions of the Treasury for the purposes of maintaining your Income Tax, National Insurance and Social Security records.