

Overview for Regulations required for Clause 14 of the National Insurance Bill

Proposed changes to The Social Security (Contributions) Regulations 2001

The draft regulations should be read alongside the legislation at new 863D ITTOIA –Alternative Investment Fund Managers: Deferred Remuneration etc - published on 5 December.

The draft regulations apply to a partner in an AIFM firm An AIFM firm is one defined in section 863D to 863H ITTOIA.

The regulations address a specific issue relating to deferred profits earned by partners in AIFM firms. Related tax legislation is to be introduced in Finance Bill 2014. Where 863D applies and an AIFM firm has made an election for the special provisions to apply a partner in the firm may allocate profits to the firm. Those allocated profits may subsequently be vested in the individual partner (see 863F). These regulations provide that no Class 4 National Insurance Contributions will be charged on the allocation of the profits to the firm. Class 4 contributions will be charged when the allocated profit is vested in the individual partner.

Comments on these drafts regulations can be emailed to adrian.dixon@hmrc.gsi.gov.uk