

ABOLITION OF CLASS 2 NATIONAL INSURANCE CONTRIBUTIONS: DRAFT CLAUSES 2016

EXPLANATORY NOTES

Policy background

- 1 Class 2 National Insurance contributions (NICs) are flat-rate weekly contributions paid by the self-employed to gain access to contributory benefits. The 2016 Autumn Statement confirmed the government's intention to abolish Class 2 NICs from 6 April 2018. This means that instead of paying two classes of NICs (Class 2 and Class 4), the self-employed will pay just one class of NICs (Class 4) in the future. This builds on recommendations of the Office of Tax Simplification and will simplify the NICs system for millions of self-employed people.
- 2 The structure of Class 4 NICs will be changed to introduce the Small Profits Limit. Changes will also be made to benefit entitlement rules to allow Class 4 NICs to count for benefit entitlement purposes where annual taxable profits are at (or exceed) the Small Profits Limit. Class 3 NICs which can be paid voluntarily to protect entitlement to the State Pension and Bereavement Benefit will be expanded to give entitlement to Maternity Allowance and contributory Employment and Support Allowance for the self-employed.
 - a. The abolition of Class 2 NICs will:
 - i. deliver simplification for self-employed NICs payers, making self-employed NICs easier to understand,
 - ii. ensure self-employed individuals continue to have access to contributory benefits via the NICs system,
 - iii. align the treatment of different self-employed NICs payers wherever possible, so contributory benefits can be accessed on a more equal basis to make the system fairer for all,
 - iv. simplify the administration of self-employed NICs.

Commentary on draft clauses

Clause 1: Abolition of Class 2 contributions etc

- 3 *Subsection (1)* provides that no person is liable or will be entitled to pay Class 2 NICs for 2018-19 or any tax year thereafter.
- 4 *Subsection (2)* provides for the Schedule to the Bill to make amendments to the Social Security Contributions and Benefits Act 1992 (SSCBA 1992), the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (SSCB(NI)A 1992), the Social Security Administration Act 1992 (SSAA 1992), the Social Security Administration (Northern Ireland) Act 1992 (SSA(NI)A 1992), the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (TOFA 1999), the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999

(SI1999/671), the Social Security (Contributions) Regulations 2001 (SI 2001/1004) and the National Insurance Contributions Act 2015 (NICA 2015) as a consequence of subsection (1) or in connection with clauses 2 to 16.

- 5 *Subsection (3)* provides that amendments by the Schedule will have effect from 2018-19 or any tax year thereafter.
- 6 *Subsection (4)* stops amendments from having an effect on any liability or entitlement to pay Class 2 NICs for 2017-18 or any earlier tax year.
- 7 *Subsection (5)* confirms that 'Class 2 contributions' means Class 2 contributions under section 11 of SSCBA 1992 or section 11 of the Northern Ireland equivalent SSCB(NI)A 1992.

Clause 2: Late paid Class 2 contributions

- 8 *Subsection (1)* provides that section 12(3) of both SSCBA 1992 and SSCB(NI)A 1992 will have effect as if paragraph (b), referring to rate adjustment, were omitted. This is to recognise that rates of Class 2 NICs will no longer be subject to adjustment following the abolition of Class 2 NICs.
- 9 *Subsection (2)* clarifies that 'Class 2 contributions' means Class 2 contributions under section 11 of SSCBA 1992 or section 11 of SSCB(NI)A 1992.

Clause 3: Class 4 contributions: Small Profits Limit: Great Britain

- 10 *Subsection (1)* amends the SSCBA 1992.
- 11 *Subsection (2)* inserts new section 15A after section 15 of SSCBA 1992. This is intended to create a band for notional payment of Class 4 NICs.
- 12 *Subsection (1)* of new section 15A clarifies that this section will apply where a person's relevant profits for a tax year are equal to, or exceed, the Small Profits Limit but do not exceed the Lower Profits Limit.
- 13 *Subsection (2)* of new section 15A provides that the 'Small Profits Limit' is 52 times the Lower Earnings Limit for the tax year concerned.
- 14 *Subsection (3)* of new section 15A explains that, for the purposes provided in subsection (4) of new section 15A, the person is treated, subject to any prescribed exceptions or modifications, as having actually paid Class 4 NICs in respect of that tax year and those profits are to be treated as constituting an amount of profits on which Class 4 NICs have been paid.
- 15 *Subsection (4)* of new section 15A outlines the purposes that go with subsection (3) which are to restrict the right to pay Class 3 NICs; the purposes of section 22(1)(za) (earnings factors); the purposes of paragraphs 1(2A) and 2(1A) of Schedule 1 to the Welfare Reform Act 2007 (employment and support allowance) and of clause 10 (employment and support allowance transitional provision); and other purposes relating to bereavement support payment, employment and support allowance or entitlement to a state pension under Part 1 of the Pensions Act 2014 or any purposes relating to jobseeker's allowance.
- 16 *Subsection (5)* of new section 15A provides that regulations may be made to provide for persons to be treated for the purposes of subsection (1) as having relevant profits for a tax year at the level of the Small Profits Limit where the amount of a person's relevant profits for a tax year are less than the Small Profits Limit and any specified conditions are met.
- 17 *Subsection (6)* of new section 15A provides that the reference to 'relevant profits' in subsection (6) includes an amount that would be relevant profits were it not a loss (or zero).
- 18 *Subsection (7)* of new section 15A provides that regulations may provide for any part of this

Act which (in whatever terms) refers to Class 4 contributions payable by a person or otherwise a to a person's liability to pay such contributions to have effect for the purposes of this section with any prescribed modifications.

- 19 Subsection (8) provides that the Treasury may use regulations to amend the formula by which the Small Profits Limit is calculated.
- 20 Subsection (9) provides that regulations under this section are to be made by the Treasury.
- 21 Subsection (10) of new section 15A provides that regulations under subsection (5) are to be made with the concurrence of the Secretary of State for the Department for Work and Pensions.
- 22 Subsection (11) of new section 15A explains that 'the Lower Profits Limit' means the amount specified in section 15(3)(a) of SSCBA 1992 as the amount in excess of which the main Class 4 contribution percentage rate is payable.
- 23 Subsection (12) of new section 15A explains that 'relevant profits' for a tax year is the total amount of the profits mentioned in section 15(1) of SSCBA 1992. This refers to profits on which Class 4 NICs are payable as computed in accordance with Schedule 2 to SSCBA 1992.
- 24 *Subsection (3)* inserts two additional subsections into section 16 of SSCBA 1992.
- 25 Subsection (3A) inserted into section 16 of SSCBA 1992 provides that the Treasury may use regulations to amend Schedule 2 to that Act and its Northern Ireland equivalent for the purposes of altering the computation of profits on which Class 4 NICs are payable.
- 26 Subsection (3B) inserted into section 16 of SSCBA 1992 outlines that any regulation made under new subsection (3A) may only be made following consultation with the Secretary of State for the Department for Work and Pensions.
- 27 *Subsection (4)* inserts new section 18ZA after section 18 of SSCBA 1992.
- 28 Subsection (1) of new section 18ZA outlines situations in which subsection (2) of new section 18ZA applies. These are if regulations have effect under section 18(1) (referring to recovery of Class 4 NICs by regulations) and where an earner would otherwise meet conditions to have a liability to pay Class 4 NICs were it not that case that the total earnings did not exceed the Lower Profits Limit but were equal to or exceeded the Small Profits Limit.
- 29 Subsection (2) of new section 18ZA provides that for the purposes described in new section 15A(4) the earner is to be treated, subject to any prescribed exceptions or modifications, as having actually paid a Class 4 contribution in respect of that tax year and that the earnings are to be treated, subject to any prescribed exceptions or modifications, as profits upon which such a contribution has been paid.
- 30 Subsection (3) of new section 18ZA provides that regulations may provide for any part of this Act which (in whatever terms) refers to Class 4 contributions payable by a person or otherwise a to a person's liability to pay such contributions to have effect for the purposes of this section with any prescribed modifications.
- 31 Subsection (4) of new section 18ZA provides that regulations made under this section are to be made by Treasury.
- 32 *Subsection (5)* inserts 'section 15A(8) and 16(3A)' into section 176 of SSCBA 1992 at the appropriate place. This provides that a Statutory Instrument made on the basis of new section 16(3A) must be approved by both Houses of Parliament.
- 33 *Subsection (6)* states that all amendments made by this section will have effect for 2018-19 and

any subsequent tax years.

Clause 4: Class 4 contributions: Small Profits Limit: Northern Ireland

With the exception of subsection (3) this clause mirrors the effect of clause 3 in Northern Ireland legislation.

Clause 5: Class 3 contributions: Great Britain

- 34 *Subsection (1)* amends the SSCBA 1992.
- 35 *Subsection (2)* substitutes section 13(2) with a paragraph outlining that payment of Class 3 NICs is to be allowed with a view of enabling the contributor to satisfy conditions of entitlement to benefit by acquiring the requisite earnings factor for the purposes specified in section 22 and for any other purpose provided for by this or another Act.
- 36 *Subsection (3)* inserts into section 14 a new paragraph (za) before paragraph (a). This has the effect that from the 2018-19 tax year onwards, earnings on which Class 1 or Class 4 NICs have been paid or treated as paid will restrict entitlement to pay Class 3 NICs.
- 37 *Subsection (3)* inserts into section 14 new subsection (1A), outlining that subsection (1) does not limit a woman's entitlement to pay Class 3 NICs with regards to maternity allowance contributions in respect of a pregnancy.
- 38 *Subsection (3)* inserts into section 14 a new subsection (2A) which outlines a power which may be used by the Treasury to provide for a repayment of Class 3 NICs that have been paid in respect of a particular pregnancy when the woman is not entitled to a maternity allowance.
- 39 *Subsection (3)* makes a number of substitutions and insertions to reflect amendments to section 14.
- 40 *Subsection (4)* states that all amendments made by this section will have effect for 2018-19 and subsequent tax years.

Clause 6: Class 3 contributions: Northern Ireland

This clause mirrors the effect of clause 5 in Northern Ireland legislation.

Clause 7: Maternity allowance

- 41 *Subsection (1)* amends the SSCBA 1992.
- 42 *Subsections (2) to (4)* set out the amendments to section 35 (state maternity allowance for employed or self-employed earner).
- 43 *Subsection (3)* substitutes a new subsection 1(c) into section 35 setting out further conditions which may qualify a woman for maternity allowance (MA).
- 44 *Subsection (4)* inserts into section 35 new subsections (1A), (1B), (1C) and (1D) which sets out the conditions a woman must satisfy to be qualified as a self-employed earner. Subsection (1D) sets out the meaning of "unemployed" for MA purposes. A woman who is unemployed at the time she makes her claim for MA, may be qualified as a self-employed earner if the conditions in subsection (1C)(b) are met.
- 45 *Subsections (5) to (11)* set out the amendments to section 35A (appropriate weekly rate of maternity allowance).
- 46 *Subsections (7) to (10)* set out how the rate of maternity allowance is calculated.
- 47 *Subsection (7)* inserts new subsections (1A), (1B), (1C), (1D), (1E), (1F) and (1G) into section 35A.

- 48 Subsection (1A) sets out how the rate of MA payable to a woman who is an employed earner is calculated.
- 49 Subsection (1B) provides that (1A) does not apply if the woman is a self-employed earner except in accordance with regulations made under new subsection (1D).
- 50 Subsection (1C) sets out how the rate of MA is calculated for women who qualify as a self-employed earner in accordance with new section 35(1B). If a woman pays a prescribed number of Class 3 NICs she will be entitled to receive MA at the standard rate. A self-employed woman who does not pay the prescribed number of Class 3 NICs will be entitled to receive MA at the lower rate.
- 51 Subsection (1D) creates a regulation-making power to prescribe which rules should apply where a woman is both an employed earner and a self-employed earner (as described in new subsection (1E)) at the time she makes her claim.
- 52 Subsection (1F) creates a regulation-making power to prescribe the rate of MA payable where a woman has qualifying earnings from mixed employment.
- 53 Subsection (1G) sets out the conditions required for a woman to have qualifying earnings from mixed employment. This is where a woman has been engaged in employed earner's employment in fewer than 13 weeks in the 66 weeks referred to in section 35(1)(b) at the time she makes her claim; does not meet the conditions in new subsection (1A), which apply to employed earners and has previously been self-employed in those 66 weeks.
- 54 *Subsection (10)* omits subsections (5A) and (5B) and inserts new subsection (5C), (5D) and (5E) setting out a power to make regulations concerning the conditions for payment of a Class 3 contribution.
- 55 *Subsection (12)* amends section 35B (state Maternity Allowance for participating wife or civil partner of self-employed earner) to remove reference to Class 2 NICs by omitting paragraph 35B (1) (c). This means that following abolition of Class 2 NICs women who participate in the self-employed business of their spouse or civil partner will only have to meet the requirement that they have participated in the business for 26 weeks in their test period. The requirement that a woman's spouse/civil partner must have paid Class 2 NICs in respect of the 26 weeks she participated in their business will be abolished.
- 56 *Subsection (13)* provides for amendments made by subsections (2) to (11) to apply to claims on or after 29 April 2018.
- 57 *Subsection (14)* provides for amendments made by subsection (12) to apply to claims made on or after 6 April 2018.

Clause 8: Bereavement support payment

- 58 *Subsection (1)* provides for the amendment of Section 31 of the Pensions Act 2014 in relation to bereavement support payment: contribution conditions etc.
- 59 *Subsection (2)* substitutes subsection 31(1) and adds new sections 31(1A) and 31(1B) into the Pensions Act 2014. Subsection 31(1) provides that a person may be entitled to bereavement support payment if their deceased spouse or civil partner paid sufficient National Insurance contributions.
- 60 *Subsection (2)* inserts new conditions of entitlement relating to contributions that have to be met for the tax year 2018-19 and subsequent tax years. It does so by amending section 31 of the Pensions Act 2014. The new subsections provide that the contribution condition for those tax years is that for at least one tax year in the deceased's working life, the deceased paid or is

treated as having paid Class 1 or Class 4 contributions. It also provides that those contributions must be of a certain level. For tax years before 2018-19, the contribution conditions are unchanged.

- 61 *Subsection (3)* provides that payments of Class 1 or Class 4 contributions from tax year 2018-19 onwards are classed as paid if they have been paid by either the deceased or the deceased's personal representatives.
- 62 *Subsection (4)* provides that these amendments have effect in relation to 2018-19 and subsequent tax years.

Clause 9: Employment and support allowance

- 63 *Subsection (1)* explains that the clause amends Schedule 1 to the Welfare Reform Act 2007 which sets out the contribution conditions for Employment and Support Allowance.
- 64 *Subsection (2)* substitutes sub-paragraphs (1) to (3A) in paragraph (1) in Schedule 1 to the Act with new sub-paragraphs (1), (2), (2A), (2B), (2C) and (2D). These replace the existing requirements for the first contribution condition with new conditions reflecting the replacement of Class 2 contributions by Class 4 contributions and relevant Class 3 contributions instead. A "relevant Class 3 contribution" means a Class 3 contribution in respect of a tax week in which the claimant is in employment as a self-employed earner.
- 65 *Subsection (3)* amends paragraph 2 in Schedule 1 to the 2007 Act. This details the requirements for the existing second contribution condition.
- 66 *Subsections (4) to (7)* substitute existing requirements with new requirements reflecting the replacement of Class 2 contributions by Class 4 and relevant Class 3 contributions instead.
- 67 *Subsection (8)* provides that the amendments will have effect in respect of claims brought in the 2021 and subsequent benefit years. 2021 is the first benefit year in relation to which both relevant income tax years (i.e. 2018-19 and 2019-20) will fall after the abolition of Class 2 NICs.
- 68 *Subsection (9)* clarifies that 'relevant benefit year' has the same meaning as in the 2007 Act.

Clause 10: Employment and support allowance: transitional provision

- 69 *Subsection (1)* provides that Schedule 1 to the 2007 Act is modified in accordance with subsections (2) to (6) in relation to claims brought in the 2020 benefit year. In respect of these claims, the relevant income tax years will be 2017-18, which is before Class 2 NICs are abolished, and 2018-19, which is after they are abolished. This is the only benefit year when this will be the case. The intent is that, for this transitional benefit year, the first contribution condition can be met by contributions paid (or treated as paid) in either of the relevant income tax years and the second contribution condition can be satisfied by a combination of contributions and/or credits made in both of those years.
- 70 *Subsections (2) and (5)* provides that the first contribution condition can be met by a person either by paying (or being treated as having paid) Class 1 NICs or paying Class 2 NICs, or paying a combination of the two, in tax year 2017-18 (in accordance with the old rules), or paying (or being treated as having paid) Class 1 NICs, or paying relevant Class 3 NICs, or paying a combination of the two, or paying (or being treated as having paid) Class 4 NICs, in tax year 2018-19 (in accordance with the new rules).
- 71 *Subsections (3), (4) and (5)* provide that the second contribution condition can be met by a person paying (or being treated as having paid) Class 1 NICs, or paying Class 2 NICs or receiving credits, in tax year 2017-18 (in accordance with the old rules) and paying (or being treated as having paid) Class 1 NICs, or paying relevant Class 3 NICs, or paying (or being treated as having paid) Class 4 NICs, or receiving credits, in tax year 2018-19 (in accordance

with the new rules).

- 72 *Subsection (6)* provides that ‘Class 1 contributions’ and ‘Class 2 contributions’ have the same meaning as in the SSCBA 1992. It also provides that “relevant benefit year” has the same meaning as in the 2007 Act.

Clause 11: Earnings factors

- 73 *Subsection (1)* indicates that the SSCBA 1992 is to be amended.
- 74 *Subsection (2)* amends section 22 (earnings factors).
- 75 *Subsection (3)* inserts a new paragraph (za) in subsection (1) which has effect for 2018-19 or any subsequent tax year. This paragraph provides a new criterion for gaining an earnings factor based on paying (or being treated as having paid) Class 4 NICs. It confirms that an earnings factor can continue to be gained from paying (or being treated as having paid) Class 1 NICs on earnings between the LEL and Upper Earnings Limit and/or by paying Class 3 NICs. It also amends paragraph (a) to ensure that the existing criteria for gaining an earnings factor by payment of Class 2 NICs does not have effect after the 2017-18 tax year.
- 76 *Subsection (4)* inserts new subsections (4A) and (4B). These subsections have the effect of preventing earnings factors from being derived from Class 4 NICs, whether paid or treated as paid, for an excepted tax year. New subsection (4B) provides that an excepted tax year is a year from 2018-19 or later for part of which a married woman holds a valid reduced rate election.
- 77 *Subsection (5)* amends subsection (5)(a) to remove the reference to Class 2 as a result of the abolition of Class 2.
- 78 *Subsection (6)* removes the reference to “Class 2 or” from subsection (5ZA)(a) as a result of the abolition of Class 2.
- 79 *Subsection (7)* inserts a new paragraph (za) into section 23, subsection (3), which provides that paying or being treated as having paid Class 4 NICs for the tax year 2018-19 or later will give rise to an earnings factor which is broadly equal to the qualifying earnings factor. This also removes reference to Class 2 from paragraph (b).
- 80 *Subsection (8)* provides that all amendments made by this section will have effect from 2018-19 or any subsequent tax year.

Clause 12: Maternity allowance

This clause mirrors the effect of clause 7 in Northern Ireland legislation

Clause 13: Bereavement support payment

This clause mirrors the effect of clause 8 in Northern Ireland legislation

Clause 14: Employment and support allowance

This clause mirrors the effect of clause 9 in Northern Ireland legislation

Clause 15: Employment and support allowance: transitional provision

This clause mirrors the effect of clause 10 in Northern Ireland legislation

Clause 16: Earnings factors

This clause mirrors the effect of clause 11 in Northern Ireland legislation

Clause 17: Power to make consequential provision

- 81 *Subsection (1)* provides that the Secretary of State or Treasury may by regulations make any

provision that appears to be appropriate as a result of restructuring of NICs for self-employed earners.

- 82 *Subsection (2)* provides that the power in subsection (1) to make relevant transitory provision in relation to section 29 of the Pensions Act (Northern Ireland) 2015 is exercisable by the Department for Communities in Northern Ireland instead of the Secretary of State.
- 83 *Subsection (3)* allows for regulations made under subsection (1) to include supplementary, incidental, transitional, transitory or saving provision or make different provisions for different purposes.
- 84 *Subsection (4)* provides that the power in subsection (1) includes the power to amend, repeal or revoke any provision of or made under an Act in relation to the restructuring of NICs for self-employed earners following the abolition of Class 2 NICs.
- 85 *Subsection (5)* provides that for the purposes of subsection (2), subsection (4) applies to Northern Ireland legislation as it applies to an Act.
- 86 *Subsection (6)* provides that subsections (7) to (10) apply to regulations made either by the Secretary of State or the Treasury
- 87 *Subsection (7)* states that all amendments made under subsection (1) must be made by statutory instrument.
- 88 *Subsection (8)* sets out that a statutory instrument made under subsection (1) which amends or repeals a provision of an Act may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.
- 89 *Subsection (9)* explains that subsection 8 has effect as if regulations under subsection (1) did not contain any amendment or repeal of a provision of an Act so far as the amendment or repeal is (or would be) a relevant transitory provision
- 90 *Subsection (10)* provides that a statutory instrument containing regulations under subsection (1) which does not have to be approved in draft under subsection (8) is subject to annulment in pursuance of a resolution of either House of Parliament.
- 91 *Subsection (11)* provides that regulations made under subsection (1) by the Department for Communities in Northern Ireland are subject to negative resolution (within the meaning of section 41(6) of the Interpretation (Northern Ireland) Act 1954 (c.33 (NI))).
- 92 *Subsection (12)* defines a relevant transitory provision. This relates to relevant bereavement benefits (see subsection (13) for a definition) and only applies if provisions in the Pensions Act 2014 or the Pensions Act (Northern Ireland) 2015 in relation to new rules for accessing bereavement support payment are not in force by the start of the 2018-19 tax year.
- 93 *Subsection (13)* defines a “relevant bereavement benefit” as any of the descriptions of contributory benefits under Part 2 of SSCBA 1992 in relation to bereavement payment, widowed parent’s allowance or bereavement allowance.

Clause 18: Interpretation

- 94 Provides the definition of “tax year” and “2017-18” as used in these provisions.

Schedule: Consequential and connected amendments

- 95 The schedule contains the amendments required to SSCBA 1992 and SSCB(NI)A 1992 to introduce the abolition of Class 2. It also amends provisions within the Social Security Administration Act 1992 (SSAA 1992), the Social Security Administration (Northern Ireland) Act 1992 (SSA(NI)A 1992), the Social Security Contributions (Transfer of Functions, etc) Act

1999 (SSC(TF)A 1999), the Social Security Contributions (Transfer of Functions, etc) (Northern Ireland) Order 1999 (S.I. 1999/671) (SSC(TF)(NI)O 1999), the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) (SSCR 2001/1004) and the National Insurance Contributions Act 2015 (NICA 2015).

The Social Security Contributions and Benefits Act 1992

- 96 *Paragraph 2* removes from Section 1 of SSCBA 1992 all references to Class 2.
- 97 *Paragraphs 3, 4 and 5* remove sections 11, 11A and 12 which relate to Class 2 contributions, application of certain provisions of the Income Tax Acts in relation to obligatory Class 2 contributions and provisions relating to late paid Class 2 contributions.
- 98 *Paragraph 6* inserts a new subsection (4A) into section 17 of SSCBA 1992 (exceptions, deferment and incidental matters relating to Class 4 contributions) which allows for HMRC to make regulations to provide that Class 3 contributions paid by a woman in respect of state maternity allowance are to be treated as paid in respect of any liability to pay a Class 4 contribution for the relevant tax year.
- 99 *Paragraph 7* amends section 18 (Class 4 contributions recoverable under regulations) to remove the reference to the provisions in section 11.
- 100 *Paragraph 8* amends section 19 (general power to regulate liability for contributions) to remove references to Class 2 contributions.
- 101 *Paragraph 9* adds a reference to a new sub-paragraph into section 21 (5A) (b) (contribution conditions).
- 102 *Paragraph 10* omits section 11(8) or (9), which relate to Class 2 NICs, from section 176 (parliamentary control).
- 103 *Paragraph 11* amends supplementary provisions in Schedule 1 to SSCBA to remove references to Class 2 from the schedule and the schedule heading.

Social Security Administration Act 1992

- 104 *Paragraph 13* removes references to Class 2 from section 110ZA (Class 1, 1A, 1B or 2 contributions power to call for documents etc.).
- 105 *Paragraph 14* amends section 121 (unpaid contributions: supplementary) to include reference to Class 4.
- 106 *Paragraph 15* removes references to Class 2 contributions from the provisions relating to the annual review of contributions in section 141.
- 107 *Paragraph 16* removes from section 143 (power to alter contributions with a view to adjusting level of National Insurance Fund) references to Class 2 contributions.
- 108 *Paragraph 17* removes from section 145 (power to alter primary and secondary contributions) the sub-paragraph (4) (a) relating to Class 2 and inserts the Contributions and Benefits Act (i.e. the SSCBA) into paragraph (b).
- 109 *Paragraph 18* removes from section 162 (destination of contributions) reference to Class 2 contributions in respect of payments to the National Insurance Fund.

The Social Security Contributions and Benefits (Northern Ireland) Act 1992

- 110 *Paragraphs 19 – 29* mirror the effect of paragraphs 1 – 11 for Northern Ireland.

The Social Security Administration (Northern Ireland) Act 1992

- 111 *Paragraph 31* removes references to Class 2 from section 110ZA (Class 1, 1A, 1B or 2

contributions power to call for documents etc.).

112 *Paragraph 32* amends section 115 (unpaid contributions: supplementary) to include reference to Class 4.

113 *Paragraph 33* removes from section 142 (destination of contributions) reference to Class 2 contributions in respect of payments to the National Insurance Fund.

The Social Security Contributions (Transfer of Functions, etc) Act 1999

114 *Paragraph 35* omits references to Class 2 from section 4 (recovery of contributions provisions where income tax recovery provisions are not applicable).

115 *Paragraph 36* omits subsection (1A) from section 8 and substitutes a new subsection (2) which prevents giving a decision on certain issues relating to a Class 4 contribution under subsection (1) where an appeal has been made, can be made or, might in the future, be made under Part 5 of the Taxes Management Act 1970.

116 *Paragraph 37* removes reference to Class 2 contributions and the definition of tax year from paragraph 2 of Schedule 4 (recovery of contributions where income tax recovery provisions not applicable).

The Social Security Contributions (Transfer of Functions, etc) (Northern Ireland) Order 1999 (S.I. 1999/671)

117 *Paragraph 38* omits paragraph (1A) from Article 7 and substitutes a new paragraph (2) which prevents giving a decision on certain issues relating to a Class 4 contribution under paragraph (1) where an appeal has been made, can be made or, might in the future, be made under Part 5 of the Taxes Management Act 1970.

Social Security (Contributions) Regulations 2001 (S.I. 2001/1004)

118 *Paragraph 39* amends the current text of regulation 125 (share fishermen) so that the existing text becomes paragraph 1 and substitutes a new subparagraph (b) which provides a condition that for the purposes of determining the liability of a share fisherman to pay Class 4 contributions the share fisherman is either domiciled or resident in Great Britain or Northern Ireland.

119 *Paragraph 39* also omits subparagraphs (c), (d), (e) and (g) from paragraph 1 of regulation 125 and the "and" before subparagraph (g).

120 *Paragraph 39* inserts an additional provision as subparagraph (2) into regulation 125 which provides that the condition for a Class 4 liability to arise in regulation 125(1)(b) is subject to an Order in Council giving effect to any reciprocal agreement under section 179 of the SSAA 1992 (reciprocal agreements with countries outside the United Kingdom).

The National Insurance Contributions Act 2015

121 *Paragraph 41* omits section 3 (consequential etc power).