

NATIONAL INSURANCE CONTRIBUTIONS ACT 2008

EXPLANATORY NOTES

BACKGROUND

COMMENTARY ON SECTIONS

Section 1: Amount to be specified as upper earnings limit: Great Britain

21. [Section 1](#) amends sections 5 and 176(1) of the Social Security Contributions and Benefits Act 1992 (“the SSCBA 1992”).
22. The effect of *subsection (1)* of this section is to remove the current restriction that prevents the upper earnings limit from being set by secondary legislation at an amount greater than seven and half times the primary threshold. This will allow the upper earnings limit to be aligned, by secondary legislation, with the higher rate income tax threshold in the future.
23. *Subsection (2)* inserts new paragraph (zb) in section 176(1). This provides that draft regulations which set the upper earnings limit must be laid before Parliament and approved by resolution of both the House of Commons and the House of Lords before the regulations can be made. The purpose of this is to compensate for the removal of the restriction on the exercise of the power currently provided by section 5(3) of the SSCBA 1992. This approach is similar to that for the change made by section 7(5) of the Pensions Act 2007 in respect of the power to set the lower earnings limit once the level of the basic state pension is linked to earnings (the lower earnings limit is the point at which earnings start to count for benefit purposes).
24. *Subsection (3)* provides that the changes made by subsection (1)(b) and (2) have effect in relation to regulations that specify the level of the upper earnings limit for all tax years from 2009-10 onwards.