

About these notes

These notes will help you decide whether you want to pay voluntary National Insurance contributions (NICs). Please read these notes before you fill in form CA5603 *Application to pay voluntary National Insurance contributions* on pages 3 and 4.

Protecting your basic State Pension

The amount of basic State Pension you receive when you reach State Pension age depends on how you have paid, or are treated as having paid, contributions or credits. These are called qualifying years.

There have been some changes to basic State Pension for people reaching State Pension age on or after 6 April 2010. The changes include:

- reducing the number of qualifying years needed for a full basic State Pension to 30. Each qualifying year will entitle you to $\frac{1}{30}$ of the basic State Pension
- replacing Home Responsibilities Protection (HRP) with credits for parents and carers.

For more information, go to direct.gov.uk

Why pay voluntary NICs?

Gaps in your NICs record could reduce the amount of basic State Pension you receive when you reach State Pension age. Voluntary NICs are paid by people who are not liable to pay any other class of NICs and count towards:

- basic State Pension
- Widowed Parent's Allowance
- Bereavement Payment
- Bereavement Allowance.

Voluntary NICs are a weekly flat rate - the rate for 2012-13 is £13.25.

Voluntary NICs do not count towards:

- Jobseeker's Allowance
- the earnings-related part of State Pension or of Widowed Parent's Allowance
- Incapacity Benefit or Employment and Support Allowance, or
- Industrial Injuries Disablement Benefit.

Who can pay voluntary NICs?

You can pay for any tax year where you are:

- over 16
 - not working
 - not liable to pay Class 1 and/or Class 2 NICs as a self-employed person
 - a woman who revokes her married woman's or widow's reduced rate election part way through a tax year
 - excepted from paying Class 2 NICs as a self-employed person.
- You may also be able to pay for periods where you have been abroad.

Who cannot pay voluntary NICs?

You cannot pay:

- if you are a married woman or widow who opted to pay reduced rate NICs during the whole tax year
- if you are paying for the tax year in which you reach State Pension age, or for any subsequent tax year
- if you reach State Pension age before 6 April 2010 and
 - you are already entitled to a full basic State Pension, or
 - can never pay enough NICs to qualify for the minimum basic State Pension
- for any week that you are entitled to National Insurance credits.

Deciding to pay

Before you decide to pay voluntary NICs, you should get information about your State Pension entitlement, including the number of qualifying years you have to date. To do this:

- go to the Pensions and Retirement Planning section, go to direct.gov.uk
- if you live in the UK phone the Future Pension Centre on **0845 3000 168**, textphone **0845 3000 169**
- if you live outside the UK phone **+ 44 191 218 3600**
For our opening hours, go to hmrc.gov.uk

You will be able to find out, in today's money values, the amount of basic State Pension you have already earned based on the number of qualifying years you currently have.

Time limits

You must pay voluntary NICs before the end of the sixth tax year, following the tax year you are paying for, for them to count towards State Pension and bereavement benefits.

Higher rates for late payment

If you pay more than two years after the end of the tax year for which you are paying, you may have to pay at a higher rate. The exception to this rule is as follows.

For tax year 2006-07. If you reach State Pension age on or after 6 April 2010, and are entitled to HRP for any period, you can pay Class 3 NICs at the original rate of £7.55 up to and including 5 April 2013.

To allow for possible delays in bank processing (for which HMRC is not responsible) please allow at least three bank working days for your payment to reach us. Bank working days are Monday to Friday excluding bank holidays.

What years may I pay?

If you want to make payment or check the time limits, you should write to us at HM Revenue & Customs, National Insurance Contributions & Employer Office, Individuals Caseworker, Benton Park View, NEWCASTLE UPON TYNE, NE98 1ZZ.

Additional Class 3 NICs

If you reach State Pension age between 6 April 2008 and 5 April 2015 you will be able, if you want, to pay Class 3 NICs for up to an additional six non-qualifying years going back to the 1975-76 tax year if:

- you already have 20 qualifying years (which may include full years of HRP) and
- you reached State Pension age before 6 April 2010 and you have one qualifying year from paid, or treated as paid, contributions.

Payment(s) for the additional years can be made up to six years after the date on which you reach State Pension age.

Married women or widows cannot pay additional Class 3 NICs for any tax year during the whole of which a reduced rate election is in force. A woman who revokes (or revoked) her election part way through a tax year may be entitled to pay additional Class 3 NICs for the whole of that tax year. For more information go to direct.gov.uk

This does not affect any Class 3 NICs you may be able to pay under the usual time limits.

Caring for someone

HRP was available from 6 April 1978 to 5 April 2010 and protected basic State Pension for people who received Child Benefit for a child under 16, and some carers. If you reach State Pension age on or after 6 April 2010, complete years of HRP you built up before 6 April 2010 have been converted into qualifying years of credits, up to a maximum of 22 years. These qualifying years will count towards your basic State Pension and bereavement benefits.

From 6 April 2010 HRP has been replaced with credits for parents and carers. These credits help protect your basic State Pension if you:

- are awarded Child Benefit for a child under the age of 12
- are an approved foster carer or kinship carer (Scotland)
- received Income Support and were regularly and substantially caring for someone.

For more information on HRP and credits for parents and carers, go to hmrc.gov.uk

For more information on Carer's Credit for customers caring for one or more disabled people for more than 20 hours a week, go to direct.gov.uk

Specified adult childcare credits may be available if you care for a child under 12 who you are related to. For more information, go to direct.gov.uk

Refund of voluntary NICs

There is no automatic right to a refund of voluntary NICs. We can only refund NICs if:

- you were not entitled to pay them, or
- you paid insufficient Class 3 NICs to make the year count for basic State Pension and certain bereavement benefits, or
- they were paid in error.

If you are unsure whether it would be beneficial to pay voluntary NICs, ask for advice from the Pension, Disability and Carers Service before making any payments.

How to pay

You can pay voluntary NICs by:

- **Direct Debit** - we collect your NICs from your bank or building society once a month. It can take at least 21 days to set up a Direct Debit with your bank/building society. We will write to you to confirm the date of the first payment. Depending on the date that you have chosen to start making NICs, the first payment may cover more than one month.

Subsequent payments

- will be collected for as long as you want, and
- will be deducted from your account on the second Friday of each month.

You will need to make sure you have enough funds in your account on the second Friday of each month. Payments are made in arrears and will cover NICs for four or five weeks, depending on the number of Sundays in the preceding tax month. If you want to pay by this method, please fill in the Direct Debit instruction on page 3 and return pages 3 and 4 to us.

- **quarterly bill** - we send you a quarterly bill, every 13 weeks, telling you of the amount you can pay for those weeks. We issue quarterly bills in July, October, January and April each year. In certain circumstances one may be issued other than at the end of the relevant quarterly period. You can pay your quarterly bill at any Post Office. You will not be charged for the transaction.
- **cheque** - you can pay for earlier tax years by cheque, you do not need to complete the attached form. Make cheques payable to HM Revenue & Customs. Then send your payment to HM Revenue & Customs, National Insurance Contributions & Employer Office, Benton Park View, NEWCASTLE UPON TYNE, NE98 1ZZ.

There are special arrangements for people who are abroad, or are going abroad. For more information on paying HMRC, go to hmrc.gov.uk and select *Paying HMRC* under *Quick links*.

What to do now

If you decide it is beneficial for you to pay voluntary NICs, tick your preferred payment option under 'How to pay' and complete the Declaration. If you have chosen to pay by Direct Debit, complete the 'Instruction to your bank or building society to pay by Direct Debit'. Keep these notes, detach pages 3 and 4 and return them to: HM Revenue & Customs, National Insurance Contributions & Employer Office, Individuals Caseworker, Benton Park View, NEWCASTLE UPON TYNE, NE98 1ZZ.

Tell us of any change in your circumstances, it could mean that you are no longer entitled to pay voluntary NICs.

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For more information, go to hmrc.gov.uk/charter

The Direct Debit Guarantee



- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits
- If there are any changes to the amount, date or frequency of your Direct Debit HM Revenue & Customs will notify you 10 working days in advance of your account being debited or as otherwise agreed. If you request HM Revenue & Customs to collect a payment, confirmation of the amount and date will be given to you at the time of the request
- If an error is made in the payment of your Direct Debit, by HM Revenue & Customs or your bank or building society you are entitled to a full and immediate refund of the amount paid from your bank or building society
 - If you receive a refund you are not entitled to, you must pay it back when HM Revenue & Customs asks you to
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.

- Please use capital letters and write clearly in black ballpoint pen.
- **Instruction to your bank or building society to pay by Direct Debit** - at *Reference*, please enter your National Insurance number.
- Send us pages 3 and 4. Keep the notes on pages 1 and 2.
- When we receive your reply we will update your National Insurance account.

Your details

Surname

First name(s)

Title – Mr/Mrs/Miss/Ms or other title

National Insurance number

Date of birth DD MM YYYY

Address

Postcode

Phone numbers

Home

Mobile

Marital or civil partnership status

From what date do you wish to start paying voluntary National Insurance contributions (NICs)? See 'How to pay' on page 2 for more information about the start date DD MM YYYY

Tell us about the work you do or have done before the date you wish to start paying voluntary NICs please tick the appropriate box(es)

Employed

from DD MM YYYY

to DD MM YYYY

Continued over the page

CA5603

Do not detach

HMRC 09/12

Instruction to your bank or building society to pay by Direct Debit



Please fill in the whole form using a black ballpoint pen and send it to:
HM Revenue & Customs, National Insurance Contributions & Employer Office,
Individuals Caseworker, Benton Park View, NEWCASTLE UPON TYNE, NE98 1ZZ.



Name(s) of account holder(s)

Bank/building society account number

Branch sort code

Name and full postal address of your bank or building society

To: The Manager	Bank/building society
Address	
<input type="text"/>	
<input type="text"/>	
Postcode	
<input type="text"/>	

Service user number

Reference

Instruction to your bank or building society.

Please pay HM Revenue & Customs Direct Debits from the account detailed in this instruction, subject to the safeguards assured by the Direct Debit Guarantee. I understand that this instruction may remain with HM Revenue & Customs and, if so, details will be passed electronically to my bank/building society.

Signature(s)

Date

Banks and building societies may not accept Direct Debit Instructions for some types of account

Self-employed

from DD MM YYYY

to DD MM YYYY

Unemployed

Someone who is seeking work and may be in receipt of a benefit

from DD MM YYYY

to DD MM YYYY

Non-employed

Someone who has left the workforce and, for example, has taken early retirement

from DD MM YYYY

to DD MM YYYY

How to pay

I wish to pay by

Quarterly bill

Direct Debit

please complete the Direct Debit instruction on page 3. **Banks and building societies may not accept Direct Debit instructions for some types of account.**

Declaration

This is my application to pay voluntary NICs. I would like to pay in the way shown in 'How to pay'. I understand the following:

- Voluntary NICs cannot help me to qualify for Jobseeker's Allowance, the earnings-related part of the State Pension, the earnings-related part of bereavement benefits, Maternity Allowance, Incapacity Benefit and/or Employment and Support Allowance and Industrial Injuries Disablement Benefit. They do count towards basic State Pension, Widowed Parent's Allowance, Bereavement Allowance and Bereavement Payment.
- I am under no legal obligation to make voluntary NICs.
- If I pay less than 52 weeks of voluntary NICs, in any one tax year, you may automatically stop sending me quarterly bills.

Tick this box if you receive or have received Child Benefit, otherwise leave blank.

Please sign and date this Declaration.

Signature

Date DD MM YYYY

What to do now

Detach your completed form on pages 3 and 4 and send it to:
HM Revenue & Customs
National Insurance Contributions & Employer Office
Individuals Caseworker
Benton Park View
NEWCASTLE UPON TYNE
NE98 1ZZ