

2016 No. 0000

SOCIAL SECURITY

**The Social Security (Contributions) (Amendment No.X)
Regulations 2016**

<i>Made</i> - - - -	***
<i>Laid before Parliament</i>	***
<i>Coming into force</i> - -	<i>6th April 2016</i>

These Regulations are made by the Treasury and the Commissioners for Her Majesty's Revenue and Customs with the concurrence of the Secretary of State and the Department for Social Development(a) in relation to regulations [3 and 10].

The powers exercised by the Treasury are those conferred by sections 3(2), 5(4), 19(1) and (2) and 175(3) and (4) of, and paragraphs 7B(1) and (2) and 8(1) of Schedule 1 to, the Social Security Contributions and Benefits Act 1992(b) and sections 3(2), 5(4), 19(1) and (2) and 171(3) and (4) of, and paragraphs 7B(1) and (2) and 8(1) of Schedule 1 to, the Social Security Contributions and Benefits (Northern Ireland) Act 1992(c).

The powers exercised by the Commissioners for Her Majesty's Revenue and Customs are those conferred by paragraphs 3(3), 4(a) and 6(1) of Schedule 1 to the Social Security Contributions and

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- (a) The functions of the Department of Health and Social Services for Northern Ireland under the Social Security Contributions and Benefits (Northern Ireland) Act 1992 were transferred to the Department for Social Development by Article 8(b) of, and Part 2 of Schedule 6 to, the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (S.R. (NI) 1999 No 481).
- (b) 1992 c. 4; section 3(2) was amended by paragraph 3 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) ("the Transfer Act"). Section 5 was substituted by paragraph 1 of Schedule 9 to the Welfare Reform and Pensions Act 1999 ("the 1999 Act"). Section 19(1) was amended by paragraph 5 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19) ("the 2002 Act"). Section 175(4) was amended by paragraph 29 of Schedule 3 to the Transfer Act. Paragraph 7B(1) and (2) was inserted by section 57 of the Social Security Act 1998 (c. 14) ("the 1998 Act") and amended by paragraph 38 of Schedule 3, paragraph 7 of Schedule 9 and Schedule 10 to the Transfer Act, section 76 of the Child Support, Pensions and Social Security Act 2000 (c. 19) ("the 2000 Act") and paragraph 185 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) ("ITEPA"). Paragraph 8(1) was amended by paragraph 14 of Schedule 5 to the Pensions Act 1995 (c. 26), the Social Security Administration (Fraud) Act 1997 (c. 47), paragraph 77 of Schedule 7 to the 1998 Act, paragraph 39 of Schedule 3 to the Transfer Act, sections 74 and 77 and Schedule 9 to the 2000 Act, section 7 of the National Insurance Contributions Act 2014 (c. 7) ("the 2014 Act") and paragraph 9 of Schedule 1 to the National Insurance Contributions Act 2015 (c. 5).
- (c) 1992 c. 7; section 3(2) was amended by paragraph 4 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671) ("the 1999 Order"). Section 5 was substituted by paragraph 1 of Schedule 10 to the 1999 Act. Section 19(1) was amended by paragraph 24 of Schedule 1 to the 2002 Act. Paragraph 7B(1) and (2) was inserted by Article 54 of the Social Security (Northern Ireland) Order 1998 (S.I. 1998/1506 (NI 10)) ("the 1998 Order") and amended by paragraph 37 of Schedule 3 and paragraph 5 of Schedule 8 to the 1999 Order, section 80 of the 2000 Act and paragraph 204 of Schedule 6 to ITEPA. Paragraph 8(1) was amended by paragraph 11 of Schedule 3 to the Pensions (Northern Ireland) Order 1995 (S.I. 1995/3213 (NI 22)), the Social Security Administration (Fraud) (Northern Ireland) Order 1997 (S.I. 1997/1182 (NI 11)), paragraph 58 of Schedule 6 to the 1998 Order, paragraph 38 of Schedule 3 to the 1999 Order, sections 78 and 81 and Schedule 9 to the 2000 Act and section 7 of the 2014 Act.

Benefits Act 1992(a) and paragraphs 3(3), 4(a) and 6(1) of Schedule 1 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992(b) and now exercisable by them(c).

PART 1

Amendment of the Social Security (Contributions) Regulations 2001

Amendment of the Social Security (Contributions) Regulations 2001

1. The Social Security (Contributions) Regulations 2001(d) are amended as follows.
2. In regulation 1(2) (interpretation), omit the following definitions—
 - (a) “contracted-out employment”;
 - (b) “contracted-out rate”;
 - (c) “COSRS employment”;
 - (d) “non-contracted-out employment”;
 - (e) “non-contracted out rate”;
 - (f) “normal rate”; and
 - (g) “the Pensions Act”(e).
3. In regulation 6 (earnings period for earnings to be aggregated etc), for paragraph (3) substitute—

“(3) In this regulation “the designated earnings period” means the shorter, or as the case may be the shortest, of the earnings periods in respect of earnings derived from such employments.”.
4. In regulation 11 (prescribed equivalents)—
 - (a) in paragraph (1)—
 - (i) in sub-paragraph (a), at the end insert “and”;
 - (ii) in sub-paragraph (aa), for “; and” substitute “,”; and
 - (iii) omit sub-paragraph (b);
 - (b) omit paragraph (1A);
 - (c) in paragraph (2)—
 - (i) omit “and the upper accrual point”;
 - (ii) in sub-paragraph (a)—

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- (a) Paragraph 3(3) was amended by section 55 of the 1998 Act and section 1 of the National Insurance Contributions and Statutory Payments Act 2004 (c. 3) (“the 2004 Act”). Paragraph 4(a) was amended by paragraph 34 of Schedule 3 to the Transfer Act, so that the power to make regulations became exercisable by the Inland Revenue, and by paragraph 16 of Schedule 1 to the Transfer Act. Paragraph 6(1) was amended by paragraph 35 of Schedule 3 to the Transfer Act, so that the power to make regulations became exercisable by the Inland Revenue, and by paragraph 77 of Schedule 7 to the 1998 Act and paragraph 185 of Schedule 6 to ITEPA.
 - (b) Paragraph 3(3) was amended by Article 52 of the 1998 Order and section 2 of the 2004 Act. Paragraph 4(a) was amended by paragraph 33 of Schedule 3 to the 1999 Order, so that the power to make regulations became exercisable by the Inland Revenue, and by paragraph 19 of Schedule 1 to the 1999 Order. Paragraph 6(1) was amended by paragraph 34 of Schedule 3 to the 1999 Order, so that the power to make regulations became exercisable by the Inland Revenue, and by paragraph 58 of Schedule 6 to the 1998 Order and paragraph 204 of Schedule 6 to ITEPA.
 - (c) The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Her Majesty’s Revenue and Customs by section 5(2) of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50(1) of that Act provides that a reference in an enactment, however expressed, to the Commissioners of Inland Revenue is to be treated as a reference to the Commissioners for Her Majesty’s Revenue and Customs.
 - (d) S.I. 2001/1004; relevantly amended by S.I. 2002/2366, 2003/193, 2003/964, 2004/770, 2004/2246, 2007/1056, 2009/111, 2010/646, 2012/573, 2012/817, 2012/821, 2013/622, 2013/1907 and 2015/478. There are other amending instruments but none are relevant.
 - (e) c. 48.

- (aa) for “amounts” substitute “amount”; and
 - (bb) omit “or the upper accrual point (“the weekly limits”);
 - (iii) in sub-paragraph (b)—
 - (aa) for “amounts” substitute “amount”; and
 - (bb) for “each of the weekly limits” substitute “the lower earnings limit”;
 - (iv) in sub-paragraph (c)—
 - (aa) for “amounts” substitute “amount”;
 - (bb) for “each of the weekly limits” substitute “the lower earnings limit”; and
 - (cc) for “each result” substitute “the result”; and
 - (v) in sub-paragraph (d)—
 - (aa) for “amounts” substitute “amount”;
 - (bb) for “each of the weekly limits” substitute “the lower earnings limit”; and
 - (cc) for “each result” substitute “the result”; and
 - (d) omit paragraph (6).
- 5.** In regulation 12 (calculation of earnings-related contributions), for paragraph (1) substitute—
- “(1) Subject to paragraphs (3) and (4), primary and secondary Class 1 contributions under section 6 of the Act (liability for Class 1 contributions) shall be calculated to the nearest penny and any amount of a halfpenny or less shall be disregarded.”.
- 6.** In regulation 21 (annual maxima for those with more than one employment), for paragraph (3) substitute—
- “(3) For the purpose only of determining the extent of the earner’s liability for contributions under paragraph (2), the amount of a primary Class 1 contribution which is paid at a rate less than 12 per cent because the earner is a married woman who has made an election to pay contributions at the reduced rate as mentioned in regulation 127, shall be treated as equal to the amount of the primary Class 1 contribution which would be payable if the election had not been made.”.
- 7.** In regulation 52A (return of contributions paid in excess of maxima prescribed in regulation 21)—
- (a) in paragraph (3), for “payment of contributions” substitute “contributions actually paid by the earner”;
 - (b) in paragraph (5)(c), for “;” substitute “.”;
 - (c) omit paragraphs (5)(d) and (e); and
 - (d) omit paragraphs (6) to (8).
- 8.** Omit regulation 54 (return of Class 1 contributions paid at the non-contracted out rate instead of at the contracted-out rate).
- 9.** In regulation 100 (annual maximum of Class 4 contributions due under section 15 of the Act), for paragraph (4) substitute—
- “(4) For the purpose only of determining the extent of the earner’s liability for contributions under paragraph (3), the amount of a primary Class 1 contribution which would otherwise be payable at the main primary percentage but which is paid at a rate less than 12 per cent because the earner is a married woman who has made an election to pay contributions at the reduced rate as mentioned in regulation 127, shall be treated as equal to the amount of the primary Class 1 contribution payable at the main primary percentage, which would be so payable if the election had not been made.”.
- 10.** In regulation 120 (earnings periods for mariners and apportionment of earnings), for paragraph (2)(b) substitute—

“(b) a change in one or more of the following figures applicable in respect of the mariner’s employment—

- (i) the main primary percentage or the additional primary percentage for a primary Class 1 contribution specified in section 8(2) of the Act or the percentage rate for a secondary Class 1 contribution specified in section 9(2) of the Act,
- (ii) the amount by which the percentage rate of a secondary Class 1 contribution is reduced in accordance with regulation 119(1),
- (iii) the lower or upper earnings limit for primary Class 1 contributions specified in section 5(1) of the Act.”.

11. In regulation 155A(2) (decisions taken by officers of the Inland Revenue etc), omit sub-paragraph (f).

12. In Schedule 4 (provisions derived from the Income Tax Acts etc)—

- (a) in paragraph 7 (calculation of deduction)—
 - (i) omit sub-paragraph (4)(c); and
 - (ii) in sub-paragraph (13)(b)—
 - (aa) for sub-paragraph (iii) substitute—

“(iii) earnings which exceed the current primary threshold but do not exceed the current upper earnings limit;”;
 - (bb) omit sub-paragraph (iiia); and
 - (cc) omit the words from “The amounts to be recorded under sub-paragraphs (iv) and (v)” to the end;
- (b) in paragraph 9(1) (certificate of contributions paid)—
 - (i) in sub-paragraph (b), omit the words from “, other than earnings from non-contracted-out employment” to the end;
 - (ii) for sub-paragraph (c) substitute—

“(c) the amount of any earnings in respect of which primary Class 1 contributions were payable which exceed the current primary threshold but do not exceed the current upper earnings limit;”;
 - (iii) omit sub-paragraph (ca);
- (c) in paragraph 12 (payment of earnings-related contributions by employer (further provisions)), for sub-paragraph (3) substitute—

“(3) Sub-paragraph (2) applies only if—

 - (a) the over-deduction occurred by reason of an error by the employer in good faith; or
 - (b) a refund has been made under regulation 2 of the Social Security (Refunds) (Repayment of Contractual Maternity Pay) Regulations 1990(a).”;
- (d) in paragraph 22 (return by employer at end of year)—
 - (i) in sub-paragraph (1)(c)(i), for “to (iiia)” substitute “to (iii)”;
 - (ii) omit sub-paragraph (2)(c); and
 - (iii) in sub-paragraph (2B)—
 - (aa) in sub-paragraph (e), for “;” substitute “.”; and
 - (bb) omit sub-paragraph (f); and
- (e) in paragraph 24(2) (special return by employer at end of voyage period)—
 - (i) in sub-paragraph (e), at the end insert “and”;

(a) S.I. 1990/536

- (ii) for sub-paragraph (f) substitute—
“f) the total amount of any earnings in respect of which primary Class 1 contributions were payable.”;
- (iii) omit sub-paragraph (g).

13. In Schedule 4A (real time returns)—

- (i) in paragraph 7, for “to (iia)” substitute “to (ii)”;
- (ii) omit paragraph 12.

PART 2

Miscellaneous provisions

Savings provisions

14.—(1) Nothing in Part [1] affects the operation of the Social Security (Contributions) Regulations 2001 in relation to rights or obligations arising in connection with tax years beginning before 6 April 2016.

(2) For the purposes of paragraph (1), references to repealed provisions of the Pension Schemes Act 1993 are to be read as though such provisions were still in force.

Name

Name

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

Name

Name

Date Two of the Commissioners of Her Majesty’s Revenue and Customs

The Secretary of State concurs.
Signed by authority of the Secretary of State for Work and Pensions

Name

Minister of State

Date Department for Work and Pensions

The Department for Social Development concurs.
Sealed with the Official Seal of the Department for Social Development on *** 2016



Name

Date A senior officer of the Department for Social Development

EXPLANATORY NOTE

(This note is not part of the Regulations)

The [Contributions Regulations] make provision for employees in contracted-out employment to pay Class 1 National Insurance Contributions at a reduced rate, as provided for in the Pension Schemes Act 1993 (c. 48). The Pensions Act 2014 (c. 9) abolished contracted-out employment with effect from 6 April 2016. Parts 1 and 2 of these Regulations therefore make consequential amendments to the 2001 Regulations to reflect that abolition, subject to a savings provision in relation to rights and obligations arising in connection with taxyears prior to 6 April 2016.