
STATUTORY INSTRUMENTS

1991 No. 505

SOCIAL SECURITY

The Social Security (Contributions) (Re-rating) Order 1991

Made - - - - *5th March 1991*

Coming into force - - *6th April 1991*

Whereas the Secretary of State for Social Security, as a result of carrying out in the tax year 1990—91 a review of the general level of earnings pursuant to subsections (2) and (3) of section 120 of the Social Security Act 1975⁽¹⁾, has determined that an Order should be made under that section amending Part I of that Act by altering the rates of Class 2 and Class 3 contributions, the amount of earnings below which an earner may be excepted from liability for Class 2 contributions and the lower and upper limits of profits or gains to be taken into account for Class 4 contributions:

And whereas the Secretary of State, with a view to adjusting the level at which the National Insurance Fund stands and having regard to the sums which may be expected to be paid from the Fund in the tax year 1991–1992, has determined that an Order should be made under section 122(1) of that Act⁽²⁾ and, for the purposes of adjusting amounts payable by way of secondary Class 1 contributions, has determined that an Order should be made under section 123A(2) of that Act⁽³⁾ amending section 4(6E) of that Act⁽⁴⁾, by altering the weekly earnings figures and percentage rates therein specified:

And whereas a draft of the following Order was laid before Parliament in accordance with the provisions of sections 120(4), 121(2), 123(1), and 123A(6) of that Act⁽⁵⁾ and approved by resolution of each House of Parliament:

Now, therefore, the Secretary of State for Social Security, in conjunction with the Treasury so far as relates to matters with regard to which the Treasury has so directed⁽⁶⁾, in exercise of powers conferred by sections 120(5) and (6), 121(2), 122(1) and 123A(2) of the said Act and of all other powers enabling him in that behalf, hereby makes the following Order:

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- (1) 1975 c. 14; section 120(2) was amended by the Social Security Pensions Act 1975 (c. 60), Schedule 4, paragraph 50(b), and see paragraph 50(a).
- (2) Section 122(1) was amended by the Social Security Act 1985 (c. 53), Schedule 5, paragraph 9(a) and by the Social Security Act 1989 (c. 24), section 1(3).
- (3) Section 123A was inserted by section 7(5) of the Social Security Act 1985 and amended by section 74(1) and (2) of the Social Security Act 1986 (c. 50), by section 1(6) and (7) of the Social Security Act 1989 and by Schedule 6, paragraph 1(2)(c) to the Social Security Act 1990 (c. 27).
- (4) Section 4(6E) was inserted by section 7(2) of the Social Security Act 1985; the relevant instrument amending section 4(6E) is S.I.1990/321.
- (5) Section 123 was amended by Schedule 6, paragraph 1(2)(b) to the Social Security Act 1990.
- (6) See section 166(5) of the Social Security Act 1975.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating) Order 1991 and shall come into force on 6th April 1991.

(2) In this Order “the Act” means the Social Security Act 1975.

Weekly earnings figures and appropriate percentage rates for secondary earnings brackets

2.—(1) Section 4 of the Act (incidence of Class 1 contributions) shall be amended in accordance with the provisions of this article.

(2) In subsection (6E)(7) (secondary earnings brackets)—

- (a) for the figure £79.99 specified in respect of Bracket 1 there shall be substituted the figure £84.99 and for the percentage rate figure 5 there shall be substituted the figure 4.6;
- (b) for the figures £80.00 and £124.99 specified in respect of Bracket 2 there shall be substituted respectively the figures £85.00 and £129.99 and for the percentage rate figure 7 there shall be substituted the figure 6.6;
- (c) for the figures £125.00 and £174.99 specified in respect of Bracket 3 there shall be substituted respectively the figures £130.00 and £184.99 and for the percentage rate figure 9 there shall be substituted the figure 8.6;
- (d) for the figure £175.00 specified in respect of Bracket 4 there shall be substituted the figure £185.00 and for the percentage rate figure 10.45 there shall be substituted the figure 10.4.

Rate of, and small earnings exception from, Class 2 contributions

3. In section 7 of the Act (Class 2 contributions)—

- (a) in subsection (1) (weekly rate) for the figure £4.55(8) there shall be substituted the figure £5.15;
- (b) in subsection (5) (small earnings exception) for the figure £2,600(9) there shall be substituted the figure £2,900.

Amount of Class 3 contributions

4. In section 8(1) of the Act (amount of Class 3 contributions) for the figure £4.45(10) there shall be substituted the figure £5.05.

Lower and upper limits for Class 4 contributions

5. In sections 9(2) and 10(1) of the Act (Class 4 contributions recoverable under Tax Acts and regulations)—

- (a) for the figure £5,450 (lower limit)(11) wherever it appears there shall be substituted in each of those sections the figure £5,900;
- (b) for the figure £18,200 (upper limit)(12) there shall be substituted in each of those sections the figure £20,280.

(7) See S.I. 1990/321, article 2(2).

(8) See S.I. 1990/321, article 3(a).

(9) See S.I. 1990/321, article 3(b).

(10) See S.I. 1990/321, article 4.

(11) See S.I. 1990/321, article 5(a).

(12) See S.I. 1990/321, article 5(b).

Signed by authority of the Secretary of State for Social Security.

1st March 1991

Nicholas Scott
Minister of State,
Department of Social Security

We Consent,

5th March 1991

Sydney Chapman
Irvine Patnick
Two of the Lords Commissioners of Her
Majesty's Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order reduces the percentage rates appropriate to, and increases the amounts of weekly earnings specified, in the secondary earnings brackets in section 4(6E) of the Social Security Act 1975 (“the Act”) determining the rate at which Class 1 contributions are payable under that Act (article 2). The percentage rates appropriate to the relevant secondary earnings brackets are reduced, in respect of Bracket 1 from 5% to 4.6%, in respect of Bracket 2 from 7% to 6.6%, in respect of Bracket 3 from 9% to 8.6% and in respect of Bracket 4 from 10.45% to 10.4%. The increases in amounts of weekly earnings in respect of Bracket 1 are from £79.99 to £84.99, in respect of Bracket 2 are from £80.00 and £124.99 to £85.00 and £129.99, in respect of Bracket 3 are from £125.00 and £174.99 to £130.00 and £184.99 and in respect of Bracket 4 are from £175.00 to £185.00.

The Order increases the rates of Class 2 and Class 3 contributions payable under the Act from £4.55 to £5.15 and from £4.45 to £5.05 respectively (articles 3(a) and 4). It increases from £2,600 to £2,900 the amount of earnings below which an earner may be excepted from liability for Class 2 contributions (article 3(b)). It also increases, from £5,450 to £5,900 and from £18,200 to £20,280, the lower and upper limits of profits or gains between which Class 4 contributions are payable (article 5).

In accordance with sections 121(1), 123(2) and 123A(6A) of the Act, a copy of the report by the Government Actuary (Cm. 1366), giving his opinion on the likely effect on the National Insurance Fund of the making of the Order in so far as it amends sections 4(6E), 7, 8(1), 9(2) and 10(1) of the Act, was laid before Parliament with a draft of this Order.