

## Overview for Draft HMRC Arrangements required for Clause 4 of the National Insurance Contributions (NICs) Bill

Clause 4 requires HMRC to make arrangements detailing how persons (employers) qualifying for the Employment Allowance may receive it from 6<sup>th</sup> April 2014.

HMRC's Arrangements provide that persons qualifying for the Employment Allowance may make deductions against their qualifying payments (secondary Class 1 contributions, which are not excluded liabilities under clause 2) on a single Pay As You Earn (PAYE) scheme during the tax year.

The Arrangements set out how persons should provide notice to HMRC of their intention to claim the Employment Allowance by providing details of the PAYE scheme from which they want to deduct the Employment Allowance. In addition, they specify how a person may change their notice for a second or subsequent tax year. They also set out what a person must do if having claimed the Employment Allowance they discover in the tax year that they do not qualify for an Employment Allowance.

HMRC invite observations on the Draft Employment Allowance Arrangements and these may be e-mailed to [joanne.collings@hmrc.gsi.gov.uk](mailto:joanne.collings@hmrc.gsi.gov.uk) or [ativie.edebiri@hmrc.gsi.gov.uk](mailto:ativie.edebiri@hmrc.gsi.gov.uk).

## Overview for Regulations required for Clause 11 of the National Insurance Contributions Bill

Clause 11 provides a regulation making power that can be used to introduce a certification scheme for workers on the UK continental shelf where someone other than the secondary contributor discharges the National Insurance liability on their behalf. These draft regulations are intended to come into force from 6 April 2014. Mirroring provisions with regards to who has to operate PAYE in respect of these workers and a similar certification scheme for PAYE are intended to be enacted through Finance Bill 2014 and is also intended to come into force from 6 April 2014.

The draft regulations also included other changes necessary to deliver the overall offshore intermediary policy.

### **Proposed Changes to the Social Security (Categorisation of Earners) Regulation 1978**

The draft regulations propose amendments to the existing Social Security (Categorisation of Earners) regulations 1978 and the Social Security (Categorisation of Earners) (Northern Ireland) Regulations 1978. These changes are made under existing powers. The amendments will ensure that where a worker is employed by an offshore company or engaged through a third party, such as an employment business and is working in the UK, there is a secondary contributor in the UK. They also specify that where workers are placed with end clients via UK agencies that it is the UK agency that is the secondary contributor. Where the end client contracts directly with an offshore employer or agency then the regulations make the end client the secondary contributor. The regulations apply where there is control, direction or supervision as to the manner the duties are carried out or the right of control direction or supervision.

## **Proposed Changes to the Social Security (Contributions) Regulations 2001**

The draft regulations prescribe the secondary contributor for oil and gas workers working on offshore installations on the UK continental shelf; ensuring workers doing similar jobs have the same National Insurance treatment Where they are employed by an employer who is located outside the UK then any associate company of the offshore employer is the secondary contributor for NICs purposes. Where there is no such associated company the regulations make the licensee of the oil field the secondary contributor. This part of the draft regulations is made under existing powers.

When the licensee of the oil field is the secondary contributor then the offshore employer is able to apply to HMRC for a certificate. If the offshore employer is making all relevant National Insurance payments in respect of the workers they are placing on the oil field then HMRC can issue a certificate to both the employer and the oil field licensee. Whilst the certificate is in place the licensee cannot be pursued for any underpayments of NICs. The certificate can be withdrawn by HMRC if the offshore employer fails to comply with its obligations under the regulations. Once the certificate has been withdrawn the licensee is responsible for making all future National Insurance payments in respect of that worker.

If an offshore company has had a certificate withdrawn then they are not eligible to apply for any future certificates. Associated companies of the offshore employer are also not eligible to apply for another certificate if one has been withdrawn in the past.

Comments on these draft regulations can be emailed to [sarah.radford@hmrc.gsi.gov.uk](mailto:sarah.radford@hmrc.gsi.gov.uk)