

# CLASS 2 NIC WHAT HAS CHANGED?



The abolition of compulsory Class 2 National Insurance (NI) was intended to simplify the tax process for the self-employed but instead, it's causing confusion. Although Class 2 NI is no longer required for most taxpayers from the 2024/25 tax year onwards, some self-assessment filers are receiving revised tax computations that wrongly include it.

So, what's going on?

## What's Changed with Class 2 NI?

From 6 April 2024, self-employed individuals with annual profits above the Small Profits Threshold (£6,725) no longer need to pay Class 2 NI. They'll still receive National Insurance credits towards their State Pension entitlement automatically.

For those earning below £6,725, Class 2 NI is now voluntary, allowing individuals to pay it if they wish to protect their future benefit entitlements.

## The Problem: Outdated HMRC Calculations

Despite this change, HMRC's systems appear to be lagging behind. Some taxpayers who have already filed their 2024/25 Self Assessment tax return are receiving incorrect SA302 tax calculations documents used to confirm tax liability.

The error?

- A Class 2 NI charge of £179.40 is being wrongly added.
- In some cases, the total tax liability has been increased by double this amount, compounding the mistake.
- This only affects those who have already submitted their 2024/25 return.

Worryingly, these revised computations are accompanied by a covering letter stating that HMRC has "corrected" the tax calculation which may mislead taxpayers into assuming the figures are accurate.

## What Should Taxpayers Do?

If you receive a revised SA302 for 2024/25 that includes a Class 2 NI charge:

1. Review the document carefully, especially the section showing NI contributions.
2. Check if a £179.40 charge appears it should not be there unless you opted to voluntarily pay Class 2 because your earnings were below the threshold.
3. If the charge is incorrect, you should:
  - Contact HMRC to request a correction, and
  - Do not pay the inflated tax liability until it's resolved.



## HMRC'S RESPONSE

HMRC has acknowledged that they are investigating the issue, though a formal resolution is still pending. In the meantime, anyone affected is advised to flag the error directly to HMRC and retain all correspondence.

## FINAL WORD

The abolition of compulsory Class 2 NI was designed to simplify the tax process but implementation hiccups are causing short-term confusion. If you've submitted your 2024/25 tax return and received a "corrected" computation from HMRC, don't assume it's accurate. Check it line-by-line, especially for any NI charges, and challenge any errors immediately.

## WE CAN HELP

If you require further information, please contact us on **01753 888 211** or email [info@nhllp.com](mailto:info@nhllp.com). We are here to help.