

2020 No.

SOCIAL SECURITY

**The Social Security Contributions (Intermediaries)
(Miscellaneous Amendments) Regulations 2020**

Made - - - - - ***

Laid before Parliament ***

Coming into force - - - *In accordance with regulation 1*

These Regulations are made by the Treasury and the Commissioners for Her Majesty's Revenue and Customs.

The powers exercised by the Treasury are those conferred by sections 4A(1), (3) and (4), 119 and 175(4) of, and paragraph 8(1)(q) of Schedule 1 to, the Social Security Contributions and Benefits Act 1992(a) and sections 4A(1), (3) and (4), 119 and 171(4) and (10) of, and paragraph 8(1)(q) to, Schedule 1 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992(b).

The powers exercised by the Commissioners for Her Majesty's Revenue and Customs are those conferred by paragraph 6(1) of Schedule 1 to the Social Security Contributions and Benefits Act 1992 and paragraph 6(1) of Schedule 1 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992 and now exercisable by them.

The Secretary of State and the Department for Communities concur in relation to regulation 2.

Citation, commencement, effect and interpretation

1.—(1) These Regulations may be cited as the Social Security Contributions (Intermediaries) (Miscellaneous Amendments) Regulations 2020 and come into force on 6th April 2020 subject to paragraph (2).

(2) Regulation 3 comes into force immediately after the coming into force of the Income Tax (Pay As You Earn) (Amendment) Regulations 2020(c).

(a) 1992 c. 4; section 4A was inserted by section 75 of the Welfare Reform and Pensions Act 1999 (c. 3) and amended by paragraphs 288 and 289 of Schedule 1 to the Income Tax Act 2007 (c. 3) and S.I. 2007/2071. Section 175 was relevantly amended by paragraph 29 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c. 2). Paragraph 8 of Schedule 1 was amended by paragraph 14 of Schedule 5 to the Pensions Act 1995 (c. 26), Schedule 2 to the Social Security Administration (Fraud) Act 1997 (c. 47), paragraph 77 of Schedule 7 to the Social Security Act 1998 (c. 14), paragraph 3 of Schedule 11 and part 6 of Schedule 13 to the Welfare Reform and Pension Act 1999 (c. 30), paragraph 39 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) and sections 74 and 77 of the Child Support, Pensions and Social Security Act 2000 (c. 19).

(b) 1992 c. 7; Section 4A was inserted by section 76 of the Welfare Reform and Pensions Act 1999 (c. 33) and amended by paragraphs 291 and 292 of Schedule 1 to the Income Tax Act 2007 (c. 3) and S.I. 2003/1884. Section 171 was relevantly amended by S.I. 1999/671. Paragraph 8 of Schedule 1 was amended by paragraph 38 of Schedule 3 to the Social Security (Transfer of Functions, etc) (Northern Ireland) Order 1999 (S.I. 1999/671).

(c) S.I. 2020/**.

(3) The amendments made to Part 2 of each of the Intermediaries Regulations and the Northern Ireland Regulations by regulation 2 of these regulations have effect in relation to deemed direct earnings treated as paid on or after the time at which these Regulations come into force, and do so even if relating to services provided before that time.

(4) In these Regulations—

“the Intermediaries Regulations” means the Social Security Contributions (Intermediaries) Regulations 2000(a);

“the Northern Ireland Regulations” means the Social Security Contributions (Intermediaries) (Northern Ireland) Regulations 2000(b).

Amendment of the Social Security Contributions (Intermediaries) Regulations 2000 and the Social Security Contributions (Intermediaries) (Northern Ireland) Regulations 2000

2.—(1) The Intermediaries Regulations and the Northern Ireland Regulations are amended as follows.

(2) After regulation 1 of the Intermediaries Regulations and the Northern Ireland Regulations for the heading “Part 1: Intermediaries – General Provisions” substitute “Part 1: Intermediaries – General provisions and workers’ services provided to small clients.”.

(3) In regulation 3A(1) of the Intermediaries Regulations and the Northern Ireland Regulations—

(a) after sub-paragraph (a) insert—

“(aa) a body specified in section 23(3) of the Freedom of Information Act 2000(c),”

(b) omit “or” at the end of sub-paragraph (e), and

(c) after sub-paragraph (f) insert—

“, or

(g) a company connected with any person mentioned in paragraphs (a) to (f).”.

(4) After regulation 5 of the Intermediaries Regulations and the Northern Ireland Regulations insert—

“When a client qualifies as small for a tax year

5A. For the purposes of this Part the client qualifies as small for a tax year if the client qualifies as small for that tax year under Sections 60A to 60G of ITEPA 2003(d).”.

(5) In regulation 6 of the Intermediaries Regulations and the Northern Ireland Regulations—

(a) in paragraph (1) after sub-paragraph (aa) insert—

“(ab) the client qualifies as small for a tax year,”

(b) after paragraph (2A) insert—

“(2B) The condition in paragraph (1)(ab) is to be treated as not being met if the rule in sub-paragraph (a) of regulation 20A(3) applies in relation to the engagement for the tax year concerned.

(2C) The condition in paragraph (1)(ab) is to be ignored if—

(a) the client concerned is an individual, and

(b) the services concerned are performed otherwise than for the purposes of the client’s business.”, and

(a) S.I. 2000/727; amended by S.I. 2017/373.

(b) S.I. 2000/728; amended by S.I. 2017/373.

(c) 2000 c. 36.

(d) “ITEPA 2003” is defined in section 122(1) of the Contributions and Benefits Act as the Income Tax (Earnings and Pensions) Act 2003.

- (c) in paragraph (3) for “Where these Regulations apply” substitute “Where this Part applies”.
- (6) In regulation 9(2) of the Intermediaries Regulations and the Northern Ireland Regulations for “applies” substitute “apply”.
- (7) After regulation 12 of the Intermediaries Regulations and the Northern Ireland Regulations—
 - (a) for the heading “Part 2: Intermediaries – worker’s services provided to public authorities”, substitute “Part 2: Intermediaries – workers’ services provided to public authorities or medium or large clients”, and
 - (b) then insert—

“When a client qualifies as medium or large for a tax year

12A. For the purposes of this Part the client qualifies as medium or large for a tax year if the client does not qualify as small for the tax year for the purposes of Part 1 of these Regulations.”.

- (8) In regulation 13 of the Intermediaries Regulations and the Northern Ireland Regulations—
 - (a) in paragraph (1)—
 - (i) omit sub-paragraph (b),
 - (ii) omit the “and” at the end of sub-paragraph (c), and
 - (iii) after sub-paragraph (c) insert—
 - “(ca) the client—
 - (i) is a public authority, or
 - (ii) qualifies as medium or large for one or more tax years during which the arrangements mentioned in sub-paragraph (c) have effect, and”, and
 - (b) after paragraph (1) insert—
 - “(1A) But regulations 14 to 18 do not apply if—
 - (a) the client is an individual, and
 - (b) the services are provided otherwise than for the purposes of the client’s trade or business.”.
- (9) In regulation 14 of the Intermediaries Regulations and the Northern Ireland Regulations—
 - (a) in paragraph (3)—
 - (i) after “paragraphs (5) to (7)” insert “and (8A)”, and
 - (ii) after “regulations 20” insert “, 20A”,
 - (b) for paragraph (5) substitute—
 - “(5) Unless and until the client gives a status determination statement to the worker in accordance with regulation 14A, paragraphs (3) and (4) have effect as if for any reference to the fee-payer there were substituted a reference to the client; but this is subject to regulation 22.
 - (5A) Paragraphs (6) and (7) apply, subject to regulations 20, 20A and 22, if—
 - (a) the client has given a status determination statement to the worker,
 - (b) the client is not the fee-payer, and
 - (c) the fee-payer is not a qualifying person.”,
 - (c) in paragraph (8) before sub-paragraph (a) insert—
 - “(za) has been given by the person immediately above them in the chain the status determination statement given by the client to the worker,”, and
 - (d) after paragraph (8) insert—

“(8A) If the client is not a public authority, a person is to be treated by paragraph (3) as making a payment of deemed direct earnings to the worker only if the chain payment made by the person is made in a tax year for which the client qualifies as medium or large.”.

(10) After regulation 14 of the Intermediaries Regulations and the Northern Ireland Regulations insert—

“Meaning of status determination statement

14A.—(1) For the purposes of regulation 14 “status determination statement” means a statement by the client that—

- (a) states that the client has concluded that the condition in regulation 13(1)(d) is met in the case of the engagement and explains the reasons for that conclusion, or
- (b) states (albeit incorrectly) that the client has concluded that the condition in regulation 13(1)(d) is not met in the case of the engagement and explains the reasons for that conclusion.

(2) But a statement is not a status determination statement if the client fails to take reasonable care in coming to the conclusion mentioned in it.”.

(11) In regulation 18(2)(d) of the Intermediaries Regulations and the Northern Ireland Regulations, after the second occurrence of “deemed direct earnings”, insert “, whether or not he fulfils the conditions prescribed under section 1(6)(a) of the Contributions and Benefits Act for secondary contributors”.

(12) For regulation 20 of the Intermediaries Regulations and the Northern Ireland Regulations substitute—

“Client-led status disagreement process

20.—(1) This regulation applies if, during the course of an engagement to which this Part applies and before the final chain payment is made, the worker or the deemed employer makes representations to the client that the conclusion mentioned in a status determination statement is incorrect.

(2) The client must either—

- (a) give a statement to the worker or (as the case may be) the deemed employer that—
 - (i) states that the client has considered the representations and has decided that the conclusion mentioned in the status determination statement is correct, and
 - (ii) states the reasons for that decision, or
- (b) give to the worker and the deemed employer a new status determination statement which contains a different conclusion and states that the previous status determination statement is withdrawn.

(3) If the client fails to comply with the duty in paragraph (2) before the end of the period of 45 days beginning with the date the client receives the representations, regulation 14(3) and (4) has effect from the end of that period until the duty is complied with as if for any reference to the fee-payer there were substituted a reference to the client; but this is subject to regulation 22.

(4) A new status determination statement given to the deemed employer under paragraph (2)(b) is to be treated for the purposes of regulation 14(8)(za) as having been given to the deemed employer by the person immediately above the deemed employer in the chain.

(5) In this regulation—

“the deemed employer” means the person who, assuming one of conditions A to C in regulation 14 were met, would be treated as making a payment of deemed direct earnings to the worker under regulation 14(3) on the making of a chain payment;

“status determination statement” has the meaning given by regulation 14A.

Duty for client to withdraw status determination statement if it ceases to be medium or large

20A.—(1) This regulation applies if in the case of an engagement to which this Part applies—

- (a) the client is not a public authority,
- (b) the client gives a status determination statement to the worker, the client’s agent or both, and
- (c) the client does not (but for this regulation) qualify as medium or large for a tax year beginning after the status determination statement is given.

(2) Before the beginning of the tax year the client must give a statement to the relevant person, or (as the case may be) to both of the relevant persons, stating—

- (a) that the client does not qualify as medium or large for the tax year, and
- (b) that the status determination statement is withdrawn with effect from the beginning of the tax year.

(3) If the client fails to comply with that duty the following rules apply in relation to the engagement for the tax year—

- (a) the client is to be treated as medium or large for the tax year, and
- (b) paragraphs (3) and (4) of regulation 14 have effect as if for any reference to the fee-payer there were substituted a reference to the client.

(4) For the purposes of paragraph (2)—

- (a) the worker is a relevant person if the status determination statement was given to the worker, and
- (b) the deemed employer is a relevant person if the status determination statement was given to the client’s agent.

(5) In this regulation—

“client’s agent” means a person with whom the client entered into a contract as part of the arrangements mentioned in regulation 13(1)(c);

“the deemed employer” means the person who, assuming one of conditions A to C in regulation 14 were met, would be treated as making a payment of deemed direct earnings to the worker under regulation 14(3) on the making of a chain payment;

“status determination statement” has the meaning given by regulation 14A.”

(13) In regulation 23(1) of the Intermediaries Regulations and the Northern Ireland Regulations, in sub-paragraphs (b) and (d), after “public authority” in each place it appears, insert “or a client who qualifies as medium or large”.

Amendment of the Social Security (Contributions) Regulations 2001

3.—(1) The Social Security (Contributions) Regulations 2001(a) are amended as follows.

(2) In Schedule 4 after Part 3A (Debts of Managed Service Companies) insert—

“PART 3AA

DEBTS ARISING UNDER PART 2 OF THE SOCIAL SECURITY CONTRIBUTIONS (INTERMEDIARIES) REGULATIONS

(a) SI 2001/1004; amended by S.I. 2017/373.

Recovery from relevant person

29LA.—(1) Where an officer of Revenue and Customs considers there is no realistic prospect of recovery of a relevant contributions debt from the person mentioned in paragraph 29LB(a) within a reasonable period of time, the officer may recover it from a relevant person.

(2) In this Part a “relevant person”, in relation to deemed direct earnings (within the meaning given by regulation 14(3) of the Social Security Contributions (Intermediaries) Regulations 2000 (the “Intermediaries Regulations”)) means—

- (a) the person who is the highest person in the chain identified under regulation 14(1) of the Intermediaries Regulations in determining who is to be treated as making the payment, and
- (b) the person who is the second highest person in that chain in a case where that person is a qualifying person (within the meaning given by regulation 14(8) of the Intermediaries Regulations) at the time the payment is treated as made.

Relevant contributions debt

29LB. In this Part a “relevant contributions debt” is the amount of contributions that—

- (a) is payable by the person treated as making a payment of earnings from an employed earner’s employment to a worker by virtue of regulation 14(3) of the Intermediaries Regulations in consequence of the payment; and
- (b) remains unpaid by the person mentioned in sub-paragraph (a) at the time when an officer of Revenue and Customs considers there is no realistic prospect of recovery of the amount unpaid from that person within a reasonable period of time.

Conditions for recovery of relevant contributions debt

29LC.—(1) No recovery of a relevant contributions debt may be made pursuant to paragraph 29LA(1)—

- (a) if the contributions in question relate to a year commencing before 6th April 2020;
- (b) if the person treated as making the payment of earnings from an employed earner’s employment to a worker giving rise to the relevant contributions debt by virtue of regulation 14(3) of the Intermediaries Regulations is also “the client” described in regulation 13(1)(a) of the Intermediaries Regulations;
- (c) unless a recovery notice is given to the relevant person during the relevant period.

(2) For the purposes of this Part, a “recovery notice” is a notice which complies with paragraph 29LG.

Order in which debts may be recovered

29LD. A relevant contributions debt (or part thereof) may only be recovered from a person described in paragraph (a) of the definition of “relevant person” in paragraph 29LA(2) to the extent that an officer of Revenue and Customs considers there is no realistic prospect of recovery of all or part of it within a reasonable period of time from a person described in paragraph (b) of that definition.

Beginning of relevant period

29LE. The relevant period in relation to a relevant contributions debt begins—

- (a) upon the expiry of 30 days from the day on which the amount of the relevant contributions debt determined in accordance with a decision under section 8(1)(c)

of the Social Security Contributions (Transfer of Functions, etc) Act 1999^(a) became final and conclusive (without full payment of the relevant contributions debt having been made within that 30 day period); or

- (b) when an officer of Revenue and Customs becomes aware that the officer has sufficient information to make a decision under section 8(1)(c) of the Social Security Contributions (Transfer of Functions, etc) Act 1999 in relation to the relevant contributions debt but that it would be impractical to make such a decision on account of the liquidation, dissolution or other incapacity of the person mentioned in paragraph 29LB(a).

End of relevant period

29LF. The relevant period in relation to a relevant contributions debt ends upon the expiry of the period of 24 months beginning with the day on which the period begins.

Contents of recovery notice

29LG.—(1) A recovery notice must contain the following information—

- (a) the name and address of the person to whom the relevant contributions debt relates;
- (b) the amount of the relevant contributions debt;
- (c) the tax periods to which the relevant contributions debt relates;
- (d) if the tax periods to which the relevant contributions debt relates are comprised in more than one year, the apportionment of the relevant contributions debt between those years;
- (e) the date on which the relevant period in relation to the relevant contributions debt began and whether the period began in accordance with paragraph 29LE(a) or (b);
- (f) the relevant person’s name and address; and
- (g) whether the relevant person is a person mentioned in paragraph (a) or (b) of the definition of “relevant person” in paragraph 29LA(2).

(2) The recovery notice must also contain a statement, made by the officer of Revenue and Customs giving the notice, that the officer is of the view that there is no realistic prospect of recovering within a reasonable period the relevant contributions debt—

- (a) from the person treated as making the payment of earnings from an employed earner’s employment to a worker by virtue of regulation 14(3) of the Intermediaries Regulations; and
- (b) in the case of a recovery notice given in accordance with paragraph 29LD, from the person mentioned in paragraph (b) of the definition of “relevant person” in paragraph 29LA.

Payment of relevant contributions debt

29LH.—(1) The relevant person must pay the amount of the relevant contributions debt to HMRC within 30 days beginning on the date on which the notice is given.

(2) Interest accruing on the relevant contributions debt by virtue of section 101 of the Finance Act 2009^(b) after expiry of the period of time mentioned in paragraph (1) shall be treated as chargeable to the relevant person under that section.

(a) 1999 c. 2.
(b) 2009 c. 10.

Appeals

29LI.—(1) A person who is given a recovery notice in relation to a relevant contributions debt may appeal against the notice on one or more of the grounds set out in sub-paragraph (3).

(2) A notice of appeal must—

- (a) be given to HMRC within 30 days beginning with the day the recovery notice is given, and
- (b) specify the grounds of the appeal.

(3) The grounds of appeal are—

- (a) that all or part of the amount specified in the notice in accordance with paragraph 29LG(1)(b) does not relate to a relevant contributions debt;
- (b) that there is a realistic prospect of recovering the relevant contributions debt from the person mentioned in paragraph 29LB(a) within a reasonable period of time;
- (c) that there is a realistic prospect of recovering the relevant contributions debt from the person described in sub-paragraph (b) of the definition of “relevant person” in paragraph 29LA(2) within a reasonable period of time;
- (d) that the person is not a relevant person in respect of the relevant contributions debt;
- (e) that the recovery notice was not given in accordance with 29LC(1)(c); or
- (f) that the recovery notice does not satisfy the requirements specified in paragraph 29LG.

(4) But a person may not appeal on the ground mentioned in sub-paragraph (3)(a) if it has already been determined, on an appeal, that the amount in question is contributions payable by the person treated as making the payment of earnings from an employed earner’s employment to a worker by virtue of regulation 14(3) of the Intermediaries Regulations giving rise to the relevant contributions debt.

(5) Subject to sub-paragraph (6), on an appeal that is notified to the tribunal, the tribunal is to uphold or quash the recovery notice.

(6) In a case where a recovery notice would not be liable to being quashed if the amount specified in accordance with paragraph 29LG(1)(b) had been a lesser amount, the tribunal must determine that amount and the notice shall then be treated for all purposes (except the ground of appeal giving rise to that determination) as if HMRC had determined that amount as the relevant contributions debt specified in the recovery notice giving rise to the appeal.

Withdrawal of recovery notices

29LJ.—(1) A recovery notice is withdrawn if the tribunal quashes it.

(2) An officer of Revenue and Customs may withdraw a recovery notice if the officer considers it appropriate to do so.

(3) If a recovery notice is withdrawn, HMRC must give notice of that fact to the person to whom the notice was given.

Application of Part 6 of TMA

29LK. Part 6 of the Taxes Management Act 1970(a) (collection and recovery) applies as if—

- (a) the amount of the relevant contributions debt were income tax charged on the relevant person;
- (b) the recovery notice were an assessment; and

(a) 1970 c. 9.

(c) the giving of the recovery notice were the matter complained of for the purposes of section 65(3) of that Act.”

Name

Name

Date Two of the Lords Commissioners of Her Majesty’s Treasury

Name

Name

Date Two of the Commissioners for Her Majesty’s Revenue and Customs
The Secretary of State concurs as indicated in the preamble.

Name

Minister of State

Date Department for Work and Pensions

The Department for Communities concurs as indicated in the preamble.

Sealed with the Official Seal of the Department for Communities on



Date A senior officer of the Department for Communities

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make a number of consequential amendments and insert new regulations into the Social Security (Intermediaries) Regulations 2000 (S.I. 2000/727) (“the Intermediaries Regulations”) and the Social Security (Intermediaries) (Northern Ireland) Regulations 2000 (S.I. 2000/728) (“the Northern Ireland Regulations”) to make provision about social security contributions payable in relation to employed earner’s employment where services are provided through an intermediary to public authority clients, small and medium or large clients (each as described in the Regulations). Earnings from workers’ services provided through intermediaries where the client is a medium or large organisation which is not a public authority are treated the same as earnings from workers’ services provided through intermediaries where the client is a public authority. Consequential amendments are also made to the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) (“the Contributions Regulations”). The amendments reflect new provisions to be inserted into the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (“ITEPA 2003”) and the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682).

Regulation 1 brings these Regulations into force on 6th April 2020 and they have effect for deemed direct earnings treated as paid on or after that date, including if they relate to services provided before that date.

Regulation 2 amends regulations 3A, 6, 9, 13, 14 and 18 of, and inserts new regulations 5A, 12A, 14A, 20 and 20A into, the Intermediaries Regulations and the Northern Ireland Regulations respectively as follows—

- Regulation 2(3) amends the scope of the definition of “public authority” in regulation 3A, which applies for the purposes of both Part 1 and Part 2.
- Regulation 2(4) inserts new regulation 5A which defines when a client qualifies as small by reference to sections 60A to 60G of ITEPA 2003, for the purposes of both Part 1 and Part 2.
- Regulation 2(5) amends regulation 6 to apply Part 1 to provision of workers’ services through intermediaries to clients, other than public authorities, who qualify as small. It

also excludes engagements with a client who is an individual and the services are not performed in connection with that individual's trade or business.

- Regulation 2(6) makes a minor correction to regulation 9(2).
- Regulation 2(7) inserts new regulation 12A which defines when a client qualifies as medium or large and updates the heading of Part 2 to reflect its extended application to clients qualifying as medium or large as well as public authorities.
- Regulation 2(8) amends regulation 13 to extend Part 2 to apply to provision of workers' services through intermediaries who qualify as medium or large, in addition to public authorities (of any size). It also inserts new paragraph (1A) which excludes engagements with a client who is an individual and the services are not performed in connection with that individual's trade or business.
- Regulation 2(9) amends regulation 14, including substituting new paragraphs (5) and (5A), which make the client the "deemed employer" until such time that it passes on a status determination statement to the worker and the party the client contracts with. New sub-paragraph (8)(za) is inserted which amends the definition of "qualifying person" and makes the last person in the chain to receive a status determination statement the fee-payer for the purposes of paragraphs (3) and (4). New paragraph (8A) is inserted which only treats a chain payment as deemed direct earnings where the client qualifies as medium or large (not small) for the tax year in which it is made.
- Regulation 2(10) inserts new regulation 14A providing for the meaning of "status determination statement". A status determination statement must state the client's status determination with respect to that engagement and the reasons for reaching that conclusion. If the client fails to take reasonable care in coming to that conclusion, the statement is not a status determination statement.
- Regulation 2(11) amends regulation 18 so that a client who is treated as making a payment of deemed direct earnings shall be treated as the secondary contributor whether or not it fulfils the residence or presence conditions prescribed under section 1(6)(a) of the Contributions and Benefits Act for secondary contributors.
- Regulation 2(12) substitutes regulation 20 for new regulations 20 and 20A. New regulation 20 sets out a client-led status disagreement process under which the worker or deemed employer may, during the course of an engagement to which Part 2 applies and before the final chain payment is made, make representations to the client that the conclusion in the status determination statement is incorrect. The client must give a statement to the worker or deemed employer stating either that the conclusion is correct, giving reasons, or a new status determination statement containing a different conclusion and the reasons and withdrawing the previous status determination statement. Failure to provide a statement or new status determination (and withdrawal of the previous one) within 45 days of receiving the representations applies regulation 14(3) and (4), to make the client the deemed employer until the duty is complied with, but subject to the fraudulent documentation condition in regulation 22. For the purposes of the "qualifying person" definition in new regulation 14(8)(za), a new status determination given to the deemed employer is treated as having been given to the deemed employer by the person immediately above them in the chain.
- Regulation 2(13) makes an amendment to regulation 23(1) on prevention of double liability to National Insurance contributions in consequence of Part 2 now applying to clients who qualify as medium and large, in addition to public authorities.

Regulation 3 inserts new Part 3AA into Schedule 4 to the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) to deal with National Insurance contributions debts arising under Part 2 of the Intermediaries Regulations and the Northern Ireland Regulations.

- New paragraph 29LA enables an officer of Revenue and Customs to recover a "relevant contributions debt" from a relevant person where the officer considers there is no realistic prospect of recovery within a reasonable period from the person liable for the debt by virtue of Part 2 of the Intermediaries Regulations.

- New paragraph 29LB outlines what amounts to a relevant contributions debt.
- New paragraph 29LC sets out the conditions for recovery of a relevant contributions debt which includes the giving of a recovery notice to a relevant person. New paragraph 29LD specifies the order in which debts may be pursued from relevant persons.
- New paragraphs 29LE and 29LF outline the beginning and end of the “relevant period” during which a recovery notice may be given.
- New paragraph 29LG specifies the contents of the recovery notice. New paragraph 29LH contains provision relating to payment.
- New paragraph 29LI deals with appeals, new paragraph 29LJ with the withdrawal of recovery notices and new paragraph 29LK with the application of Part 6 of the Taxes Management Act 1970.

DRAFT