

1 Zero-rate secondary Class 1 contributions for armed forces veterans [j001]

- (1) Schedule {j001sch} makes provision about zero-rate secondary Class 1 contributions for armed forces veterans.
- (2) In that Schedule –
 - (a) Part 1 inserts provisions into Part 1 of the Social Security Contributions and Benefits Act 1992,
 - (b) Part 2 inserts provisions into Part 1 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992, and
 - (c) Part 3 contains minor and consequential amendments.
- (3) The amendments made by Schedule {j001sch} have effect for the purposes of the operation of section 6(1)(b) of the Social Security Contributions and Benefits Act 1992 or (as the case requires) the Social Security Contributions and Benefits (Northern Ireland) Act 1992 for the following tax years –
 - (a) 2021-22;
 - (b) 2022-23;
 - (c) 2023-24.
- (4) The Treasury may by regulations amend subsection (3) so as to add one or more tax years for which any of the amendments made by this section are to have effect.
- (5) Regulations under subsection (4) may make different provision for different purposes.

SCHEDULE 1

Section {j001}

ZERO-RATE FOR SECONDARY CLASS 1 CONTRIBUTIONS FOR ARMED FORCES VETERANS
{j001SCH}

PART 1

THE SOCIAL SECURITY CONTRIBUTIONS AND BENEFITS ACT 1992

1 Part 1 of the Social Security Contributions and Benefits Act 1992
(contributions) is amended as follows.

2 In section 9(1A) (calculation of secondary Class 1 contributions), after
paragraph (aa) insert—

“(ab) if section 9C (zero-rate secondary Class 1 contributions for
armed forces veterans) applies to the earnings, 0%”.

3 After section 9B insert—

“9C Zero-rate secondary Class 1 contributions for armed forces veterans

- (1) Where a secondary Class 1 contribution is payable as mentioned in section 6(1)(b), this section applies to the earnings paid in the tax week, in respect of the employment in question, where—
 - (a) the earner has served for at least one day as a member of the regular forces,
 - (b) the employment is employment in a civilian capacity, and
 - (c) the earnings are paid during the period of one year beginning with the earner’s first day of employment in a civilian capacity since the earner last ceased to be a member of the regular forces.
- (2) For the purposes of subsection (1)(c), it is immaterial if the earner’s first day of employment in a civilian capacity was before the start of the tax year 2021-22.
- (3) But where the earnings paid in the tax week exceed the current upper secondary threshold (or the prescribed equivalent) in relation to earnings to which this section applies—
 - (a) this section does not apply to those earnings so far as they exceed that threshold (or the prescribed equivalent) (“the excess earnings”), and
 - (b) for the purposes of section 9(1), the relevant percentage in respect of the excess earnings is the secondary percentage.
- (4) For the purposes of subsection (3), the current upper secondary threshold (or the prescribed equivalent) in relation to earnings to which this section applies is the amount specified in regulations under section 9D.
- (5) The Treasury may by regulations modify the effect of subsection (3) in a case in which—
 - (a) the earner falls within an age group specified in column 1 of the table in section 9A(3), or
 - (b) the earner is a relevant apprentice for the purposes of section 9B(1).

- (6) For the purposes of this Act a person is still to be regarded as being liable to pay a secondary Class 1 contribution even if the amount of the contribution is £0 because this section applies to the earnings in question.
- (7) In this section –
 “employment in a civilian capacity” means employment other than service as a member of Her Majesty’s forces;
 “the regular forces” means any of the regular naval, military or air forces of the Crown.

9D Upper secondary threshold for earnings to which section 9C applies

- (1) The Treasury may by regulations provide that, in relation to earnings to which section 9C applies, there is to be for every tax year an upper secondary threshold for secondary Class 1 contributions.
- (2) That threshold is to be the amount specified for that year by regulations made by the Treasury.
- (3) Subsections (4) and (5) of section 5 (which confer power to prescribe an equivalent of a secondary threshold in relation to earners paid otherwise than weekly), and subsection (6) of that section as it applies for the purposes of those subsections, apply for the purposes of an upper secondary threshold in relation to earnings to which section 9C applies as they apply for the purposes of a secondary threshold.”

PART 2

THE SOCIAL SECURITY CONTRIBUTIONS AND BENEFITS (NORTHERN IRELAND) ACT 1992

4 Part 1 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (contributions) is amended as follows.

5 In section 9(1A) (calculation of secondary Class 1 contributions), after paragraph (aa) insert –

 “(ab) if section 9C (zero-rate secondary Class 1 contributions for armed forces veterans) applies to the earnings, 0%”.

6 After section 9B insert –

“9C Zero-rate secondary Class 1 contributions for armed forces veterans

- (1) Where a secondary Class 1 contribution is payable as mentioned in section 6(1)(b), this section applies to the earnings paid in the tax week, in respect of the employment in question, where –
- (a) the earner has served for at least one day as a member of the regular forces,
 - (b) the employment is employment in a civilian capacity, and
 - (c) the earnings are paid during the period of one year beginning with the earner’s first day of employment in a civilian capacity since the earner last ceased to be a member of the regular forces.

- (2) For the purposes of subsection (1)(c), it is immaterial if the earner's first day of employment in a civilian capacity was before the start of the tax year 2021-22.
- (3) But where the earnings paid in the tax week exceed the current upper secondary threshold (or the prescribed equivalent) in relation to earnings to which this section applies –
 - (a) this section does not apply to those earnings so far as they exceed that threshold (or the prescribed equivalent) (“the excess earnings”), and
 - (b) for the purposes of section 9(1), the relevant percentage in respect of the excess earnings is the secondary percentage.
- (4) For the purposes of subsection (3), the current upper secondary threshold (or the prescribed equivalent) in relation to earnings to which this section applies is the amount specified in regulations under section 9D.
- (5) The Treasury may by regulations modify the effect of subsection (3) in a case in which –
 - (a) the earner falls within an age group specified in column 1 of the table in section 9A(3), or
 - (b) the earner is a relevant apprentice for the purposes of section 9B(1).
- (6) For the purposes of this Act a person is still to be regarded as being liable to pay a secondary Class 1 contribution even if the amount of the contribution is £0 because this section applies to the earnings in question.
- (7) In this section –
 - “employment in a civilian capacity” means employment other than service as a member of Her Majesty's forces;
 - “the regular forces” means any of the regular naval, military or air forces of the Crown.

9D Upper secondary threshold for earnings to which section 9C applies

- (1) The Treasury may by regulations provide that, in relation to earnings to which section 9C applies, there is to be for every tax year an upper secondary threshold for secondary Class 1 contributions.
- (2) That threshold is to be the amount specified for that year by regulations made by the Treasury.
- (3) Subsections (4) and (5) of section 5 (which confer power to prescribe an equivalent of a secondary threshold in relation to earners paid otherwise than weekly), and subsection (6) of that section as it applies for the purposes of those subsections, apply for the purposes of an upper secondary threshold in relation to earnings to which section 9C applies as they apply for the purposes of a secondary threshold.”

PART 3

MINOR AND CONSEQUENTIAL AMENDMENTS

Social Security Contributions and Benefits Act 1992 c. 4

- 7 In the Social Security Contributions and Benefits Act 1992, in section 176(1)(a) (affirmative procedure for regulations), at the appropriate place insert –
- “section 9C(5);
section 9D(1) or (2);”.

Social Security Contributions and Benefits (Northern Ireland) Act 1992 c. 7

- 8 In the Social Security Contributions and Benefits (Northern Ireland) Act 1992, in section 172(11A) (affirmative procedure for regulations), after “section 9B(4), (8) or (10),” insert “9C(5), 9D(1) or (2),”.

Finance Act 2016 c. 24

- 9 In the Finance Act 2016, in Part 6 (apprenticeship levy), in section 100(6) (references to liability to pay secondary Class 1 contributions), for “and 9B(3)” substitute “, 9B(3) and 9C(6)”.