

CLASS 1A NATIONAL INSURANCE - PAYMENT FOR 2021-22 DUE BY 22 JULY 2022



If you are an employer and you provided your employees with taxable benefits and/or expenses in the 2021/22 tax year, you will need to pay your Class 1A National Insurance contributions by 22 July 2022 (19 July 2022 if you pay by cheque).

In this short update we explain when the payment is due and what information you need to provide to HMRC so that the payment is treated correctly. We also explain the consequences of failing to make the payment on time.

The Class 1A charge

Class 1A National Insurance contributions are employer-only contributions which are payable on taxable benefits and expenses provided to employees. The charge (as reported on your 2021/22 P11D(b)) applies regardless of whether you pay rolled the benefits or reported them to HMRC on form P11D. The liability is simply the Class 1A percentage multiplied by the total taxable value of benefit and expenses provided to employees in the 2021/22 tax year. For 2021/22, the Class 1A percentage was 13.8%.

Class 1A National Insurance contributions are not due on benefits included within a PAYE settlement liability. However, Class 1B National Insurance contributions are due in October instead, Class 1A National Insurance is also due on termination payments more than the £30,000 tax-free threshold, and on sporting testimonials more than the £100,000 tax-free limit. However, the associated Class 1A liability is reported through Real Time Information in the period when the payment is made, and the liability is paid with the PAYE and NIC for that period.

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Payment deadline

Class 1A National Insurance on benefits in kind for 2021/22 must be paid by 22 July 2022 if the payment is made electronically. If you choose to pay by cheque, your payment should reach HMRC by the earlier date of 19 July 2022.

Check you are using the correct payment reference

To enable HMRC to allocate the payment correctly, make sure that you use the correct payment reference. For 2021/22, this is your 13-digit Accounts Office reference, plus 2213. The addition of '2213' is important; the '22' indicates to HMRC that the payment is for the 2021/22 tax year which ended on 5 April 2022 and the '13' tells HMRC that the payment is for Class 1A National Insurance. There should not be any gaps between your Accounts Office reference and the '2213'.

Payment options

There are various routes by which you can pay your Class 1A National Insurance bill.

Payment can be made online (www.gov.uk/pay-class-1a-national-insurance). This can be done using online banking or a debit or credit card. You can also make a one-off payment by direct debit.

Make sure that you allow sufficient time for your electronic payment to reach HMRC by 22 July. Same or next day payments can be made using online or telephone banking (via Faster Payments) or by CHAPS. However, if you pay online by debit or corporate credit card, by BACS, at a bank or building society or by an existing direct debit, you should allow at least 3 working days. If you want to use direct debit and have not set one up before, you should allow at least 5 working days.

You can also pay by cheque, but an earlier deadline of 19 July 2022 applies. You will also need to post your cheque in sufficient time to ensure that it reaches HMRC by this date.

Interest on late payment

If you miss the payment deadline, you will be charged interest from the due date until the liability is paid. The rate is currently 3.75%.

If you would like help on any of the above, contact us to speak to a member of our dedicated team, call us on **01753 888 211** or email info@nhllp.com