Dear James,

NATIONAL INSURANCE CONTRIBUTIONS BILL

During the Committee stage of the National Insurance Contributions (NICs) Bill on 22 June, you asked about the date of the announcement of the measure in the Bill that exempts Test and Trace self-isolation support payments from self-employed NICs.

The NICs exemption for Test and Trace self-isolation support payments was introduced rapidly in order to support the UK, Scottish and Welsh Governments’ response to the Coronavirus outbreak. The urgent need for Covid-19 support schemes to be implemented meant that there was no separate formal announcement of the NICs exemption prior to the introduction of the Bill.

However, the NICs exemption was set out in the guidance by the Department of Health and Social Care for the English scheme and by the Welsh Government for the Welsh scheme. For example, guidance published on 30 September 2020 for Local Authorities in England stated that these payments would be exempt from NICs. This position was also reflected on the GOV.UK guidance pages.

The Government’s intention has always been that the NICs position of the employed and self-employed with regards to these payments should be aligned. A Statutory Instrument was laid before Parliament on 1 October 2020, providing for the Class 1 and 1A NICs exemption for these payments in England, and the Government has used the first opportunity to legislate in respect of the self-employed, a measure that requires a Bill rather than a statutory instrument.

I am copying this letter to the members of the Public Bill Committee and I will arrange for a copy of it to be placed in the Library of the House.

Yours ever,

[Signature]

RT HON JESSE NORMAN MP