
STATUTORY INSTRUMENTS

1998 No. 680

SOCIAL SECURITY

**The Social Security (Contributions)
Amendment (No. 2) Regulations 1998**

<i>Made</i>	- - - -	<i>11th March 1998</i>
<i>Laid before Parliament</i>		<i>16th March 1998</i>
<i>Coming into force</i>	- -	<i>6th April 1998</i>

The Secretary of State for Social Security, in exercise of powers conferred by sections 3(2) and (3), 122(1) and 175(1) to (3) of the Social Security Contributions and Benefits Act 1992⁽¹⁾ and of all other powers enabling her in that behalf, after agreement by the Social Security Advisory Committee that proposals to make regulation 2(2) of these Regulations in so far as it relates to regulation 19(1) (zb) of the Social Security (Contributions) Regulations 1979⁽²⁾ should not be referred to it⁽³⁾, and after reference of the remaining provisions of regulation 2 of these Regulations to that Committee⁽⁴⁾, hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Social Security (Contributions) Amendment (No. 2) Regulations 1998 and shall come into force on 6th April 1998.

Amendment of the Social Security (Contributions) Regulations 1979

2.—(1) Regulation 19 of the Social Security (Contributions) Regulations 1979 (payments to be disregarded) shall be amended in accordance with the following provisions of this regulation.

(2) After paragraph (1)(za)⁽⁵⁾, add—

“(zb) a payment of, or contribution towards, expenses incurred in—

(i) providing an employee with medical treatment outside the United Kingdom (including providing for him to be an in-patient) in a case where the need for the

(1) 1992 c. 4. Section 122(1) is cited because of the meaning ascribed to the word “prescribe”.

(2) S.I. 1979/591; the relevant amending instruments are S.I. 1996/700 and 1997/1045.

(3) See the Social Security Administration Act 1992 (c. 5), section 173(1)(b).

(4) Regulation 2, in so far as it relates to regulation 19(1)(ze) of the Social Security (Contributions) Regulations 1979, was referred to the Social Security Advisory Committee in accordance with section 172(1) of the Social Security Administration Act 1992.

(5) Sub-paragraph (za) was added by regulation 2 of S.I. 1997/1045.

treatment arises while the employee is outside the United Kingdom for the purpose of performing the duties of his employment; or

- (ii) providing insurance for the employee against the cost of such treatment in such a case,

and for the purpose of this sub-paragraph, “medical treatment” includes all forms of treatment for, and all procedures for diagnosing, any physical or mental ailment, infirmity or defect;

- (zc) a payment of, or contribution towards, expenses reasonably incurred by a person in relation to a change of residence in connection with the commencement of, or an alteration in, his duties of employment or the place where the duties are normally to be performed, where—

- (i) that payment or contribution is, by virtue of Schedule 11A to the Income and Corporation Taxes Act 1988 (removal expenses and benefits)⁽⁶⁾, not regarded as an emolument of the employment for any purpose of Case I or Case II of Schedule E;
- (ii) that person commenced performance of the duties, or altered duties, of his employment at the place or altered place of their performance before 6th April 1998; or
- (iii) in relation to the year 1998—1999, that payment or contribution is an emolument for which the employer is accountable to the Board of Inland Revenue in respect of income tax in accordance with a PAYE settlement agreement under Chapter V of Part VI of the Income Tax (Employments) Regulations 1993⁽⁷⁾.”.

- (3) After paragraph (8)⁽⁸⁾, add—

“(9) For the purposes of paragraph (1)(zc) of this regulation—

- (a) Schedule 11A to the Income and Corporation Taxes Act 1988 shall be read as if paragraphs 3(3), 4(3), 6 and 24 thereof had been omitted;
- (b) head (i) shall apply to any payment which, had it not otherwise not been chargeable to income tax under the Income Tax Acts, would not have been regarded as an emolument of the employment by virtue of Schedule 11A to the Income and Corporation Taxes Act 1988;
- (c) a change of residence must result from—
- (i) the employee becoming employed by an employer;
- (ii) an alteration of the duties of the employee’s employment (where his employer remains the same); or
- (iii) an alteration of the place where the employee is normally to perform the duties of his employment (where both his employer and the duties of his employment remain the same);
- (d) a change of residence must be made wholly or mainly to allow the employee to have his residence within a reasonable daily travelling distance of—
- (i) the place where he performs, or is to perform, the duties of his employment (where sub-paragraph (c)(i) of this paragraph applies);
- (ii) the place where he performs, or is to perform, the new duties of his employment (where sub-paragraph (c)(ii) of this paragraph applies); or

⁽⁶⁾ 1988 c. 1. Schedule 11A was inserted by section 76 of, and paragraph 2 of Schedule 5 to, the Finance Act 1993 (c. 34).

⁽⁷⁾ S.I. 1993/744; Chapter V was added by regulation 4 of S.I. 1996/2631.

⁽⁸⁾ Paragraph (8) was added by regulation 3(2) of S.I. 1996/700.

- (iii) the new place where he performs, or is to perform, the duties of his employment (where sub-paragraph (c)(iii) of this paragraph applies);
and any reference in this sub-paragraph to the place where the employee performs, or is to perform, the duties of his employment is to the place where he normally performs, or is normally to perform, those duties;
- (e) the employee's former residence must not be within a reasonable daily travelling distance of the place mentioned in sub-paragraph (d) of this paragraph;
- (f) in a case where head (ii) applies, expenditure incurred in pursuance of a contract or agreement entered into before 6th April 1998 does not, in the case of a contract or agreement varied at any time on or after that date, include so much of the expenditure incurred under that contract or agreement which would not have been incurred, or exceeds the amount of expenditure that would have been reasonably incurred, if that contract or agreement had not been so varied."

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

11th March 1998

John Denham
Parliamentary Under-Secretary of State,
Department of Social Security

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 Regulations)

These Regulations further amend the Social Security (Contributions) Regulations 1979 (“the Contributions Regulations”).

Regulation 2(2) amends regulation 19(1) of the Contributions Regulations (payments to be disregarded) by adding two new sub paragraphs (zb) and (zc). The first relates to expenses incurred in providing medical treatment or insurance for an employee performing the duties of his employment outside the United Kingdom. The second relates to payments exempt from income tax under Schedule 11A to the Income and Corporation Taxes Act 1988 (removal expenses and benefits), other expenses reasonably incurred in connection with a change of residence and emoluments for which an employer is accountable to the Board of Inland Revenue in respect of income tax in accordance with a PAYE settlement agreement under Chapter V of Part VI of the Income Tax (Employments) Regulations 1993.

Regulation 2(3) adds a new paragraph (9) in that regulation 19 to make incidental provision for the purposes of paragraph (1)(zc).

The Report of the Social Security Advisory Committee dated 6th March 1998 on the proposals referred to them in these Regulations, together with a statement showing the extent to which these Regulations give effect to the recommendations of the Committee, and in so far as they do not give effect to them, the reasons why not, are contained in Command Paper Cm. 3892, published by The Stationery Office Limited.

These Regulations do not impose any costs on business.