

TREASURY REPORT ON THE ANNUAL REVIEW OF NATIONAL INSURANCE CONTRIBUTIONS

Presented to Parliament pursuant to section 141(6) of the Social Security Administration Act 1992

1. In accordance with section 141(6) of the Social Security Administration Act 1992, as amended by the Social Security Contributions (Transfer of Functions etc) Act 1999, this report sets out the reasons for not laying before Parliament a draft order under section 141 to amend Part I of the Social Security Contributions and Benefits Act 1992 to change those National Insurance contributions (NICs) rates and thresholds outlined below for the 2024-25 tax year.
2. An order under section 141 of the Social Security Administration Act 1992 may amend the following figures set out in the Social Security Contributions and Benefits Act 1992:
 - a. the figure specified as the weekly rate of Class 2 contributions
 - b. the figures specified as the lower profits threshold and small profits threshold for Class 2 contributions, note the lower profits threshold will be removed from 6 April 2024
 - c. the figure specified as the amount of a Class 3 contribution
 - d. the figures specified as the lower and upper limits of profits which are to be taken into account for the purposes of Class 4 contributions.

The annex shows the rates and thresholds that will apply for 2024-25.

3. His Majesty's Treasury has undertaken a review that has taken account of factors including:
 - a. the impact of not changing the Class 2, Class 3 rates and thresholds and Class 4 thresholds on those making contributions
 - b. the wider economic context, including CPI and wage growth
 - c. the balance of the National Insurance Fund
4. The weekly rate of Class 2 and Class 3 NICs and the Small Profits Threshold for Class 2 will remain unchanged in 24/25. The Class 4 Lower Profits Limit and Upper Profits Limit will remain fixed for 24/25 in line with income tax thresholds. At Autumn Statement the Government cut the rates of Class 1 (with effect from 6 January 2024) and Class 4 National Insurance contributions and removed the liability to pay Class 2 for self-employed people with profits above £12,570.
5. The decision not to make an order under section 141 of the Social Security Administration Act 1992 will have no adverse impact significant to the extent that the finances of the National Insurance Fund are likely to fall below recommended levels.

6. The Government Actuary in her Report on the draft of the Social Security Benefits Up-rating Order 2024 has confirmed that on the basis of her estimates the balance in the National Insurance Fund at 31 March 2025 is projected to be greater than minimum level (one-sixth of the amount of benefit payments in 2024-25) considered necessary to ensure that a reasonable working balance is maintained.

Nigel Huddleston

Financial Secretary to the Treasury

January 2024

ANNEX

NATIONAL INSURANCE RATES AND THRESHOLDS TO WHICH THIS REPORT RELATES

Table of rates and thresholds in 2023-24 and 2024-25

Weekly Rate of Class 2 contributions	£3.45
Annual Class 2 Small Profits Threshold	£6,725
Annual Class 4 Lower Profits Limit	£12,570
Annual Class 4 Upper Profits Limit	£50,270
Weekly Rate of Class 3 contributions	£17.45