

SCHEDULES

SCHEDULE 7

MINOR AND CONSEQUENTIAL AMENDMENTS

Social Security Contributions and Benefits Act 1992 (c. 4)

- 56 (1) In subsection (2) of section 1 of the Contributions and Benefits Act (outline of contributory system), for the word “five” there shall be substituted the word “six” and after paragraph (b) there shall be inserted the following paragraph—
- “(bb) Class 1B, payable under section 10A below by persons who are accountable to the Inland Revenue in respect of income tax on emoluments in accordance with a PAYE settlement agreement.”
- (2) In subsection (4)(a) of that section after “1A,” there shall be inserted “1B,”.
- (3) In subsection (6) of that section, after the words “Class 1A”, in both places where they occur, there shall be inserted the words “, Class 1B”.
- 57 After subsection (2) of section 6 of that Act (liability for Class 1 contributions) there shall be inserted the following subsection—
- “(2A) No primary or secondary Class 1 contribution shall be payable in respect of earnings if a Class 1B contribution is payable in respect of them.”
- 58 (1) In subsection (5) of section 10 of that Act (Class 1A contributions), for the words from “for secondary” to “earnings bracket” there shall be substituted the words “specified as the secondary percentage in section 9(2) above”.
- (2) After subsection (8) of that section there shall be inserted the following subsection—
- “(8A) No Class 1A contribution shall be payable in respect of the making available of a car, or the provision of fuel, if a Class 1B contribution is payable in respect of it.”
- 59 After subsection (3) of section 14 of that Act (restriction on right to pay Class 3 contributions) there shall be inserted the following subsection—
- “(4) Where primary Class 1 contributions have been paid or treated as paid on any part of a person’s earnings, subsection (1)(a) above shall have effect as if such contributions had been paid or treated as paid on so much of those earnings as did not exceed the upper earnings limit.”
- 60 After subsection (5) of section 21 of that Act (contribution conditions) there shall be inserted the following subsection—
- “(5A) Where primary Class 1 contributions have been paid or treated as paid on any part of a person’s earnings, the following provisions, namely—
- (a) subsection (5)(c) above;
 - (b) sections 22(1)(a) and (3)(a), 23(3)(a), 24(2)(a), 44(6)(a) and 45A(1)(a) below; and

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- (c) paragraphs 2(4)(a) and (5)(a), 4(2)(a), 5(2)(b) and (4)(a) and 7(4)(a) of Schedule 3 to this Act,
shall have effect as if such contributions had been paid or treated as paid on so much of the earnings as did not exceed the upper earnings limit.”
- 61 In subsection (4) of section 22 of that Act (earnings factors), for the words “upon which” there shall be substituted the words “in respect of which”.
- 62 In subsection (2) of section 54 of that Act (Category A and Category B retirement pensions: supplemental provisions), for the words “Part II of the Administration Act” there shall be substituted the words “Chapter II of Part I of the Social Security Act 1998”.
- 63 In subsection (5)(c) of section 95 of that Act (relevant employments), after the words “the Administration Act” there shall be inserted the words “, or Chapter II of Part I of the Social Security Act 1998,”.
- 64 In subsection (1)(b) of section 97 of that Act (accidents in the course of illegal employments), for the words “section 44 of the Administration Act” there shall be substituted the words “section 29 of the Social Security Act 1998”.
- 65 In subsection (2) of section 109 of that Act (general provisions relating to benefit under section 108)—
- (a) in paragraph (a), for the words “or the Administration Act” there shall be substituted the words “, the Administration Act or Chapter II of Part I of the Social Security Act 1998”;
 - (b) in paragraph (b), for the words “and that Act” there shall be substituted the words “, that Act and that Chapter”;
 - (c) for the words “the Administration Act”, in the second place where they occur, there shall be substituted the words “that Act and that Chapter”; and
 - (d) after the words “section 1” there shall be inserted the words “of that Act”.
- 66 In subsection (3) of section 113 of that Act (general provisions as to disqualification and suspension), for the words “or the Administration Act” there shall be substituted the words “, the Administration Act or Chapter II of Part I of the Social Security Act 1998”.
- 67 In subsection (2) of section 116 of that Act (Her Majesty’s forces), for the words “provision of Part II of the Administration Act which replaces” there shall be substituted the words “provisions of Chapter II of Part I of the Social Security Act 1998 which correspond to”.
- 68 In subsection (1) of section 117 of that Act (mariners, airmen etc.), for the words “provision of Part II of the Administration Act which replaces” there shall be substituted the words “provisions of Chapter II of Part I of the Social Security Act 1998 which correspond to”.
- 69 In section 119 of that Act (persons outside Great Britain), for the words “provision of Part II of the Administration Act which replaces” there shall be substituted the words “provisions of Chapter II of Part I of the Social Security Act 1998 which correspond to”.
- 70 In subsection (1) of section 120 of that Act (employment at sea: continental shelf operations), for the words “provision of Part II of the Administration Act which replaces” there shall be substituted the words “provisions of Chapter II of Part I of the Social Security Act 1998 which correspond to”.

- 71 In subsection (1) of section 122 of that Act (interpretation of Parts I to VI and supplementary provisions)—
- (a) in the definition of “entitled”, for the words “and 68 of the Administration Act” there shall be substituted the words “of the Administration Act and section 27 of the Social Security Act 1998”;
 - (b) the definitions of “initial primary percentage” and “main primary percentage” shall cease to have effect;
 - (c) for the definitions of “lower earnings limit” and “upper earnings limit” there shall be substituted the following definitions—
 - ““lower earnings limit”, “upper earnings limit” and “earnings threshold” are to be construed in accordance with subsection (1) of section 5 above, and references to the lower or upper earnings limit, or to the earnings threshold, of a tax year are to whatever is (or was) for that year the limit or threshold in force under that subsection;”;
 - (d) after the definition of “Old Cases payments” there shall be inserted the following definition—
 - ““PAYE settlement agreement” has the same meaning as in section 206A of the Income and Corporation Taxes Act 1988;”;
 - (e) in the definition of “primary percentage”, for the words “section 8(1) and (2)” there shall be substituted the words “section 8(2)”.
- 72 (1) For subsection (1) of section 139 of that Act (awards by social fund officers) there shall be substituted the following subsection—
- “(1) Whether a payment mentioned in section 138(1)(b) above is to be awarded, and how much it is to be, shall be determined by an appropriate officer, that is to say, an officer of the Secretary of State who, acting under his authority, is exercising functions of the Secretary of State in relation to payments so mentioned.”
- (2) In subsection (2) of that section, for the words “A social fund officer” there shall be substituted the words “An appropriate officer”.
 - (3) Subsection (3) of that section shall cease to have effect.
 - (4) In subsection (4) of that section, for the words “that is to be repayable” there shall be substituted the words “of a crisis loan or a budgeting loan”.
 - (5) In subsection (5) of that section, for the words “the social fund officer” there shall be substituted the words “the appropriate officer”.
- 73 (1) In subsection (1) of section 140 of that Act (principles of determination), for the words “a social fund officer” there shall be substituted the words “an appropriate officer”.
- (2) In subsection (2) of that section, for the words “A social fund officer” there shall be substituted the words “An appropriate officer”.
 - (3) In subsection (3) of that section, for the words “a social fund officer or group of social fund officers” there shall be substituted the words “an appropriate officer or group of appropriate officers”.
 - (4) In subsection (4) of that section—

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- (a) for the words “a social fund officer”, in each place where they occur, there shall be substituted the words “an appropriate officer”; and
 - (b) for the words “social fund officers” there shall be substituted the words “appropriate officers”.
- (5) In subsection (5) of that section—
- (a) for the words “a social fund officer” there shall be substituted the words “an appropriate officer”; and
 - (b) for the words “the social fund officer nominated for his area under section 64 of the Administration Act” there shall be substituted the words “the appropriate officer nominated for his area under section 36 of the Social Security Act 1998”.
- 74 In subsection (1) of section 163 of that Act (interpretation of Part XI), in the definition of “employer”, after the words “but for” there shall be inserted the words “the condition in”.
- 75 In subsection (1) of section 171 of that Act (interpretation of Part XII), in the definition of “employer”, after the words “but for” there shall be inserted the words “the condition in”.
- 76 In subsection (2) of section 171E of that Act (incapacity for work: disqualification etc.), for the words “Part II of the Administration Act” there shall be substituted the words “Chapter II of Part I of the Social Security Act 1998”.
- 77 (1) In the heading to Schedule 1 to that Act (supplementary provisions relating to contributions of Classes 1, 1A, 2 and 3), after “1A,” there shall be inserted “1B,”.
- (2) For sub-paragraph (2) of paragraph 1 of that Schedule there shall be substituted the following sub-paragraph—
- “(2) Where earnings in respect of employments which include any contracted-out employment and any employment which is not a contracted-out employment are aggregated under sub-paragraph (1) above, then, except as may be provided by regulations—
- (a) if the aggregated earnings exceed the current lower earnings limit, the amount of the primary Class 1 contribution in respect of the aggregated earnings shall be determined in accordance with sub-paragraph (3) below; and
 - (b) if the aggregated earnings exceed the current earnings threshold, the amount of the secondary Class 1 contribution in respect of the aggregated earnings shall be determined in accordance with sub-paragraph (6) below.”
- (3) In sub-paragraph (3) of that paragraph, immediately before the words “does not exceed”, in each place where they occur, there shall be inserted the words “exceeds the current lower earnings limit and”.
- (4) In sub-paragraph (6) of that paragraph—
- (a) in paragraph (a), for the words “the APPS earnings” there shall be substituted the words “such part of the APPS earnings as exceeds the earnings threshold”;
 - (b) in paragraphs (b) and (c), for the words “the part of the aggregated earnings attributable to such service” there shall be substituted the words “such part of

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the aggregated earnings attributable to such service as exceeds the earnings threshold”; and

- (c) in paragraph (d), for the words “the remainder of the aggregated earnings” there shall be substituted the words “such part of the remainder of the aggregated earnings as exceeds the earnings threshold”.

- (5) In sub-paragraph (1) of paragraph 3 of that Schedule, for the words “his own secondary contribution” there shall be substituted the words “any secondary contribution of his own”.

- (6) For paragraph 5 of that Schedule there shall be substituted the following paragraph—

“Class 1A contributions

5 Regulations may—

- (a) make provision for calculating the amount of Class 1A contributions so as to avoid fractional amounts;
- (b) modify section 10 above in relation to cases where a car is made available by reason of two or more employed earner’s employments under different employers.”

- (7) After that paragraph there shall be inserted the following paragraph—

“Class 1B contributions

5A Regulations may make provision for calculating the amount of Class 1B contributions so as to avoid fractional amounts.”

- (8) In sub-paragraph (1) of paragraph 6 of that Schedule, for paragraph (a) there shall be substituted the following paragraph—

- “(a) provide for Class 1, Class 1A, Class 1B or Class 2 contributions to be paid, accounted for and recovered in a similar manner to income tax in relation to which regulations under section 203 of the Income and Corporation Taxes Act 1988 (PAYE) have effect;”

- (9) In sub-paragraph (2) of that paragraph—

- (a) for the words “or Class 1A”, in each place where they occur, there shall be substituted the words “, Class 1A or Class 1B”; and
- (b) in paragraph (b), the words “(being not less than one year after the end of the tax year in respect of which the sums are due)” shall cease to have effect.

- (10) For sub-paragraph (4) of that paragraph there shall be substituted the following paragraph—

“(4) Where—

- (a) a decision relating to contributions falls to be made under section 8, 9, 10, 12, 14 or 15 of the Social Security Act 1998; and
- (b) the decision will affect a person’s liability for, or the amount of, any interest due in respect of those contributions,
- regulations under this paragraph shall not require any such interest to be paid until the decision has been made.”

- (11) After that sub-paragraph there shall be inserted the following sub-paragraph—

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“(4A) Regulations under this paragraph shall not require the payment of interest on a sum due in respect of a Class 1B contribution if a relevant tax appeal has been brought but not finally determined; and “a relevant tax appeal” means an appeal against a determination as to the amount of income tax in respect of which the person liable to pay the Class 1B contribution is accountable in accordance with the relevant PAYE settlement agreement.”

(12) In sub-paragraph (11)(a) of paragraph 7 of that Schedule, for the words “and Class 1A” there shall be substituted the words “, Class 1A and Class 1B”.

(13) For sub-paragraph (12) of that paragraph there shall be substituted the following sub-paragraph—

“(12) A penalty under section 98A of that Act as it applies by virtue of this paragraph shall not be imposed where—

- (a) a decision relating to contributions falls to be made under section 8, 9, 10, 12, 14 or 15 of the Social Security Act 1998, and has not yet been made; and
- (b) the decision will affect a person’s liability for the penalty, or the amount of it.”

(14) In paragraph (b) of sub-paragraph (1) of paragraph 8 of that Schedule, after the words “Class 1A” there shall be inserted the words “or Class 1B”.

(15) After paragraph (i) of that sub-paragraph there shall be inserted the following paragraph—

“(ia) for the repayment, in prescribed cases, of the whole or a prescribed part of a Class 1B contribution;”.

(16) In paragraph (l) of that sub-paragraph—

- (a) in sub-paragraph (i), after the words “Class 1A contributions” there shall be inserted the words “or a Class 1B contribution”;
- (b) in sub-paragraph (ii), after the words “Class 1 contributions” there shall be inserted the words “, a Class 1B contribution”;
- (c) after that sub-paragraph there shall be inserted the following sub-paragraph—
 - “(ia) the whole or part of any payment of a Class 1B contribution to be treated as a payment of secondary Class 1 contributions, Class 1A contributions or Class 2 contributions;”; and
- (d) in sub-paragraph (iii), for the words “or Class 1A contributions” there shall be substituted the words “, Class 1A contributions or a Class 1B contribution