Cranleys
CHARTERED ACCOUNTANTS

CRANLEYS' CLEVER CHECKLISTS · No. 03 · PERSONAL TAX

National Insurance Checklist 2026/27

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

Employees pay 8% between £12,570 and £50,270 and 2% above. Employers pay 15% above £5,000, less the £10,500 Employment Allowance where it applies. Directors use an annual earnings period. A full new State Pension needs 35 qualifying years, so check your record for gaps.

THE KEY FIGURES

2026/27 figure	Amount
Employee Class 1	8% from £12,570 to £50,270, 2% above
Employer Class 1	15% above £5,000 per employee
Employment Allowance	£10,500
Class 4 (self-employed)	6% from £12,570 to £50,270, 2% above
Voluntary Class 2	£3.65 a week
Voluntary Class 3	£18.40 a week
Small Profits Threshold	£7,105

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The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Is the National Insurance category letter correct on every employee?**	A for most, M under 21, H for apprentices under 25, C over State Pension age. The wrong letter means the wrong NIC.	Payroll records, date of birth, apprenticeship agreement
☐	**Is Employment Allowance claimed once?**	Claim through your payroll software. It is one claim per group. A company whose only paid employee is a director cannot use it.	Employment Payment Summary, claim confirmation
☐	**Are directors on the annual earnings method?**	Directors have an annual earnings period, not monthly. If appointed mid year, the threshold is pro-rated.	Appointment date, payroll set-up
☐	**Is the self-employed Class 4 calculated correctly?**	Class 4 is charged on profits between £12,570 and £50,270 at 6%, and 2% above.	Self Assessment computation
☐	**Is Class 2 handled correctly?**	Above £7,105 of profit, Class 2 is treated as paid. Below it, you can pay voluntary Class 2 at £3.65 a week to protect your record.	NI record, return
☐	**Does your State Pension record show 35 years?**	Ask for a forecast. Gaps can often be filled with voluntary contributions, usually for the last six tax years.	State Pension forecast, NI record
☐	**Do you have more than one job?**	Each employer runs NIC separately. If total earnings are high you may be due a refund or able to defer.	Payslips, HMRC letters



MY PRO TIP

check your State Pension record before you check your holiday plans.

A worked example

A director takes a £60,000 salary. Employee NIC is £3,016 on the slice to £50,270 plus £195 on the rest, about £3,211. Employer NIC is 15% of £55,000, which is £8,250. If the company has other employees and can claim the £10,500 Employment Allowance, the employer bill is nil. If the director is the only employee, there is no allowance and the full £8,250 is due.

The trap to avoid

Paying a director monthly like an ordinary employee. HMRC recalculates annually, and an underpayment comes back with interest. Set the payroll to the annual earnings period when the director is appointed.

Test your accountant

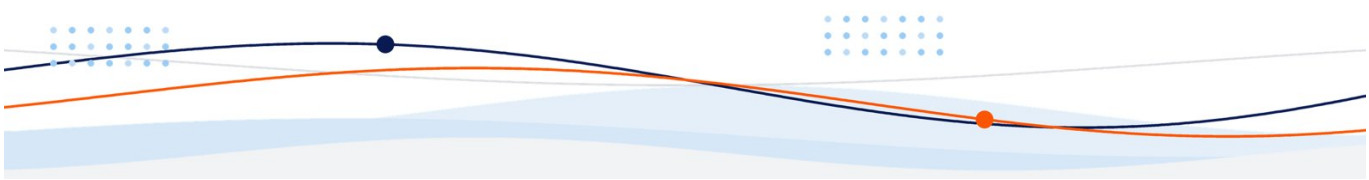
One question that tells you if you have the right adviser:

What does my National Insurance record show, and are there gaps I can still fill?

What has changed recently

- Employer NIC is 15% above a £5,000 threshold, and the Employment Allowance is £10,500.
- Salary sacrifice for pensions will have National Insurance applied above £2,000 a year from April 2029. See the pensions checklist.
- Voluntary Class 3 has risen to £18.40 a week, and the self-employed can usually pay the much cheaper Class 2.

Questions I get asked



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What is employer National Insurance in 2026/27?

It is 15% on earnings above £5,000 a year per employee. Most employers can set £10,500 of Employment Allowance against the bill.

How many years of National Insurance do I need for a full State Pension?

You need 35 qualifying years for the full new State Pension. At least 10 are needed for any pension.

Is Class 2 National Insurance abolished?

For most, yes in practice. If profits are above £7,105, Class 2 is treated as paid. Below it you can choose to pay voluntary Class 2 at £3.65 a week.

Do directors pay National Insurance differently?

Yes. They use an annual earnings period, so National Insurance is worked out on the year's pay, not each month.

The 9 CAD Keys link: Capability

Capability is having the right people and systems. A payroll that gets directors, categories and allowances right every month is capability, not luck.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next

Tax checklist 01
Income Tax and Personal Allowance Checklist 2026/27

Tax checklist 06
Pensions Checklist 2026/27: Allowances and Tax Relief

Tax checklist 17
Employment, Payroll and Benefits Checklist 2026/27

Tax checklist 18
Self-Employment and Partnerships Checklist 2026/27

Go deeper: my books

For this topic, start with **Business Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

35 qualifying years. Count them. Then count them again.

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Scan to read online, tick it on screen and take the Scorecard



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