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## **Personal Taxation Basics**

### **National Insurance**

In the UK everyone is given a national insurance (NI) number, which is a unique number that tracks the personal contribution to the UK social security system. NI contributions make you eligible to benefit from for example state pensions etc.

The level of national insurance that an individual pays depends on how much the individual earns and whether you're employed or self-employed and an individual only stops paying when they reach the state pension age (Currently 65 for men, 60 for women).

### **Employed**

If the individual is employed then they pay Class 1 national insurance contributions which are automatically deducted from the wages of the employees.

### **Self Employed**

If the individual is self-employed then they pay Class 2 and Class 4 national insurance contributions.