

NATIONAL INSURANCE CONTRIBUTIONS OFFICE

1. Who needs to provide details of National Insurance contributions and why?

1.1 Applicants for naturalisation (and certain applicants for registration who have applied since 4 December 2006) who are:

- self-employed; or
- in business as sole traders; or
- in business as partners/directors in a company

may be asked to authorise the National Insurance Contributions Office (NICO) to disclose details of their National Insurance contributions (see the Annex for information about the NI Scheme).

1.2 If applicants ask why we seek this information, we may, as appropriate, explain that:

- under **s.6** of the British Nationality Act 1981, the Secretary of State may, if he thinks fit, grant a certificate of naturalisation if the requirements laid down in **Schedule 1** to the Act are met, including the requirement that the applicant should be of good character, or
- under **s.58** of the **Immigration, Asylum and Nationality Act 2006**, the Secretary of State will not grant an application for registration under certain provisions of the 1981 Act unless he is satisfied that that applicant is of good character, and
- the Secretary of State would not expect to naturalise/register persons who had not paid the correct National Insurance contributions, and therefore makes such enquiries as he considers reasonable to satisfy himself that this is so.

1.3 Occasionally, it may also be necessary to request applicants to give their authorisation to obtain details of NI contributions where that information may be helpful in establishing whether or not UK residence requirements are met.

2. Obtaining National Insurance details

2.1 Annex 2 to the DOCS REQUEST letter is accompanied by a pro-forma for completion by the applicant and onward transmission by him/her to the NICO. This authorises the NICO to disclose details of the applicant's National Insurance contributions (see paragraph 3) directly to the Border and Immigration Agency. The NICO aims to act on such letters of authorisation within 15 working days of receipt.

2.2 Where, exceptionally, it is necessary to contact the NICO directly, we should enclose the applicant's written consent and quote his or her National Insurance number, surname (and any previous surname), full forenames (including any alternative spellings) and date of birth.

2.3 Unless liaising with a local office contact, all enquiries to H.M. Revenue & Customs about NI contributions for Home Office purposes should be sent, in writing, to:

H.M. Revenue & Customs
National Insurance Contributions Office (NICO)
Special Section A
Room BP 1002A
Benton Park View
Newcastle upon Tyne
NE98 1ZZ

Special Section A deals only with enquiries for the Home Office.

- 2.4 If applicants themselves wish to enquire about National Insurance contributions for Home Office purposes, they should write to the National Insurance Contributions Office at the address given in paragraph 2.3 above. Applicants must provide their name, address, date of birth, National Insurance number, a short statement giving the reason the information is required (e.g. nationality purposes) and sign their request to allow NICO access to their account.

3. **What information will the NICO provide?**

- 3.1 The NICO is normally only able to provide data up to the end of the previous financial year. Details of any exceptions or waivers applied for will normally automatically be included with any information provided to us in response to an applicant's letter of authorisation. It may also, in some cases, be possible to provide the date an applicant's self-employment began.
- 3.2 Where resources permit, the NICO will investigate whenever it is known that a self-employed applicant has not paid contributions.
- 3.3 However, it should be noted that the NICO will not normally be able to indicate the reasons for non-payment of National Insurance contributions. Nor, where contributions have been paid for a part-year, will it necessarily be specified which part of the year was covered.

4. **Small Earnings Exceptions**

- 4.1 The Special Section A letter will automatically confirm whether a person who is self-employed has been granted a Small Earnings Exception (SEE) from paying Class 2 contributions .
- 4.2 An employed person (i.e. a Class 1 contribution payer), who also has earnings from another source which are viewed as self-employed work, can have this additional employment disregarded. If the type of work is in the nature of a hobby and it is not categorised as gainful ordinary self-employment, a decision to disregard it can be made as long as the annual income from this work does not exceed £800.
- 4.3 The NICO does not keep records of decisions to disregard such self-employed work, so Special Section A will be unable to confirm this decision. However, in such cases, the people concerned should have been issued with standard letters C2GL0012 from the NICO's Self Employed Directorate confirming that the self-employment has been disregarded. Earnings exceeding £800 from self-employment cannot be disregarded, and the self-employment must be registered with the NICO in the normal way. An application for SEE should be made if the earnings are between £800 and the current SEE level, regardless of the nature of the self-employed work carried out.

NATIONAL INSURANCE SCHEME

1. General guidance

- 1.1 Most working people between 16 and pension age (60 for women, 65 for men) must pay contributions into the National Insurance Scheme. These go towards funding a range of benefits (e.g. Contributions-based Jobseeker's Allowance and the basic retirement pension). Employed or self-employed people are only exempt from paying the relevant type(s) of National Insurance contribution if their earnings fail to reach the lower earnings limit.

2. Classes of contribution

- 2.1 There are 4 classes of National Insurance contribution:

- Class 1

Compulsory - for employed people who earn at least a set amount (the lower earnings limit). They are earnings-related and deducted by employer.

- Class 2

Compulsory, and payable from the first day of self-employment (if earnings are sufficiently high), for self-employed people unless either they have been granted a "Small Earnings Exception" or their earnings from self-employment do not exceed £800 p.a. and are in the nature of a hobby. Those with such an exception may pay on a voluntary basis. Contributions are not earnings-related and are payable at a flat rate.

- Class 3

Voluntary for employed or self-employed people who do not reach the lower earnings limit for paying Class 1 contributions, or are excepted from paying Class 2 contributions, but wish to qualify for certain benefits. Contributions are not earnings-related and are payable at a flat rate.

- Class 4

Compulsory, in addition to Class 2 contributions, for self-employed people whose profits or gains are over a certain amount. These contributions, which are earnings-related, are a tax and NICO will be unable to give details of this.

3. Business partners

- 3.1 A business partner will, as an employee of a company, be liable to Class 1 contributions. If he or she is a sleeping partner, Class 2 or 3 contributions will be payable.

4. Persons employed on freelance contracts

- 4.1 A person employed on a "freelance" basis is classed as self-employed and is therefore liable to Class 2 contributions unless granted an exception.

5. Credits

- 5.1 Contributions are not payable by people whilst they are

unemployed, unable to work due to illness or are in receipt of certain benefits and allowances. During these periods they receive National Insurance Credits, which help preserve future benefit entitlements.