

Healthcare insurance products

IF7: 2023 edition

Web update 1: 13 December 2022

Please note the following update to your copy of the IF7 study text:

Chapter 1, section E2, pages 1/16–1/17

Employers must pay Class 1A employers' National Insurance contributions (NICs) on PMI benefits for their employees, although employees do not pay NICs on the benefit. The rate for Class 1A employers' NICs was 15.05% from 6 April 2022 until it reverted back to 13.8% (the previous rate) from 6 November 2022.



Example 1.3

A company is just about to set up a company paid PMI scheme, on which the first year's premium is £100,000. It has profits of £1m a year, on which it pays Corporation Tax of 19%, giving it a CT bill of £190,000.

After paying the PMI annual premium, its profits are now £900,000 and so its CT bill will be:

$£900,000 \times 19\% = £171,000$, a saving of £19,000.

However, it also has to pay employer's NICs.

From 6 April until 5 November 2022 employers' NICs of 15.05% on the £100,000 premium = £15,050.

From 6 November 2022 employers' NICs of 13.8% on the £100,000 premium = £13,800.