



Craig Whittaker MP

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Response to Tax changes to the Self Employed – March 2017

Thank you for contacting me about the rate of National Insurance Contributions paid by the self-employed.

As you will know, the changes to the rate of Class 4 National Insurance Contributions announced in the Spring Budget will no longer go ahead. It is important to comply with not just the letter but also the spirit of the tax and national insurance commitments that were made in the 2015 Conservative Manifesto. Therefore there will be no increases in the rates of National Insurance Contributions in this Parliament.

The abolition of Class 2 National Insurance Contributions will still go ahead from April 2018. Class 2 is an outdated and regressive charge on the self-employed and I believe it is right that it should be scrapped. Abolishing it will give an average tax cut of £135 for 3.6 million people who are self-employed.

Additionally, the Treasury will seek views over the summer on options to address parental benefit entitlement between the employed and the self-employed. I am pleased that this will be widened to look at the other areas of difference in treatment alongside the forthcoming Taylor Report, on the implications for employment rights of different ways of working in a rapidly changing economy.

This comes on top of the introduction of the new state pension, in April 2016, which is worth an additional £1,800 to a self-employed person for each year of retirement. Any further reforms will be announced once the review is complete.

Thank you again for taking the time to contact me.

Kind regards,

Craig Whittaker MP