IFA REPRESENTATION 05/26

Call for evidence – Voluntary National Insurance contributions

The IFA welcomes the opportunity to this call for evidence published on 23 June 2026.

We would be happy to discuss any aspect of our response and to take part in any further consultations in this area.

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Established in 1916, the Institute of Financial Accountants (IFA) is an internationally recognised professional accountancy membership body. Our members work within micro and small to medium-sized enterprises or in micro and small to medium-sized accounting practices advising micro and SME clients. We are part of the Institute of Public Accountants (IPA) of Australia Group, the world's largest SME focused accountancy group, with more than 49,000 members and students in 100 countries.

The IFA is a full member of the International Federation of Accountants (IFAC), the global accounting standard-setter. As such, the IFA takes its place alongside the UK and Ireland's six chartered accountancy bodies.

The IFA have been approved by:

HM Treasury to supervise our members for the purposes of compliance with the Money Laundering Regulations, and by the Financial Services Authority in the Isle of Man.

The Charity Commission in England and Wales, for conducting independent reviews of charity accounts below the audit threshold;

The Scottish Charity Regulator, for providing independent examination of Scottish charity accounts; and

The Civil Aviation Authority (CAA) for IFA practising members to join the ATOL Reporting Accountants (ARA) scheme.

The IFA is represented on several UK Government committees and forums alongside other IFAC members, including the HMRC Agent Support Group, HMRC Compliance Reform Forum, HMRC Guidance Strategy Forum, HMRC Charter Stakeholder Group and Companies House Stakeholder group.

For more information, please contact the IFA mail@ifa.org.uk.

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General comments

1. The Institute of Financial Accountants (IFA) welcomes the opportunity to respond to HMRC's call for evidence on the design, operation and future direction of voluntary National Insurance contributions (NICs).

2. As a professional body predominantly representing sole practitioners and small-to-medium practices (SMPs), our members provide vital bookkeeping, accountancy, taxation and payroll services to local micro-businesses and small enterprises.

3. For context, the majority of IFA firms are sole practitioners or small entities who provide services to local small business.

4. This response is provided by the Institute of Financial Accountants after consulting with an expert panel made up of IFA members engaged in Public Practice, as well as responses received from members after publicising the call for evidence.

5. We provide the following responses as a representative body and have indicate 'not applicable' where we feel responses direct from agents would be more appropriate.

Responses to consultation questions

Guiding Principles

Q1: Do you agree that these are the right guiding principles for the voluntary NICs system or do you believe there are others we should consider?

6. The IFA agrees that the proposed guiding principles are appropriate. Government should prioritise simplicity, fairness and certainty. An individual should be able to establish clearly whether they have a gap in their NI record, whether they can fill it, what it will cost and, importantly, whether making the payment will actually increase their State Pension entitlement.

Q2: Do you feel that some of these objectives are more important than others?

7. We believe they are all equally important but must be underpinned by the priorities detailed in our answer to question 1.

Eligibility and access

Q3: Who is currently using voluntary NICs and why?

8. In practice, gaps can arise for many reasons including periods of low earnings, unemployment, self-employment, career breaks, caring responsibilities, working abroad or moving between employment and self-employment.

Q4: In what circumstances do people have gaps in their National Insurance record that voluntary NICs are intended to address (including where credits or compulsory NICs are not available)? Please provide examples.

9. The difficulty is that many people do not become aware of these gaps until much later, often when they begin considering retirement. IFA believes there is scope for HMRC/DWP to be much more proactive in notifying individuals of gaps and explaining the options available.

Q5: Are there groups who would like to use voluntary NICs but cannot access them, or for whom the current eligibility rules lead to outcomes that feel unfair or inconsistent? What changes would improve fairness, clarity or access (including how people find out whether they are eligible)?

10. No specific groups were suggested by IFA members, however they did provide one scenario where a mother or father who stays at home to provide childcare and therefore doesn't pay NI. They perhaps should always be permitted to make voluntary contributions.

11. The same may apply to those on PIP and other state benefits to receive NI credits.

12. We reiterate that any individual should be able to establish clearly whether they have a gap in their NI record, whether they can fill it, what it will cost and, importantly, whether making the payment will actually increase their State Pension entitlement

Interaction with National Insurance credits

Q6: Are there barriers that prevent eligible individuals from receiving credits (for example, awareness, complexity, or administrative steps), leading them to pay voluntary NICs instead? Please provide evidence and examples.

13. No specific barriers were identified by IFA members

Q7: Are there circumstances where credits and voluntary NICs overlap or interact in ways that create confusion, duplication, or unintended outcomes? If so, what changes would improve fairness and clarity?

14. There is considerable scope for confusion between entitlement to NI credits and the need to make voluntary contributions. Before accepting a voluntary contribution, the system should ideally establish whether the individual may instead be entitled to a credit. This would reduce the risk of unnecessary payments.

Value, incentives and behaviour

Q8: How do individuals decide whether to pay voluntary NICs, and to what extent do people use voluntary NICs as a long-term way to build qualifying years (including what information they use, who advises them, and what prompts them to act)?

15. Most individuals are unlikely to monitor their NI position regularly. Engagement tends to occur when retirement approaches or when a State Pension forecast identifies a shortfall.

16. The very low paid/self-employed may never be able to afford to make voluntary payments.

Q9: To what extent does the current pricing of voluntary NICs affect perceptions of fairness compared with compulsory NICs paid through work?

17. The ability to purchase missing years can represent excellent value, but there is potentially a fairness issue where those with greater financial resources or access to professional advice are better placed to take advantage of the system.

18. WNI rates for class 4 and class 1 are very close, they are fair.

Q10: Who benefits most from being able to pay voluntary NICs at lower cost, and how does this relate to ability to pay (for example, income, wealth, or being supported by other sources of income)? Please share any analysis or data.

19. Potentially those who don't work or have low earnings and haven't the money to pay the contribution.

Q11: Does the current system create unintended incentives (for example, to delay engagement, to structure work/income to qualify for lower cost contributions, or to focus on buying back specific years)? If so, what changes could reduce these effects?

20. Any unintended incentives could be elevated with more regular notification of gaps which would encourage earlier engagement.

Information, guidance and decision-making

Q12: How effective is existing guidance (including digital journeys and helplines) in helping people understand whether paying voluntary NICs is in their interests, and what would improve it?

21. No adverse comments received in relation to the existing guidance used by IFA firms.

22. One suggested improvement put forward was that the taxpayer should ideally have access to one straightforward digital service showing **NI record → missing years → reason for gap → potential credit entitlement → cost of voluntary contribution → resulting increase in State Pension.**

Q13: Are there risks of poor outcomes linked to misunderstanding or third-party advice (including where individuals pay when it provides little or no benefit)? What safeguards or changes could improve decision making?

23. Before somebody pays voluntary NICs, they should be told clearly whether that payment will actually improve their State Pension entitlement. There should also be an appropriate warning where a payment is unlikely to provide any additional benefit.

24. This would protect taxpayers and should also reduce unnecessary enquiries to HMRC and advisers. These questions specifically raise the effectiveness of digital journeys and the risk of individuals paying where there is little or no benefit.

Partial Year Voluntary NICs

Q14: In what circumstances do individuals end up with partial year gaps in their NI record?

25. Partial years can arise quite easily through changes in employment, periods out of work, self-employment or moving to or from the UK.

26. Another example is where a husband and wife operate a business but all the income and therefore NI liability is shown against only one of the spouses.

Q15: How effectively does the current system enable individuals to fill partial-year gaps in their NI record, and to what extent do current arrangements deliver outcomes that are proportionate and fair?

27. Our members suggested that generally the NI record on the client's HMRC gateway is correct for the majority, with issues arising when, for whatever reason, some of the data is missing.

28. The online NI record should state the exact amount required to make a partial year qualifying and the resulting benefit from doing so.

Contributions for periods abroad and connection to the UK

Q16: How do individuals abroad find out about, and navigate, the rules on paying voluntary NICs for overseas periods (including any role for employers, advisers, or online communities)?

29. Limited feedback provided on this section of the consultation by IFA members who generally provide accountancy services for small local businesses.

30. The rules in this area can be particularly difficult for individuals to navigate. IFA members would support clearer guidance and a straightforward decision process covering previous UK residence/contributions, eligibility, cost and likely benefit.

Q17: Are the current eligibility conditions for paying voluntary NICs from abroad (including tests based on previous residence or previous qualifying years) the right way to reflect a 'connection to the UK'? What alternatives would be fairer or easier to administer?

31. It is reasonable that there should be a genuine connection with the UK, but the test should be clear and straightforward to administer

Q18: What are the impacts of allowing voluntary NICs for overseas periods (for example, who uses it, at what income/wealth levels, and how it affects decisions to maintain UK links)? Please provide any evidence.

32. Nothing to add.

Q19: How do perceptions of fairness change when voluntary NICs are paid from abroad and what factors shape views on the pricing of contributions abroad?

33. Nothing to add.

Further Suggestions

Q20: What reforms to voluntary NICs should the government consider to improve fairness?

34. The main recommendation suggested would be to make the system much more personalised and proactive.

35. Rather than simply telling an individual that they have a missing year which can be purchased, the system should be capable of saying **"You have a gap for this tax year. It will cost £X to fill. If you pay this amount, your forecast State Pension will increase by £Y."**

36. Members would also support automatic notifications of incomplete years, automatic consideration of available NI credits before voluntary contributions are paid, and safeguards against payments which provide no additional pension benefit.

37. A button on the NI record to opt to pay the missing contribution. Easier to claim low earnings credits for digitally challenged users.

Q21: What further reform of the voluntary NICs system should the government consider?

38. No further reforms suggested for the government to consider.

Contact details

Should you wish to discuss this response further, please contact Tim Pinkney, IFA Director of Professional Standards, by email at timp@ifa.org.uk.