



## CHANGES TO NIC – JULY 2022

**As announced by Rishi Sunak in the 2022 Spring Statement, the Primary Threshold for NIC has been increased from 6<sup>th</sup> July 2022. But what does that mean for Employees?**

The Primary Threshold dictates the amount that an employee can earn before paying National Insurance on their earnings. Since the beginning of the 2022/23 tax year in April, this has been £9,880 per year, breaking down to £823 per month or £190 per week.

**PRIMARY THRESHOLD  
FOR NIC**

**APRIL 6<sup>TH</sup> – JULY 5<sup>TH</sup>**

£9,880 per year

£823 per month

£190 per week

**FROM JULY 6<sup>TH</sup> 2022**

£12,570 per year

£1,048 per month

£242 per week

After this, NIC is payable at a rate of 13.25% until earnings reach the Upper Earnings Limit of £4,189 per month (£967 per week), when contributions drop to 3.25%.

From July 2022, however, this threshold has been brought in line with the Personal Allowance for tax, £12,570 per year.

This means that NI is now not payable until earnings reach £1,048 per month (£242 per week), a potential saving of almost £30 per month in NIC compared to the first quarter!

Employer's NIC has not changed, being payable once earnings reach the Secondary Threshold of £758 per month (equating to £9,100 per year or £175 per week) at a rate of 15.05%.

For those registered as **Company Directors**, NIC is calculated on a cumulative basis against the annual limits (whereas normal employees are calculated using weekly/monthly limits depending upon their payroll frequency). HMRC have averaged this out to give an annual Primary Threshold of £11,908. Primary NIC will be deducted once this earnings level is breached.

Should you have any questions about your payroll or need further advice, get in touch with us on **01304 381542** or contact Payroll ([louise@higsonco.co.uk](mailto:louise@higsonco.co.uk)).

*This information is a broad overview of the change, so please contact your payroll advisor if more detailed information is required for your business.*