
STATUTORY INSTRUMENTS

2001 No. 1004

SOCIAL SECURITY

The Social Security (Contributions) Regulations 2001

Made - - - - *15th March 2001*

Laid before Parliament *15th March 2001*

Coming into force in accordance with regulation 1(1)

The Treasury, with the concurrence of the Secretary of State for Social Security and the Department for Social Development in so far as required⁽¹⁾, in exercise of the powers set out in column (1) of Part I of Schedule 1 to these Regulations and the Commissioners of Inland Revenue, in exercise of the powers set out in column (1) of Part II of that Schedule 1 (in both cases as amended in particular by the provisions set out in column (2) of that Schedule), and of all other powers enabling them in that behalf, for the purpose only of consolidating the Regulations revoked by this instrument⁽²⁾, hereby make the following Regulations—

PART 1

GENERAL

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Social Security (Contributions) Regulations 2001 and shall come into force on 6th April 2001 immediately after—

- (a) the Social Security (Contributions) (Amendment No. 2) Regulations 2001⁽³⁾;
- (b) the Social Security (Contributions) (Amendment No. 2) (Northern Ireland) Regulations 2001⁽⁴⁾;

(1) See sections 3(2) and (5), 4(5) and (6), 116, 117, 118, 119 and 120 of the Social Security Contributions and Benefits Act 1992 (c. 4) (“the Act”) as amended respectively by paragraphs 3, 4, 22, 23, 24, 25 and 26 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) (“the Transfer Act”). The functions of the Department of Health and Social Services for Northern Ireland under the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) and the Social Security Administration (Northern Ireland) Act 1992 (c. 8) were transferred to the Department for Social Development by Article 8(b) of and Part II of Schedule 6 to the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (S.R. 1999 No. 481).

(2) See section 176(2)(b) of the Act.

(3) S.I. 2001/313.

(4) S.I. 2001/314.

- (c) the Social Security (Contributions) (Amendment No. 3) Regulations 2001(5);
- (d) the Social Security (Contributions) (Amendment No. 3) (Northern Ireland) Regulations 2001(6);
- (e) the Social Security (Crediting and Treatment of Contributions, and National Insurance Numbers) Regulations 2001(7); and
- (f) the Social Security (Crediting and Treatment of Contributions, and National Insurance Numbers) Regulations (Northern Ireland) 2001(8).
- (2) In these Regulations, unless the context otherwise requires—
- “the Act” means the Social Security Contributions and Benefits Act 1992(9);
- “the Administration Act” means the Social Security Administration Act 1992(10);
- “aggregation” means the aggregating and treating as a single payment under paragraph 1(1) of Schedule 1 to the Act (Class 1 contributions; more than one employment) of two or more payments or earnings and “aggregated” shall be construed accordingly;
- “apportionment” means the apportioning under paragraph 1(7) of Schedule 1 to the Act to one or more employers of a single payment of earnings made to or for the benefit of an employed earner in respect of two or more employments, or, as the case may be, the apportioning under paragraph 1(8) of that Schedule of contribution liability between two or more employers in respect of earnings which have been aggregated under paragraph 1(1)(b) of that Schedule, and in either case “apportioning” and “apportioned” shall be construed accordingly;
- “the Board” means the Commissioners of Inland Revenue, and subject to section 4A of the Inland Revenue Regulation Act 1890(11), includes any officer or servant of theirs;
- “cash voucher” has the meaning given to it in section 143 of the Taxes Act (cash voucher taxable under PAYE(12));
- “company” means a company within the meaning of section 735 of the Companies Act 1985(13) or a body corporate to which, by virtue of section 718 of that Act, any provision of that Act applies;
- “COMPS employment” means employment in respect of which minimum payments are made to a money purchase pension scheme contracted out under section 9(3) of the Pensions Act(14);
- “conditional interest in shares” means an interest which is conditional for the purposes of sections 140A and 140B of the Taxes Act(15);
- “contracted-out employment” has the same meaning as in section 8(1) of the Pensions Act(16);
- “contracted-out rate” means, in relation to Class 1 contributions payable in respect of earnings paid to or for the benefit of an earner who is in—

(5) S.I. 2001/596.

(6) S.I. 2001/597.

(7) S.I. 2001/769.

(8) S.R. 2001 No. 102.

(9) 1992 c. 4.

(10) 1992 c. 5.

(11) 53 & 53 Vict. c. 21. Section 4A was inserted by paragraph 11(1) and (2) of Schedule 20 to the Finance Act 1969 (c. 32).

(12) Section 143 was amended by section 89(8) to (11) of the Finance Act 1994 (c. 9).

(13) 1985 c. 6. Section 718 was amended by paragraph 9 of Schedule 8 to S.I. 1996/2827.

(14) Section 9(3) was amended by section 136(4) of, and paragraph 24 of Schedule 5 to the Pensions Act 1995 (c. 26) and paragraph 35(3) of Schedule 1 to the Transfer Act.

(15) Sections 140A to 140H were inserted by sections 50 to 53 of the Finance Act 1998 (c. 26).

(16) Section 8(1) was amended by section 136(2) of, and paragraph 21 of Schedule 5 to the Pensions Act 1995 and paragraph 34 of Schedule 1 to the Transfer Act.

(a) COSRS employment, the reduced amount for the time being applying in accordance with section 41(1) to (1B)(17) of the Pensions Act (which specifies the percentage reduction of primary and secondary Class 1 contribution in respect of that part of an employed earner's earnings which exceed the current lower earnings limit, but not the current upper earnings limit, in respect of members of a COSRS);

(b) COMPS employment, the reduced amount for the time being applying in accordance with section 42A(1) to (2A) of the Pensions Act (which specifies the percentage reduction of primary and secondary Class 1 contributions in respect of that part of an employed earner's earnings which exceed the current lower earnings limit, but not the current upper earnings limit, in respect of members of a COMPS)(18);

“contribution week” means a period of seven days beginning with midnight between Saturday and Sunday;

“contribution year” shall be construed in accordance with section 12(1) or (as the case requires) section 13(5) of the Act (late paid Class 2 or Class 3 contributions);

“a contribution-based jobseeker's allowance” has the same meaning as in the Jobseekers Act 1995(19);

“contributory benefit” includes a contribution-based jobseeker's allowance but not an income-based jobseeker's allowance;

“convertible shares” means shares which are convertible within the meaning of section 140D of the Taxes Act;

“COSRS employment” means employment which qualifies an earner for a pension provided by a salary related scheme contracted out under section 9(2) of the Pensions Act(20);

“director” means—

(a) in relation to a company whose affairs are managed by a board of directors or similar body, a member of that board or similar body;

(b) in relation to a company whose affairs are managed by a single director or similar person, that director or person; and

(c) any person in accordance with whose directions or instructions the company's directors as defined in paragraphs (a) and (b) above are accustomed to act; and for this purpose a person is not to be treated as such a person by reason only that the directors act on advice given by him in his professional capacity;

“due date” in Part 6 means in relation to any contribution which a person is—

(a) liable to pay, the date by which payment falls to be made;

(b) entitled but not liable to pay, the date 42 days after the end of the year in respect of which it is paid;

“earnings period” means the period referred to in regulation 2;

“earnings-related contributions” means contributions payable under the Act in respect of earnings paid to or for the benefit of an earner in respect of employed earner's employment;

(17) Section 41(1) was amended by paragraph 127 of Schedule 7 to the Social Security Act 1998 (c. 14). It was further amended by paragraph 6(2), and subsections (1A) and (1B) were substituted by paragraph 6(3) of Part II of Schedule 9 to the Welfare Reform and Pensions Act 1999 (c. 30) (“the Welfare Reform Act”).

(18) Section 42A was inserted by section 137(5) of the Pensions Act 1995. Subsections (1) to (2A) were substituted by paragraph 128 of Schedule 7 to the Social Security Act 1998, and subsections (2) and (2A) were further substituted by paragraph 7(3) of Schedule 9 to the Welfare Reform Act.

(19) 1995 c. 18.

(20) Section 9(2) was substituted by section 136(3) of the Pensions Act 1995.

“electronic communications” includes any communications by means of a telecommunications system (within the meaning of the Telecommunications Act 1984⁽²¹⁾), and a means of electronic communications, or a form of such communication, is approved if it is for the time being approved by the Board;

“an income-based jobseeker’s allowance” has the same meaning as in the Jobseekers Act 1995;

“income tax month” has the meaning given in paragraph 1(2) of Schedule 4;

“month” means an income tax month;

“national insurance number” means the national insurance number allocated within the meaning of regulation 9 of the Social Security (Crediting and Treatment of Contributions, and National Insurance Numbers) Regulations 2001;

“non-cash voucher” has the meaning given in section 141(7) of the Taxes Act;

“non-contracted-out employment” means employed earner’s employment which is not contracted-out employment;

“non-contracted-out rate” means, in relation to Class 1 contributions payable in respect of earnings paid to or for the benefit of an earner in non-contracted-out employment, the primary percentage for the time being specified in section 8(2) of the Act⁽²²⁾;

“normal rate” means the amount of a Class 1 contribution which would be payable in respect of earnings paid to or for the benefit of an employed earner in any week if the employment were not contracted-out employment;

“the Pensions Act” means the Pension Schemes Act 1993⁽²³⁾;

“profits or gains” for the purposes of Part 8 means profits or gains which, subject to the provisions of Schedule 2 to the Act, are chargeable to income tax under Case I or Case II of Schedule D;

“readily convertible asset” has the meaning given in section 203F of the Taxes Act⁽²⁴⁾ but this is subject to paragraph 128(2) of Schedule 8 to the Finance Act 2000 (approved employee share ownership plans: meaning of readily convertible asset)⁽²⁵⁾;

“regular interval” for the purposes of regulations 3, 4 and 7 includes only such interval as is in accordance with an express or implied agreement between the employed earner and the secondary contributor as to the intervals at which payments of earnings normally fall to be made, being intervals of substantially equal length;

“retirement benefits scheme” has the meaning given in section 611 of the Taxes Act⁽²⁶⁾;

“Schedule E” means the Schedule so referred to in the Taxes Act;

“secondary contributor” means the person who, in respect of earnings from employed earner’s employment, is liable to pay a second Class 1 contribution under section 6(4)(b) of the Act (liability for Class 1 contributions)⁽²⁷⁾;

“serving member of the forces” means a person, other than one mentioned in Part 2 of Schedule 6, who, being over the age of 16, is a member of any establishment or organisation specified in Part I of that Schedule (being a member who gives full pay service) but does not include any such person while absent on desertion;

“the Taxes Act” means the Income and Corporation Taxes Act 1988⁽²⁸⁾;

(21) 1984 (c. 12).

(22) Section 8 was substituted by paragraph 4 of Part I of Schedule 9 to the Welfare Reform Act.

(23) 1993 c. 48.

(24) Section 203F was inserted by section 127 of the Finance Act 1994 (c. 9) and amended by section 65 of the Finance Act 1998.

(25) 2000 c. 17.

(26) Section 611 is to be amended from a date to be appointed under section 79 of the Finance Act 1999.

(27) Section 6 was substituted by paragraph 2 of Part I of Schedule 9 to the Welfare Reform Act.

(28) 1988 c. 1.

“training” means full-time training at a course approved by the Board;

“the Transfer Act” means the Social Security Contributions (Transfer of Functions, etc.) Act 1999;

“week” means tax week, except in relation to Case C of Part 9, where “week” and “weekly” have the meanings given in regulation 115;

“the Welfare Reform Act” means the Welfare Reform and Pensions Act 1999⁽²⁹⁾;

“year” means tax year;

“year of assessment” has the meaning given to it in section 832(1) of the Taxes Act;

(3) For the purposes of regulations 52, 57, 67 and 116, references to “contributions”, “Class 1 contributions” and “earnings-related contributions” shall, unless the context otherwise requires, include any amount paid on account of earnings-related contributions in accordance with regulation 8(6).

(4) Where, by any provision of these Regulations—

(a) any notice or other document is required to be given or sent to the Board, that notice or document shall be treated as having been given or sent on the day that it is received by the Board; and

(b) any notice or other document is required to be given or sent by the Board to any person, that notice or document shall, if sent by post to that person’s last known address, be treated as having been given or sent on the day that it was posted.

(5) Unless the context otherwise requires—

(a) any reference in these Regulations to a numbered regulation is a reference to the regulation bearing that number in these Regulations;

(b) any reference in these Regulations to a numbered Part or Schedule is to the Part of, or Schedule to, these Regulations bearing that number;

(c) any reference in a regulation or a Schedule to a numbered paragraph is a reference to the paragraph bearing that number in that regulation or Schedule;

(d) any reference in a paragraph of a regulation or a Schedule to a numbered or lettered sub-paragraph is a reference to the sub-paragraph bearing that number or letter in that paragraph; and

(e) any reference in a sub-paragraph to a numbered head is a reference to the head in that sub-paragraph bearing that number.

PART 2

ASSESSMENT OF EARNINGS RELATED CONTRIBUTIONS

Earnings periods

2. Except where regulation 8 applies, the amount, if any, of earnings-related contributions payable or, where section 6A of the Act⁽³⁰⁾ applies, treated as having been paid, in respect of earnings paid to or for the benefit of an earner in respect of an employed earner’s employment shall, subject to regulations 7 and 12 to 19, be assessed on the amount of such earnings paid, or treated as paid, in the earnings period specified in regulation 3, 4, 5, 6, or 9.

⁽²⁹⁾ 1999 c. 30.

⁽³⁰⁾ Section 6A was inserted by paragraph 3 of Part I of Schedule 9 to the Welfare Reform Act.

Earnings period for earnings normally paid or treated as paid at regular intervals

3.—(1) Where any part of such earnings as are specified in regulation 2 is normally paid or treated under regulation 7 as paid at regular intervals, the earnings period in respect of those earnings shall, subject to paragraphs (2) to (6), be the period—

- (a) the length of which is—
 - (i) in a case where there is one regular interval of 7 days or more, the length of that interval;
 - (ii) in a case where there are regular intervals of different lengths each of which is 7 days or more, the length of the shorter or, as the case may be, shortest interval;
 - (iii) in a case where the regular interval is less than 7 days or where there is more than one such interval, a week;
 - (iv) in a case where there is one or more than one regular interval of 7 days or more and one or more than one regular interval of less than 7 days, a week; or
- (b) which is one of a succession of periods of the same length beginning in the case of the first such period in any year on the first day of that year, and in the case of each subsequent period immediately upon the ending of the period which last precedes it.

(2) Without prejudice to the provisions of paragraph (1)(b), if the Board—

- (a) are satisfied that the greater part of the earnings specified in that paragraph is normally paid at intervals of greater length than the shorter or, as the case may be, shortest; and
- (b) notify the earner and the secondary contributor accordingly,

the length of the longer or, as the case may be, longest interval, shall be, from a date notified by the Board, the length of the earnings period in place of that specified in paragraph (1)(b).

(3) If the length of the earnings period determined in accordance with paragraph (2) is a year, then notwithstanding paragraph (1)(b), where the change in the length of the earnings period takes effect during the course of a year, the length of the earnings period in respect of any earnings in that year which are paid or treated as paid on or after the change shall be the number of weeks remaining in that year commencing with the week in which the change takes effect.

(4) If in any year there is a period between the end of the last earnings period of normal length and the beginning of the next year, the first mentioned period shall itself be treated as an earnings period of normal length.

(5) Where—

- (a) the employment in respect of which the earnings are paid has ended;
- (b) the employment in respect of which the earnings are paid was one in which, during its continuance, earnings were paid or treated under regulation 7 as paid at a regular interval; and
- (c) after the end of the employment, a payment of earnings is made which satisfies either or both of the conditions specified in paragraph (6),

the earnings period in respect of such payment of earnings shall, notwithstanding regulation 7, be the week in which the payment is made.

(6) The conditions referred to in paragraph (5) are that the payment is—

- (a) by way of addition to a payment made before the end of the employment; and
- (b) not in respect of a regular interval.

Earnings period for earnings normally paid otherwise than at regular intervals and not treated as paid at regular intervals

4. Subject to regulation 3(5) or regulation 5, where earnings are paid to or for the benefit of an earner in respect of an employed earner's employment, but no part of those earnings is normally paid or treated under regulation 7 as paid at regular intervals, the earnings period in respect of those earnings shall be a period of one of the following lengths—

- (a) the length of the period of that part of the employment for which the earnings are paid or a week, whichever is the longer; or
- (b) where it is not reasonably practicable to determine that period under paragraph (a)—
 - (i) the length of the period from the date on which the last payment of earnings, before the payment in question, was paid during the employment in respect of the employment (or, if there has been no such payment, from the date on which the employment began) to the date of the payment in question, unless the period so calculated would be of a length less than that of a week, in which case the earnings period shall be a week, or
 - (ii) where the payment is made before the employment begins or after it ends, a week.

Earnings period for sums deemed to be earnings by virtue of regulations made under section 112 of the Act

5. Where any sum or amount is deemed to be earnings by virtue of any regulations made under section 112 of the Act (sums to be earnings for the purposes of Part I to V of the Act)(31)—

- (a) the earnings period in respect of any payment of those earnings shall be the length of the protected period (as referred to in section 189 of the Trade Union and Labour Relations (Consolidation) Act 1992(32)) or, as the case may be, that part of it in respect of which the sum is paid, or a week whichever is the longer;
- (b) contributions paid in respect of such earnings shall, if the employed earner so requests—
 - (i) if the period to which the payment of earnings relates falls wholly in a year other than the year in which they are paid, be treated as paid in respect of the year in which the period to which the payment of earnings relates falls, or
 - (ii) if the period to which the payment of earnings relates falls partly in the year in which they are paid and partly in one or more other years, be treated as paid proportionately in respect of each of the years in which the period to which the payment of earnings relates falls, or
 - (iii) if the period to which the payment of earnings relates falls wholly in two or more years other than the year in which they are paid, be treated as paid proportionately in respect of each of the years in which the period to which the payment of earnings relates falls.

Earnings period for earnings to be aggregated where the earnings periods for those earnings otherwise would be of different lengths

6.—(1) Paragraphs (2) and (3) apply where—

- (a) earnings paid in respect of two or more employed earner's employments fall to be aggregated; and

(31) Section 112 was amended by paragraph 51(4) of Schedule 1 to the Employment Rights Act 1996 (c. 18) and paragraph 21 of Schedule 3 to the Transfer Act.

(32) 1992 c. 52. Section 189(4) was amended by regulation 4(3) of S.I. 1995/2587.

- (b) the earnings periods in respect of those earnings are, by virtue of regulation 3, 4 or 5, of different lengths.
- (2) In a case to which this regulation applies, where (but for its provisions) the earnings period in respect of earnings derived from any of the employments is of a different length from the designated earnings period, the earnings period in respect of any payment of those earnings shall be the designated earnings period.
- (3) In this regulation “the designated earnings period” means—
- (a) where the earnings are derived from employments which include any contracted-out employment and any non-contracted-out employment and the employed earner is a person in respect of whom minimum contributions are paid by the Board in accordance with section 43 of the Pensions Act (payment of minimum contributions to personal pension schemes)(33), the earnings period in respect of earnings which are derived from such non-contracted-out employment or, if there is more than one such employment, the shorter, or as the case may be the shortest, of the earnings periods derived from such employments; or
 - (b) where the earnings are derived from employments which include any contracted-out employment and any non-contracted-out employment and the employed earner is not a person in respect of whom minimum contributions are paid by the Board in accordance with section 43 of the Pensions Act, and—
 - (i) any of the contracted-out employments is COMPS employment, the earnings period in respect of the earnings derived from that COMPS employment or, if there is more than one such employment, the shorter, or as the case may be the shortest, of the earnings periods derived from such employments,
 - (ii) the contracted-out employment is COSRS employment only, the earnings period in respect of the earnings derived from that COSRS employment or, if there is more than one such employment, the shorter, or (as the case may be) the shortest, of the earnings periods derived from such employments, or
 - (c) where the earnings are derived from employments which are contracted-out employment only and—
 - (i) any of the employments is COMPS employment, the earnings period in respect of the earnings derived from that COMPS employment or, if there is more than one such employment, the shorter, or as the case may be the shortest, of the earnings periods derived from such employments,
 - (ii) all of those employments are COSRS employment, the shorter or shortest of the earnings periods derived from such employments, and
 - (d) in any other case, the shorter or shortest of the earnings periods in respect of the earnings derived from the employments.

Treatment of earnings paid otherwise than at regular intervals

7.—(1) Subject to regulation 3(5) and paragraphs (2) and (3), for the purposes of assessing earnings-related contributions—

- (a) if on any occasion a payment of earnings which would normally fall to be made at regular interval is made otherwise than at the regular interval, it shall be treated as if it were a payment made at that regular interval;
- (b) if payments of earnings are made at irregular intervals which secure that one and only one payment is made in each of a succession of periods consisting of the same number of

(33) Section 43 was amended by paragraph 42 of Schedule 5 to the Pensions Act 1995 and paragraph 47 of Schedule 1 to the Transfer Act.

days, weeks or calendar months, those payments shall be treated as if they were payments made at the regular interval of one of those periods of days, weeks or, as the case may be, calendar months;

- (c) if payments of earnings, other than those specified in sub-paragraph (b), are made in respect of regular intervals, but otherwise than at regular intervals, each such payment shall be treated as made at the regular interval in respect of which it is due.

(2) Where under paragraph (1) a payment of earnings is treated as made at a regular interval, it shall for the purposes of assessment under these regulations of earnings-related contributions also be treated as paid—

- (a) in a case falling within paragraph (1)(a), on the date on which it would normally have fallen to be made;
- (b) in any other case, on the last day of the regular interval at which it is treated as paid.

(3) Paragraphs (1) and (2) shall not apply to a payment of earnings made in one year where by virtue of those paragraphs that payment would be treated as made in another year.

(4) Notwithstanding regulation 15, a payment to which paragraph (3) applies (“the relevant payment”) shall not be aggregated with any other earnings unless—

- (a) other earnings to which paragraphs (1) to (2) do not apply by virtue only of paragraph (3) are paid in the earnings period in which the relevant payment falls; and
- (b) those other earnings would have been aggregated with the relevant payment had paragraph (3) not applied.

(5) A relevant payment shall be aggregated only with the other earnings specified in paragraph (4).

Earnings periods for directors

8.—(1) Where a person is, or is appointed, or ceases to be a director of a company during any year the amount, if any, of earnings-related contributions payable in respect of earnings paid to or for the benefit of that person in respect of any employed earner’s employment with that company shall, subject to regulations 12 and 14 to 17, be assessed on the amount of all such earnings paid (whether or not paid weekly) in the earnings periods specified in paragraphs (2) to (5).

(2) Where on one or more than one occasion a person is appointed a director of a company during the course of a year the earnings period in respect of such earnings as are paid in so much of the year as remains in the period commencing with the week in which he is appointed or, as the case may be, first appointed shall be the number of weeks in that period.

(3) Where a person is a director of a company at the beginning of a year the earnings period in respect of such earnings shall be that year, whether or not he remains such a director throughout that year.

(4) Where the earnings paid in respect of two or more employed earner’s employments fall to be aggregated and the earnings periods in respect of those earnings would be of different lengths, then—

- (a) if those periods are determined only by paragraphs (1) to (3); or
- (b) if the length of one or more of those periods is determined by those paragraphs and the length of one or more of the others is determined by any other provision of these Regulations,

the earnings period in respect of all those earnings shall be the period determined by those paragraphs or, where there is more than one such period, the longer or longest period so determined.

(5) Where a person is no longer a director of a company and, in any year after that in which he ceased to be a director of that company, he is paid earnings in respect of any period during which he was such a director, then—

- (a) notwithstanding regulation 15, those earnings shall not be aggregated with any other earnings with which they would otherwise fall to be aggregated; and
 - (b) the earnings period in respect of those earnings shall be the year in which they are paid.
- (6) Without prejudice to the paragraphs (1) to (5), a director and any company employing him may pay on account of any earnings-related contributions that may become payable by them such amounts as would be payable by way of such contributions if those paragraphs did not apply.

Earnings period for statutory maternity pay and statutory sick pay paid by the Board

9.—(1) In this regulation the expression “week”—

- (a) in paragraph (2)(a); and
- (b) in paragraph (2)(b) where it first occurs,

has the same meaning as in section 171(1) of the Act.

(2) If the Board make a payment of statutory maternity pay under regulations made under section 164(9)(b) of the Act (circumstances in which the Board are liable to pay statutory maternity pay)⁽³⁴⁾—

- (a) a payment of statutory maternity pay for any week shall not be aggregated with any other earnings; and
- (b) the earnings period for a payment of statutory maternity pay for any week, shall be a week.

(3) If the Board make a payment of statutory sick pay under regulations made under section 151(6)⁽³⁵⁾ of the Act (circumstances in which the Board are liable to pay statutory sick pay), the earnings period for that payment shall be—

- (a) a period of the same length as the period in respect of which the payment is made, or
- (b) a week,

whichever is the longer.

Earnings limits and thresholds

10. For the purposes of section 5(1) of the Act (earnings limits and thresholds to be specified for each tax year in respect of Class 1 contributions), for the tax year which begins on 6th April 2001—

- (a) the lower earnings limit (for primary Class 1 contributions) shall be £72;
- (b) the upper earnings limit (for primary Class 1 contributions) shall be £575;
- (c) the primary threshold (for primary Class 1 contributions) shall be £87; and
- (d) the secondary threshold (for secondary Class 1 contributions) shall be £87.

Prescribed equivalents

11.—(1) The prescribed equivalents of the lower and upper earnings limits and the primary and secondary thresholds, for the purposes of—

- (a) sections 6(1), 6A(1), 8(1), and 9(1) of the Act (which provide liability for Class 1 contributions, notional payment of primary Class 1 contribution where earnings are not less than the lower earnings limit, the calculation of primary Class 1 contributions and the calculation of secondary Class 1 contributions respectively)⁽³⁶⁾; and

⁽³⁴⁾ Section 164 was amended by paragraph 12 of Schedule 1 to the Transfer Act.

⁽³⁵⁾ Section 151 was amended by paragraph 34 of Schedule 1 to the Social Security (Incapacity for Work) Act 1994 (c. 14) and paragraph 9 of Schedule 1 to the Transfer Act.

⁽³⁶⁾ Sections 6, 8 and 9 were substituted, and section 6A inserted, by paragraphs 2 to 5 of Part I of Schedule 9 to the Welfare Reform Act.

(b) sections 41(1) and 42A(1) of the Pensions Act (reduced rates of Class 1 contributions and rebates⁽³⁷⁾,

shall be determined in accordance with paragraphs (2) to (5).

(2) Subject to paragraphs (4) and (5), the prescribed equivalents of the lower and upper earnings limits shall be—

- (a) where the earnings period is a multiple of a week, the amounts calculated by multiplying the lower and upper earnings limits (“the weekly limits”) by the corresponding multiple;
- (b) where the earnings period is a month, the amounts calculated by multiplying each of the weekly limits by $4\frac{1}{3}$;
- (c) where the earnings period is a multiple of a month, the amounts calculated by multiplying each of the weekly limits by $4\frac{1}{3}$ and multiplying each result by the corresponding multiple;
- (d) in any other case, the amounts calculated by dividing each of the weekly limits by 7 and multiplying each result by the number of days in the earnings period concerned.

(3) Subject to paragraphs (4) and (5), the prescribed equivalents of the primary and secondary thresholds shall be—

- (a) where the earnings period is a month, £378;
- (b) where the earnings period is a year, £4,535;
- (c) where the earnings period is a multiple of a week, the amount calculated by dividing the figure in sub-paragraph (b) by 52 and multiplying the result by the corresponding multiple;
- (d) where the earnings period is a multiple of a month, the amount calculated by dividing the figure in sub-paragraph (b) by 12 and multiplying the result by the corresponding multiple;
- (e) in any other case, the amount calculated by dividing the figure in sub-paragraph (b) by 365 and multiplying the result by the number of days in the earnings period concerned.

(4) The amounts determined in accordance with paragraph (2)(b) and (c) and paragraph (3)(c) and (d) if not whole pounds, shall be rounded up to the next whole pound.

(5) The amounts determined in accordance with paragraph (2)(d) and paragraph (3)(e) shall be calculated to the nearest penny, and any amount of a halfpenny or less shall be disregarded.

Calculation of earnings-related contributions

12.—(1) Subject to paragraphs (3) and (4), earnings-related contributions shall be calculated as follows—

- (a) primary and secondary Class 1 contributions under section 6 of the Act (liability for Class 1 contributions) and any primary and secondary Class 1 contributions at the normal rate and at the contracted-out rate shall each be calculated separately; and
- (b) as regards the calculation referred to in sub-paragraph (a) primary and secondary Class 1 contributions shall be calculated to the nearest penny and any amount of a halfpenny or less shall be disregarded.

(2) In the alternative, but subject to the provisions of paragraphs (3) to (5), the contributions specified in paragraph (1) may be calculated in accordance with the appropriate scale or, for contributions payable on earnings above the upper earnings limit or the prescribed equivalent of that limit, a contributions calculator prepared by the Board.

(37) Section 41(1) was substituted by paragraph 127 of Schedule 7 to the Social Security Act 1998 and amended by paragraph 6(2) of Part II of Schedule 9 to the Welfare Reform Act. Section 42A was inserted by section 137(5) of the Pensions Act 1995 (c. 26). Subsection (1) of section 42A was substituted by paragraph 128 of Schedule 7 to the Social Security Act 1998 and amended by paragraph 7(2) of Part II of Schedule 9 to the Welfare Reform Act.

- (3) Where the amount of earnings to which—
- (a) the appropriate scale is to be applied does not appear in the scale, the amount of contributions payable shall be calculated by reference to the next smaller amount of earnings in the appropriate column in the scale;
 - (b) the appropriate contributions calculator is to be applied does not appear in the calculator, the amount of contributions payable shall be calculated—
 - (i) by obtaining from the calculator the amounts of contributions payable on the largest components of the earnings provided for in the calculator, and
 - (ii) by adding together the amounts so obtained.
- (4) Where a scale or a contributions calculator would, but for the period to which it relates, be appropriate and the earnings period in question is a multiple of the period in the scale or, as the case may be, calculator, the scale or calculator shall be applied by dividing the earnings in question so as to obtain the equivalent earnings for the period to which the scale or calculator relates and—
- (a) in the case of the scale, by multiplying the amount of contributions shown in the scale as appropriate to those equivalent earnings by the same factor as the earnings were divided;
 - (b) in the case of the calculator, by multiplying the amount of contributions shown in the calculator as appropriate to those equivalent earnings or, where no equivalent earnings are shown, the amount of contributions calculated in accordance with paragraph (3)(b), by the same factor as the earnings were divided.
- (5) Unless the Board agree to the contrary, all the contributions payable in a year in respect of the earnings paid to or for the benefit of an earner in respect of his employed earner's employment or, where he has more than one such employment and the earnings from those employments are aggregated under paragraph 1(1) of Schedule 1 to the Act (Class 1 contributions where more than one employment), in respect of those employments, shall be calculated either in accordance with paragraph (1) or paragraph (2) but not partly in accordance with one and partly in accordance with the other of those paragraphs, save that the contributions calculator may also be used where the contributions have been calculated in accordance with paragraph (1).

General provisions as to aggregation

13. Where on one or more occasions the whole or any part of a person's earnings in respect of employed earner's employment is not paid weekly (whether or not it is treated for the purpose of earnings-related contributions as paid weekly), paragraph 1 of Schedule 1 to the Act (Class 1 contributions where more than one employment) shall have effect as if for the references to "week" there were substituted references to "earnings period".

Aggregation of earnings paid in respect of separate employed earner's employments under the same employer

14. For the purpose of earnings-related contributions, where an earner is concurrently employed in more than one employed earner's employment under the same employer, the earnings paid to or for the benefit of the earner in respect of those employments shall not be aggregated if such aggregation is not reasonably practicable because the earnings in the respective employment are separately calculated.

Aggregation of earnings paid in respect of different employed earner's employments by different persons and apportionment of contribution liability

15.—(1) Subject to regulation 7, for the purposes of determining whether earnings-related contributions are payable in respect of earnings paid to or for the benefit of an earner in a given

earnings period, and, if so, the amount of contributions, where in that period earnings in respect of different employed earner's employments are paid to or for the benefit of the earner—

- (a) by different secondary contributors who in respect of those employments carry on business in association with each other;
- (b) by different employers, one of whom is, by virtue of Schedule 3 to the Social Security (Categorisation of Earners) Regulations 1978⁽³⁸⁾, treated as the secondary contributor in respect of each of those employments; or
- (c) by different persons, in respect of work performed for those persons by the earner in those employments and in respect of those earnings, some other person is, by virtue of that Schedule, treated as the secondary contributor,

the earnings paid in respect of each of the employments referred to in this paragraph shall, unless in a case falling under sub-paragraph (a) it is not reasonably practicable to do so, be aggregated and treated as a single payment of earnings in respect of one such employment.

(2) Where, under paragraph (1), earnings are aggregated, liability for the secondary contributions payable in respect of those earnings shall, in a case falling within paragraph (1)(a), be apportioned between the secondary contributors in such proportions as they shall agree amongst themselves, or, in default of agreement, in the proportions which the earnings paid by each bearer to the total amount of the aggregated earnings.

Aggregation of earnings paid after pensionable age

16. Notwithstanding the provisions of regulation 15, a payment of earnings to which regulation 28 applies shall not be aggregated with any other earnings.

Apportionment of single payment of earnings in respect of different employed earner's employments by different secondary contributors

17. Where any single payment of earnings is made in respect of two or more employed earner's employments under different secondary contributions, liability for earnings-related contributions shall be determined by apportioning the payment as follows—

- (a) where the secondary contributors are, in respect of those employments, carrying on business in association with each other, to the secondary contributor who makes the payment;
- (b) where the secondary contributors are not so carrying on business in association with each other, to each of those secondary contributors in the proportion which the earnings due in respect of that secondary contributor's employment bears to the total of the single payment.

Change of earnings period

18.—(1) Paragraphs (2) and (3) apply where, by reason of a change in the regular interval at which any part of an earner's earnings is paid or treated as paid in respect of employed earner's employment ("the regular interval of payment"), that person's earnings period in any employment or employments under the same secondary contributor is, or is in the process of being, changed.

(2) Subject to paragraph (3), in relation to any payments made on or after the date of change the earnings period shall be determined in accordance with the new interval.

(3) Where the new period is longer than the old period and during the first new period any payment has also been made at the old interval, the earnings-related contributions payable on any

⁽³⁸⁾ S.I. 1978/1689. Schedule 3 was amended by regulation 4 of S.I. 1984/350, regulation 3 of S.I. 1990/1894, regulation 4 of S.I. 1994/726 and regulation 4 of S.I. 1998/1728.

payment made on or after the date of change shall not exceed in amount the total which would have been payable if all the payments during the new period had been made at the new interval.

(4) In this regulation—

- (a) the regular interval of payment which has been discontinued is referred to as “the old interval” and the interval which has, or is to, become the regular interval of payment is referred to as “the new interval”;
- (b) the earnings period determined according to the old interval is referred to as “the old period” and that determined according to the new interval is referred to as “the new period”;
- (c) reference to payment means payment of earnings actually made or, as the case may be, treated under regulation 7 as made, at an interval or date; and
- (d) “date of change” means the date on which the first payment of earnings at the new interval is made.

Holiday payments

19. Where as respects an employed earner’s employment in which the earner is paid or would, but for paragraph (b), be treated under regulation 7 as paid at a regular interval of a week or a fixed number of weeks, a payment of earnings includes or comprises a payment in respect of a period of holiday entitlement other than such a payment made to an earner in respect of a period of holiday entitlement outstanding on termination of that employment, for the purposes of calculating the earnings-related contributions payable in respect of that payment of earnings—

- (a) the earnings period may be the length of the period in respect of which the payment is made, but where the length of that earnings period includes a fraction of a week that fraction shall be treated as a whole week; and
- (b) where the earnings period is so determined, regulation 7 shall not apply.

Joint employment of husband and wife

20. For the purposes of earnings-related contributions, where a husband and wife are jointly employed in employed earner’s employment and earnings in respect of the employment are paid to them jointly, the amount of the earnings of each shall be calculated upon the same basis as that upon which those earnings are calculated for the purposes of income tax and, in the absence of such calculation, upon such basis as may be approved by the Board.

Annual maximum

21. Subject to section 12 of the Act (late paid Class 2 contributions)⁽³⁹⁾ and regulations 63 to 65, for the purposes of section 19(1) and (2) of the Act (power to prescribe maximum amounts of contributions and repayment of excess), where an earner is employed in more than one employment but without prejudice to the earner’s liability in the first instance for the full amounts payable apart from this regulation, liability in any year for primary Class 1 contributions, or, where both Class 1 and Class 2 contributions are payable by an earner in any year, for both primary Class 1 contributions and Class 2 contributions, shall not exceed an amount equal to 53 primary Class 1 contributions at the primary percentage payable on earnings at the upper earnings limit for that year.

⁽³⁹⁾ Section 12 was amended by paragraph 13 of Schedule 3 and paragraph 3 of Schedule 9 to the Transfer Act.

Payment to be treated as earnings

22.—(1) For the purposes of section 3 of the Act (earnings)⁽⁴⁰⁾, the amounts specified in paragraphs (2) to (4) shall be treated as remuneration derived from an employed earner's employment.

(2) The amount specified in this paragraph is the amount of any payment by a company to or for the benefit of any of its directors if—

- (a) apart from this regulation the payment would, when made, not be earnings for the purposes of the Act; and
- (b) the payment is made on account of or by way of an advance on a sum which would be earnings for those purposes.

(3) The amount specified in this paragraph is any amount in respect of which an employed earner is chargeable to income tax under Schedule E under any provision of sections 140A to 140H of the Taxes Act (conditional acquisition of shares and convertible shares) in respect of the acquisition, on or after 9th April 1998, of shares or an interest in shares.

(4) The amount specified in this paragraph is any amount in respect of which—

- (a) an employed earner is chargeable to income tax under Schedule E under any provision of Part X of Schedule 8 to the Finance Act 2000 (employee share ownership plans—income tax)⁽⁴¹⁾; and
- (b) income tax is deductible under regulations made under section 203 of the Taxes Act (PAYE Regulations).

Manner of making sickness payments treated as remuneration

23. Where by virtue of section 4(1) of the Act (payments treated as remuneration and earnings) a sickness payment is treated as remuneration derived from an employed earner's employment, that payment shall be made through the person who is the secondary contributor in relation to the employment concerned except where—

- (a) the payment is payable by another person;
- (b) that person has agreed with the secondary contributor to make the payment; and
- (c) arrangements have been made between them for the person who has agreed to make the payment to furnish the secondary contributor with the information specified in paragraph 3(5)(a) of Schedule 4 (intermediate employers).

Calculation of earnings for the purposes of earnings-related contributions

24. For the purpose of determining the amount of earnings-related contributions, the amount of a person's earnings from employed earner's employment shall be calculated on the basis of his gross earnings from the employment or employments in question.

This is subject to the provisions of Schedule 2 (calculation of earnings for the purposes of earnings-related contributions in particular cases) and Schedule 3 (payments to be disregarded in the calculation of earnings for the purposes of earnings-related contributions).

⁽⁴⁰⁾ Section 3 was amended by sections 48 and 49 of the Social Security Act 1998 (c. 14) and paragraph 3 of Schedule 3 to the Transfer Act.

⁽⁴¹⁾ 2000 c. 17.

Payments to be disregarded in the calculation of earnings for the purposes of earnings-related contributions

25. Schedule 3 specifies payments which are to be disregarded in the calculation of earnings from employed earner's employment for the purpose of earnings-related contributions.

Certain payments by trustees to be disregarded

26.—(1) For the purposes of earnings-related contributions, there shall be excluded from the calculation of a person's earnings in respect of any employed earner's employment any payment, or any part of a payment—

- (a) which is made by trustees before 6th April 1990;
- (b) the amount of which is or may be dependent upon the exercise by the trustees of a discretion or the performance by them of a duty arising under the trust;
- (c) not being a sickness payment which by virtue of section 4(1) of the Act (payments treated as remuneration and earnings) is treated as remuneration derived from an employed earner's employment,

and in respect of which either paragraph (2) or (3) is satisfied.

(2) This paragraph is satisfied if the trust, under which the payment is made, was created before 6th April 1985.

(3) This paragraph is satisfied if—

- (a) the trust, under which the payment is made, was created on or after 6th April 1985;
- (b) that trust took effect immediately on the termination of a trust created before 6th April 1985;
- (c) the person to whom the payment is made either—
 - (i) was a beneficiary under the earlier trust, or
 - (ii) would have been such a beneficiary if, while the earlier trust was subsisting, he had held the employment in respect of which the payment is made; and
- (d) there were or are payments under the earlier trust which in the case of payments made on or after 6th October 1987, are payments made in circumstances to which sub-paragraphs (a), (b) and (c) apply.

Payments to directors which are to be disregarded

27.—(1) For the purposes of earnings-related contributions, there shall be excluded from the calculation of a person's earnings any payment in so far as it is a payment—

- (a) by a company;
- (b) to or for the benefit of a director of that company;
- (c) in respect of any employed earner's employment of that director with that company; and
- (d) in respect of which paragraph (2), (3) or (4) is satisfied.

(2) This paragraph is satisfied if—

- (a) the director is a partner in a firm carrying on a profession;
- (b) being a director of a company is a normal incident of membership of that profession and of membership of the firm of the director;
- (c) the director is required by the terms of his partnership to account to his firm for the payment; and
- (d) the payment forms an insubstantial part of that firm's gross returns.

- (3) This paragraph is satisfied if—
- (a) the director was appointed to that office by a company having the right to do so by virtue of its shareholding in, or an agreement with, the company making the payment;
 - (b) by virtue of an agreement with the company that appointed him, the director is required to account for the payment to that company; and
 - (c) the payment forms part of the profits brought into charge to corporation tax or income tax of the company that appointed the director.
- (4) This paragraph is satisfied if—
- (a) the director was appointed to that office by a company other than the company making the payment;
 - (b) by virtue of an agreement with the company that appointed him, the director is required to account for the payment to that company;
 - (c) the payment forms part of the profits brought into charge to corporation tax of the company that appointed the director; and
 - (d) the company that appointed the director is not one over which—
 - (i) the director has, or
 - (ii) any person connected with the director has, or
 - (iii) the director and any persons connected with him together have, control.
- (5) In this regulation—
- (a) “company” has the meaning given by section 832(1) and (2) of the Taxes Act (interpretation of the Tax Acts);
 - (b) “the director” means the director to or for the benefit of whom the payment referred to in paragraph (1) is made; and
 - (c) in paragraph (4)(d)—
 - (i) “control” has the same meaning as in section 840 of the Taxes Act,
 - (ii) “any person connected with the director” means any of the following, namely the spouse, parent, child, son-in-law or daughter-in-law of the director.

Liability for Class 1 contributions in respect of earnings normally paid after pensionable age

28. Where in the year in which an earner attains pensionable age a payment of earnings is made to or for his benefit before the date he reaches pensionable age, and those earnings would normally fall to be paid in a year following that year, he shall be excepted from liability for primary Class 1 contributions payable in respect of those earnings.

Liability for Class 1 contributions of persons over pensionable age

- 29.** If—
- (a) earnings are paid to or for the benefit of an earner after he attains pensionable age; and
 - (b) those earnings would normally fall to be paid before the date on which he reaches pensionable age,

section 6(3) of the Act (liability for Class 1 contributions)⁽⁴²⁾ shall not operate to except him from liability for primary Class 1 contributions in respect of those earnings.

(42) Section 6 was substituted by paragraph 2 of Part I of Schedule 9 to the Welfare Reform Act.

Abnormal pay practices

30.—(1) This regulation shall not apply for the purpose of any decision of an authorised officer of the Board in so far as that decision relates to contributions based on payments made more than one year before the beginning of the year in which that decision is given.

(2) With a view to securing that liability for the payment of earnings-related contributions is not avoided or reduced by a secondary contributor following any practice, in the payment of earnings, which is abnormal for the employment in respect of which the earnings are paid (“an abnormal pay practice”), an authorised officer of the Board may, if he thinks fit, determine any question relating to a person’s earnings-related contributions where any such practice has been or is being followed, as if the secondary contributor concerned had not followed any abnormal pay practice, but had followed a practice or practices normal for the employment in question.

(3) With the view mentioned in paragraph (2), an authorised officer of the Board, in any case in which he has reason to believe that any abnormal pay practice has been or is being followed, may determine any such question, if he is satisfied that it ought properly to be so determined, as if application had been duly made to him for its determination.

Practices avoiding or reducing liability

31. The Board may, where they are satisfied as to the existence of any practice in respect of the payment of earnings whereby the incidence of earnings-related contributions is avoided or reduced by means of irregular or unequal payments, give directions for securing that such contributions are payable as if that practice were not followed.

The provision of this regulation does not limit the operation of regulation 30.

PART 3**CLASS 1A CONTRIBUTIONS****Interpretation for the purposes of this Part**

32. In this Part any reference to Schedule 6 to the Taxes Act (taxation of directors and others in respect of cars)(**43**) means a reference to that Schedule as applied by section 10 of the Act(**44**).

Exception from liability to pay Class 1A contributions in respect of cars made available to members of an employed earner’s family or household in certain circumstances

33.—(1) Where in any year a car made available for private use to an employed earner (“A”) by reason of his own employment as an employed earner is, for the purposes of Chapter II of Part V of the Taxes Act, (persons in employment with total emoluments of not less than £8,500 per year), deemed in pursuance of section 168(6)(b) of that Act to be made available to him by reason of another employed earner’s (“B”) employment under the employer of A by virtue of A being a member of the family or household (within the meaning of section 168(4) of that Act) of B, the person who, but for this regulation would be liable to pay Class 1A contributions for that year in respect of the earners and car in question shall, in the further circumstances specified in paragraph (2) or (3), be excepted from liability to pay any Class 1A contribution arising in respect of B and the car.

(2) For the purposes of paragraph (1), the further circumstances are that a Class 1A contribution is payable for that year in respect of the car and A.

(43) Schedule 6 was substituted by paragraph 5 of Schedule 3 to the Finance Act 1993.

(44) Section 10 was substituted by section 74(2) of the Child Support, Pensions and Social Security Act 2000 (c. 19).

(3) For the purposes of paragraph (1), the further circumstances are that no Class 1A contribution is payable for that year in respect of the car and A because A is not chargeable to income tax as mentioned in section 10(1) of the Act by reason that his employment as an employed earner under the employer concerned is not employment to which Chapter II of Part V of the Taxes Act applies and either—

- (a) other employed earners under that employer—
 - (i) who are in similar employments to A, and
 - (ii) who are not relatives of any other employed earner under that employer, whose employment falls within section 167(1) of the Taxes Act (employments to which Chapter II to Part V of that Act applies),have, in that year, cars equivalent to that made available to A, made available to them on the same terms as that made available to A by reason of their own employments; or
- (b) the making available for private use to a person by reason of his employment of a car equivalent to that made available to A is in accordance with normal commercial practice for employment of the type concerned.

(4) For the purposes of paragraph (3), a person is a relative of another if he is—

- (a) the spouse of that other;
- (b) a parent or remoter forebear, child or remoter issue, or brother or sister of that other or of that other's spouse; or
- (c) the spouse of a person falling within sub-paragraph (b).

Class 1A contributions payable where two or more cars are made available concurrently

34.—(1) This regulation applies where the amount of any Class 1A contribution payable for any year does not reflect a reduction in the cash equivalent of the benefit of the car as provided for by paragraph 2 of Schedule 6 to the Taxes Act, because of the application of paragraph 4 of that Schedule (modified reduction in cash equivalent where two or more cars are made available concurrently).

(2) Except in the circumstances specified in paragraph (3), where paragraph (1) applies the amount of any Class 1A contribution payable for that year by the person liable to pay such contribution shall be equal to the amount which would have been payable if paragraph 4 had been omitted from Schedule 6 to the Taxes Act.

(3) For the purposes of paragraph (2), the circumstances are that two or more cars are made available for private use by reason of—

- (a) any one employed earner's employment;
- (b) two or more employed earner's employments under the same employer; or
- (c) two or more employed earner's employments under different employers who are associated.

(4) For the purposes of this regulation—

- (a) two or more employers shall be treated as associated if—
 - (i) they are carrying on business in association, or
 - (ii) one has control of the other or others, or any person has control of both or all of them;
- (b) references to an employer ("the first employer") having control of another employer ("the second employer") shall be construed as references to the first employer having control of the second employer either by himself or in conjunction with any person having control over the first employer;

- (c) “control” means, except in relation to an employer which is a partnership, power to secure that the affairs of the employer are conducted in accordance with the wishes of the person concerned being, in relation to an employer which is a body corporate, power exercisable—
 - (i) by means of the holding of shares or the possession of voting power in or in relation to that or any other employer, or
 - (ii) by virtue of any powers conferred by the articles of association or other document regulating that or any other employer;
- (d) “control” means, in relation to any employer which is a partnership, having the right to a share of more than one-half of the assets, or of more than one-half of the income, of the partnership.

Reduction of certain Class 1A contributions in the case of a car provided or made available by reason of two or more employments or to two or more employed earners

35.—(1) This regulation applies if—

- (a) a car is provided or made available to an employed earner by reason of two or more employed earner’s employments, whether under the same employer or different employers; or
- (b) a car is provided or made available to two or more employed earners concurrently by reason of their respective employed earner’s employments under the same employer,

and all of those employed earner’s employments are employments to which Chapter II of Part V of the Taxes Act applies.

(2) If this regulation applies—

- (a) the amount of any Class 1A contribution which would be payable for the year by the person liable to pay such contribution shall, in the circumstances described in paragraph (3)(a), be so reduced as to equal the amount which would have been payable on the assumption mentioned in paragraph (3)(a);
- (b) the amount of any Class 1A contribution which would be payable for the year by the person liable to pay such contribution shall, in the circumstances described in paragraph (3)(b), be so reduced as to equal the amount which would have been payable on the assumption mentioned in paragraph (3)(b).

(3) For the purposes of—

- (a) paragraph (2)(a), the circumstances are that the aggregate use of the car for business travel in all the employed earner’s employments concerned is not less than 18,000 miles (or such lower figure as would be applicable by virtue of paragraph 3(a) of Schedule 6 to the Taxes Act (reduction for periods when the car was unavailable for use) by reason of the car being unavailable within the meaning of paragraph 9 of that Schedule) and the assumption is that in each of those employments the car was used for business travel for at least 18,000 miles (or such lower figure as would be applicable by virtue of paragraph 3(a) of that Schedule);
- (b) paragraph (2)(b), the circumstances are that the aggregate use of the car for business travel in all the employed earner’s employments concerned is more than 2,500 miles but less than 18,000 miles (or such lower figures as would be applicable by virtue of paragraph 3 of Schedule 6 to the Taxes Act (reduction for periods of unavailability) by reason of the car being unavailable within the meaning of paragraph 9 of that Schedule) and the assumption is that in each of those employments the car was used for business travel for more than 2,500 miles but less than 18,000 miles (or such lower figures as would be applicable by virtue of paragraph 3 of that Schedule).

Reduction of certain Class 1A contributions on account of the number of employments in the cases of something provided or made available by reason of two or more employments and of something provided or made available to two or more employed earners

36.—(1) This regulation applies if something is provided or made available—

- (a) an employed earner by reason of two or more employed earner’s employments, whether under the same employer or different employers; or
- (b) two or more employed earners concurrently by reason of their respective employed earner’s employments under the same employer,

and all of those employed earner’s employments are employments to which Chapter II of Part V of the Taxes Act applies.

(2) If this regulation applies the amount of any Class 1A contribution payable for the year by the person liable to pay such contribution shall be reduced (or, where regulation 35 applies, shall be further reduced) by deducting from that amount an amount equal to the fraction—

$$\frac{X-1}{X}$$

of the amount which would be payable but for this regulation.

Here X is the total number of employments in respect of which the thing is provided or made available.

Reduction of certain Class 1A contributions in respect of cars made available to disabled employed earners

37.—(1) This paragraph applies if a car is made available by reason of his employment and on account of his disability for purposes of, or purposes which include, assisting, on account of his disability, his travelling between his home and his place of employment.

(2) Where paragraph (1) applies, the amount of any Class 1A contribution which would be payable for the year by the person liable to pay such contribution shall in the circumstance described in paragraph (3) or (4), be reduced so as to equal the amount which would have been payable if the employed earner’s travelling between his home and place of employment were business travel.

(3) The circumstance is that treating the private use of the car by the employed earner in travelling between his home and his place of employment as business travel would increase the use of the employed earner’s business travel to an amount of not less than 18,000 miles (or such lesser figure as is applicable by virtue of paragraph 3(a) of Schedule 6 to the Taxes Act (reductions for periods when car unavailable for use)).

(4) The circumstance is that treating the private use of the car by the employed earner in travelling between his home and his place of employment as business travel would increase the use of the car for the employed earner’s business travel to an amount of not less than 2,500 miles but less than 18,000 miles (or such lesser figure as is applicable by virtue of paragraph 3(a) and (b) of Schedule 6 to the Taxes Act.

(5) In this regulation and regulation 38 “disabled”, in relation to a person, means that the person suffers from some permanent handicap resulting from an illness, injury or congenital condition, and “disability” shall be construed accordingly.

Exception from liability to pay Class 1 contributions in respect of cars made available to disabled employed earners only for business and home to work travel

38.—(1) If the conditions mentioned in paragraphs (2) to (5) are satisfied, the person who would otherwise be liable to pay the Class 1A contribution for that year in respect of the employer earner and the car mentioned in those paragraphs shall be excepted from that liability.

- (2) The first condition is that the car is made available to an earner who is disabled.
- (3) The second condition is that the car is made available to the earner by reason of his employment.
- (4) The third condition is that the car is made available account of the earner's disability for the purposes of, or for purposes which include assisting, the earner's travelling between the earner's home and place of employment.
- (5) The fourth condition is that the terms on which the car is made available to the earner prohibit private use other than—
- (a) by the earner to whom it is made available; and
 - (b) in travelling between the earner's home and place of employment.
- (6) The fifth condition is that no prohibited private use of the car has been made in the year.

Calculation of Class 1A contributions

39. Where a person is liable to pay a Class 1A contribution in accordance with section 10 of the Act (Class 1A contributions: benefits in kind, etc) the amount of that contribution shall be calculated to the nearest penny, and any amount of a halfpenny or less shall be disregarded.

Prescribed emoluments in respect of which Class 1A contributions not payable

40.—(1) Class 1A contributions shall not be payable in respect of the emoluments prescribed by paragraphs (2) to (7).

(2) The emoluments prescribed by this paragraph are emoluments which are excluded from the calculation of a person's earnings in respect of any employed earner's employment by virtue of the following provisions of Schedule 3—

- (a) in Part VI, paragraphs 4 to 7;
- (b) in Part VIII, paragraphs 4, 5 and 13;
- (c) in Part IX, paragraphs 2 to 7; and
- (d) in Part X, paragraphs 5, 9 and 11 to 13.

(3) The emoluments prescribed by this paragraph are emoluments which are payments which are not excluded from the calculation of a person's earnings in respect of any employed earner's employment by virtue of paragraph 1 of Part II of Schedule 3 (payments in kind), but which are so excluded by virtue of paragraph 3 of Part VIII of Schedule 3 (qualifying travelling expenses) or paragraph 9 of that Part (specific and distinct expenses).

(4) The emoluments prescribed by this paragraph are emoluments which—

- (a) are excluded from the calculation of a person's earnings in respect of any employed earner's employment by virtue of paragraph 2(2)(b) of Part VIII of Schedule 3 (relocation expenses where the relevant change occurred before 6th April 1998); and
- (b) are not paid in respect of eligible removal expenses within the meaning of Part III of Schedule 11A to the Taxes Act(45).

(5) The emoluments prescribed by this paragraph are emoluments which consist in the provision, or are provided in connection with all or part of the costs and expenses, of child care (but not school fees) incurred by an employed earner in respect of a child not exceeding the age of 16 years for whom he has parental responsibility.

(6) The emoluments prescribed by this paragraph are emoluments by way of any benefit pursuant to—

(45) Schedule 11A was inserted by paragraph 2 of Schedule 5 to the Finance Act 1993 (c. 34).

- (a) a retirement benefits scheme which falls within section 596(1) of the Taxes Act (retirement benefits schemes: exceptions from section 595)(**46**) or to which section 596(2) of that Act applies;
- (b) a pilots' benefit fund under section 607 of the Taxes Act(**47**);
- (c) a fund to which section 608 of the Taxes Act (superannuation funds approved before 6th April 1980) applies.

(7) The emoluments prescribed by this paragraph are so much of any emoluments as are not charged to income tax under Schedule E by virtue of any of the following extra-statutory concessions published by the Board as at 1st September 2000—

- (a) A2 (meal vouchers);
- (b) A6 (miners: free coal and allowances in lieu);
- (c) A11 (residence in the United Kingdom: year of commencement or cessation of residence);
- (d) A22 (long service awards);
- (e) A37 (tax treatment of directors' fees received by partnerships and other companies);
- (f) A56 (benefits in kind: tax treatment of accommodation in Scotland provided for employees);
- (g) A57 (staff suggestion schemes);
- (h) A58 (travelling and subsistence allowances when public transport disrupted);
- (i) A59 (disabled persons' home to work travel);
- (j) A65 (workers on offshore oil and gas rigs or platforms: free transfers from or to mainland);
- (k) A66 (employees' journeys home: late night travel and breakdown in car sharing arrangements);
- (l) A70 (small gifts to employees by third parties and staff Christmas parties);
- (m) A72 (pension schemes and accident insurance policies);
- (n) A74 (meals provided by employers);
- (o) A85 (transfers of assets by employees and directors to employees and others);
- (p) A91 (living accommodation provided by reason of employment);
- (q) A97 (Jobmatch programme).

Sub-paragraphs (b) and (q) do not apply to Northern Ireland and sub-paragraph (f) applies only to Scotland.

(8) In this regulation—

“child care” includes—

- (a) care provided in accordance with the provisions of Part X of the Children Act 1989(**48**) (child-minding and day care for young children);
- (b) in the case of a child aged 8 or over, care provided by a child minder;
- (c) in the case of a child under the age of 8, care provided by a child minder where that care does not exceed, in total, two hours in any day;
- (d) care provided by a relative or a nanny;
- (e) care provided during out-of-school hours and during school holidays;
- (f) full-time and part-time care;

(46) Section 596(1)(b) was amended by paragraph (8)(2)(b) of Schedule 6 to the Finance Act 1989 (c. 26).

(47) Section 607 was amended by section 104(2) of the Finance Act 1994 (c. 9).

(48) 1989 c. 41.

“emolument” means an amount which for the purposes of the Income Tax Act is, or falls to be treated as, an emolument received by an earner from any employment;

“nanny” and “relative” have the meanings respectively given to them in sections 71(13) and 105(1) of the Children Act 1989.

- (9) In its application to Northern Ireland, paragraph (8) has effect with the substitution—
- (a) in sub-paragraph (b) of “aged 12 or over” for “aged 8 or over”; and
 - (b) in sub-paragraph (c) of “the age of 12” for the “the age of 8”.

PART 4

CLASS 1B CONTRIBUTIONS

Calculation of Class 1B contributions

41. Where a person is liable to pay a Class 1B contribution in accordance with section 10A of the Act (Class 1B contributions)**(49)**, the amount of that contribution shall be calculated to the nearest penny, and any amount of a half penny or less shall be disregarded.

Exception from liability to pay Class 1B contributions

42.—(1) A person shall be excepted from liability to pay a Class 1B contribution for any year in respect of—

- (a) the amount of any of the chargeable emoluments under section 10A(4) of the Act of an employee included in a PAYE settlement agreement; and
- (b) the total amount of income tax in respect of which that person is accountable to the Board in relation to emoluments of such an employee in accordance with a PAYE settlement agreement,

where the employee is a person falling within paragraph (2) or (3).

(2) The employee falls within this paragraph if he is subject to the legislation of a contracting party, other than the United Kingdom, to the Agreement on the European Economic Area signed at Oporto on 2nd May 1992 as adjusted by the Protocol signed at Brussels on 17th March 1993**(50)**.

(3) The employee falls within this paragraph if he is subject to the legislation of a country outside the United Kingdom in respect of which there is an Order in Council under section 179 of the Administration Act (reciprocal agreements with countries outside the United Kingdom)**(51)** giving effect to a reciprocal agreement.

(4) If a person is excepted from liability to pay a Class 1B contribution for any year under paragraphs (1) to (3), he shall be entitled, if he so wishes, to pay that contribution for that year.

(49) Section 10A was inserted by section 53 of the Social Security Act 1998 and amended by paragraph 11 of Schedule 3 to the Transfer Act and section 77 of the Welfare Reform Act.

(50) OJ No. L1, 3.1.1994, p. 7.

(51) Section 179 was amended by paragraph 70 of Schedule 2 to the Jobseekers Act 1995 (c. 18), paragraph 107 of Schedule 7 to the Social Security Act 1998, paragraph 15 of Schedule 7 to the Transfer Act, paragraph 2 of Schedule 6 to S.I. 1999/671 and paragraph 3(g) of Schedule 1 to the Tax Credits Act 1999 (c. 10).

PART 5

EXCEPTION FROM LIABILITY FOR CLASS 2 CONTRIBUTIONS, PROVISIONS ABOUT CLASS 3 CONTRIBUTIONS, AND REALLOCATION AND REFUND OF CONTRIBUTIONS (OTHER THAN CLASS 4)

Exception from liability for Class 2 contributions

43.—(1) Subject to paragraphs (2) and (3), a self-employed earner shall be excepted from liability to pay a Class 2 contribution for any contribution week—

- (a) in respect of the whole of which the earner is in receipt of incapacity benefit;
- (b) throughout the whole of which the earner is incapable of work;
- (c) in respect of which the earner is in receipt of maternity allowance;
- (d) throughout the whole of which he is undergoing imprisonment or detention in legal custody; or
- (e) in respect of any part of which the earner is in receipt of invalid care allowance or an unemployment supplement.

(2) For the purposes of paragraph (1), in computing the period of a contribution week—

- (a) subject to sub-paragraph (b), Sunday shall be disregarded;
- (b) in the case of a self-employed earner who objects on religious grounds to working on a specific day in each contribution week other than Sunday, and does not object to working on Sunday, that specific day shall be disregarded instead of Sunday.

(3) If a self-employed earner is excepted from liability to pay a Class 2 contribution for any contribution week by virtue of paragraph (1), he shall be entitled, subject to Part 6, to pay a contribution for that week if he so wishes.

Application for, and duration and cancellation of, certificates of exception

44.—(1) A self-employed earner who desires to be excepted from liability to pay Class 2 contributions by virtue of section 11(4) of the Act (exception from such liability for Class 2 contributions on grounds of small earnings) shall make an application for that purpose to the Board who, if they grant the application, shall issue to the applicant a certificate of exception.

(2) Any such application and certificate shall be in such form as may for the time being be approved by the Board.

(3) An applicant for, and a holder of, a certificate of exception shall furnish to the Board such information and evidence relating to his earnings as the Board may require on the making of the application and at any subsequent time.

(4) Subject to the conditions specified in paragraph (5), a certificate of exception shall be in force for such period as may be specified in the certificate.

(5) The conditions are that—

- (a) if any condition attached to the issue or continuation in force of the certificate is not, or ceases to be, fulfilled, the certificate shall cease to be in force as from the date of such non-fulfilment or cessation, and the holder shall immediately notify the Board to that effect;
- (b) the period specified in the certificate may, at the discretion of the Board, commence on such date not earlier than 13 weeks before the date on which the application for the certificate was made as the Board may consider appropriate to the circumstances of the case.

(6) The holder of a certificate of exception—

- (a) shall produce the certificate for inspection when called upon to do so by an officer of the Board, and
- (b) if he desires that the certificate be cancelled, shall give notice to the Board either in writing or in such form and by such means of electronic communications as are approved, and the certificate shall then cease to have effect from such date as the Board may determine.

Earnings for the purposes of certificates of exception

45.—(1) For the purposes of section 11(4) of the Act (exception from liability for Class 2 contributions on account of small earnings)⁽⁵²⁾ the earnings of an applicant for a certificate of exception shall, in respect of any particular year, be treated as less than the amount specified in that section, if it is shown to the satisfaction of the Board that—

- (a) in the year preceding the particular year, the earnings of the applicant were less than the amount so specified for the preceding year and that there has since been no material change of circumstances; or
 - (b) in the particular year the earnings of the applicant are expected to be less than the specified amount.
- (2) In paragraph (1)—
- (a) “earnings” means the applicant’s net earnings from employment as a self-employed earner; and
 - (b) in calculating those net earnings—
 - (i) where the applicant also has earnings from employed earner’s employment in the same year which are shown in the accounts of his business as a receipt of that business,
 - (ii) where the applicant, as a participant in the scheme arranged under section 2(2) of the Employment and Training Act 1973 (functions of the Secretary of State)⁽⁵³⁾ and known as “New Deal 50plus”, has received payments of an employment credit, or a training grant, under that scheme, or
 - (iii) where the applicant, as a participant in a scheme such as is mentioned in section 60(1) of the Welfare Reform Act, has received payments under that scheme,
 those earnings or payments shall be disregarded.
- (3) Paragraph 2(b)(iii) does not apply to Northern Ireland.

Certificates of exception—exception from liability for, and entitlement to pay, Class 2 contributions

46. In respect of any contribution week during the whole of which there is in force a certificate of exception in relation to a self-employed earner, that earner—

- (a) shall be excepted from liability to pay a Class 2 contribution; but
- (b) shall, subject to Part 6, be entitled to pay such a contribution if he so wishes.

Return of Class 2 contributions paid by low earners

47.—(1) A self-employed earner who desires repayment of Class 2 contributions in respect of a period which commenced not earlier than 6th April 1988 and which consists of, or falls within, a year for which his earnings from employment as a self-employed earner were, or are to be treated by

⁽⁵²⁾ Section 11(4) was amended by paragraph 12 of Schedule 3 to the Transfer Act and Article 3 of S.I. 2001/477.

⁽⁵³⁾ 1973 c. 50. Section 2 was substituted by section 25(1) of the Employment Act 1988 (c. 19).

regulation 45 as having been, less than the amount specified in section 11(4) of the Act (exception from liability for Class 2 contributions on account of small earnings) for that year shall make an application in writing for that purpose to the Board and shall supply to them evidence as to his earnings in respect of the period for which repayment of Class 2 contributions is desired.

(2) An application under this regulation in respect of a year, or a period falling within a year, shall be made not earlier than 6th April and not later than 31st December immediately following the end of that year.

(3) If—

- (a) the applicant's earnings were, or by virtue of regulation 45 are to be treated as having been, less than the amount specified in section 11(4) of the Act; and
- (b) an application has been made under this regulation;

the Board shall make a repayment of the contributions which fall to be repaid.

This is subject to the qualification in paragraph (5).

(4) If the Board make a repayment of Class 2 contributions under this regulation the applicant shall be excepted from liability for the contributions repaid to him to the extent that he is not already excepted under regulation 43 and the Board shall issue a certificate to him which shall certify the period of exception from liability.

(5) If there has been paid to the applicant or any other person an amount by way of contribution-based jobseeker's allowance or any of the contributory benefits specified in section 20(1) of the Act⁽⁵⁴⁾ which would not have been paid had any of the contributions whose repayment has been applied for under paragraphs (1) and (2) not been paid in the first instance, the Board shall repay that part of the contributions remaining after the deduction of that amount paid by way of such allowance or benefits.

Class 3 contributions

48.—(1) Subject to sections 13(2) and 14(1) of the Act (Class 3 contributions only payable for purposes of satisfying certain contribution conditions and circumstances in which persons shall not be entitled to pay Class 3 contributions) and these Regulations, any person who is over the age of 16 and fulfils the conditions as to residence or presence in Great Britain or in Northern Ireland prescribed in regulation 145, may, if he so wishes, pay Class 3 contributions.

(2) It shall be a condition of a person's right to pay a Class 3 contribution that he—

- (a) complies with Part 7 in so far as it applies to persons paying such a contribution, and
- (b) complies with either of the two conditions specified in paragraph (3).

(3) The conditions are that the person specified in paragraph (1) shall either—

- (a) pay the contribution not later than 42 days after the end of the year in respect of which it is paid; or
- (b) subject to regulation 50 and Part 6, pay the contribution—
 - (i) where the contribution is payable in respect of any year before 6th April 1982, before the end of the second year following the year in respect of which it is paid; and where the contribution is payable in respect of any year after 5th April 1982, before the end of the sixth year following the year in respect of which it is paid; or
 - (ii) where the year in respect of which it is paid includes a period of at least 6 months throughout which the contributor has been undergoing full-time education, or full-

⁽⁵⁴⁾ Section 20(1) was amended by paragraph 2(2) of Schedule 1 to the Social Security (Incapacity for Work) Act 1994 (c. 18), Schedule 3 to the Jobseekers Act 1995, paragraph 2(1) of Schedule 4 to the Pensions Act 1995 (c. 26) and paragraph 3(2) of Schedule 8, paragraph 15(2) of Schedule 12 and Part V of Schedule 13 to the Welfare Reform Act.

time apprenticeship or training for which, in either case, any earnings are less than the lower earnings limit, or has been undergoing imprisonment or detention in legal custody, before the end of the sixth year following the year in which the education, or apprenticeship or training, or imprisonment or detention terminated; and

- (iii) where the year first mentioned in head (ii) is immediately preceded or followed by a year in which the conditions specified in that head are not satisfied in respect only of the length of the period specified in that head, in respect of that preceding or following year, before the end of the sixth year following the year in which the education, apprenticeship, training, imprisonment or detention described in that head terminated.

Precluded Class 3 contributions

49.—(1) Subject to paragraph (2), no person shall be entitled to pay a Class 3 contribution—

- (a) in respect of any year if he would, but for the payment of such a contribution, be entitled to be credited with a contribution;
- (b) in respect of any year in which the aggregate of his earnings factors derived from earnings in respect of which primary Class 1 contributions have been paid, credited earnings, or Class 2 or Class 3 contributions paid or credited is less than 25 times the lower earnings limit and either the period has passed within which any Class 3 contributions may be treated as paid for that year under regulation 4 of the Social Security (Crediting and Treatment of Contributions, and National Insurance Numbers) Regulations 2001⁽⁵⁵⁾ or he has sooner, in accordance with regulation 56, applied for the return of any Class 3 contributions paid in respect of that year;
- (c) in respect of any year if the aggregate of his earnings factors derived from earnings in respect of which primary Class 1 contributions have been paid, credited earnings, or Class 2 or Class 3 contributions paid or credited is more than 25 times the lower earnings limit but less than the qualifying earnings factor and either—
 - (i) the period referred to in sub-paragraph (b) has passed, or
 - (ii) he has sooner applied under regulation 56 for the return of any Class 3 contributions paid in respect of that year;
- (d) in respect of any year if it causes the aggregate of his earnings factors derived from earnings in respect of which primary Class 1 contributions have been paid, credited earnings, or Class 2 or Class 3 contributions paid or credited to exceed the qualifying earnings factor by an amount which is half or more than half that year's lower earnings limit;
- (e) in respect of the year in which he attains pensionable age⁽⁵⁶⁾ or in respect of any subsequent year;
- (f) in respect of the year in which he attains 17 or 18 years of age if in an earlier year he has satisfied the first contribution condition for retirement pension or widow's pension or widowed mother's allowance.

(2) Notwithstanding paragraph (1)(a), (b) or (c), a person shall be entitled to pay a Class 3 contribution in respect of any year if it would enable him to satisfy—

- (a) the first contribution condition for retirement pension or widow's pension or widowed mother's allowance and he has not satisfied that condition at the beginning of that year; or

⁽⁵⁵⁾ S.I. 2001/769.

⁽⁵⁶⁾ The definition of pensionable age contained in section 122(1) of the Act was substituted by paragraph 13(a) of Schedule 4 to the Pensions Act 1995.

(b) the contribution condition for widow's payment and he has not satisfied that condition at the beginning of that year.

(3) In this regulation "credited" means credited for the purposes of retirement pension, widowed mother's allowance and widow's pension.

Class 3 contributions not paid within prescribed periods

50. Where a person was entitled to pay a Class 3 contribution under regulation 48, 146(2)(b) or 147, but he failed to pay that contribution in the appropriate period specified for its payment and his failure is shown to the satisfaction of the Board to be attributable to ignorance or error on his part which was not due to any failure on his part to exercise due care and diligence, that contribution may be paid within such further period as the Board may direct.

Disposal of contributions not properly paid

51.—(1) Where contributions (other than Class 1A, Class 1B or Class 4 contributions) are paid which are of the wrong class, or at the wrong rate, or of the wrong amount, the Board may treat them as paid on account of contributions properly payable under the Act.

(2) Where the whole or any part of a Class 1A contribution or a Class 1B contribution falls to be returned by the Board to any person under regulation 52(1) or any part of a Class 1A contribution falls to be repaid by the Board to any person under regulation 55(1), the Board may treat—

- (a) the amount of the Class 1A contribution or, as the case may be, any part of such a contribution, as a payment on account of any secondary Class 1 contributions, Class 1B contributions or Class 2 contributions;
- (b) the amount of that Class 1B contribution or, as the case may be, any part of such a contribution, as a payment on account of any secondary Class 1 contributions, Class 1A contribution or Class 2 contributions,

properly payable by that person.

Return of contributions

52.—(1) Subject to the provisions of regulations 51 and 57 and paragraphs (2) to (7), where there have been paid in error by a person or a secondary contributor (if any) any contributions (other than Class 4 contributions), or there has been any payment of contributions in excess of the amount specified in regulation 21, such contributions shall be returned by the Board to that person or the secondary contributor, as the case may be, if application to that effect is made to the Board either in writing, or in such form and by such means of electronic communications as are approved and, in the case of contributions paid in error, within the time specified in paragraph (6), unless the net amount of the contributions to be returned—

- (a) in the case of Class 1A contributions and Class 1B contributions, does not exceed 50 pence; or
- (b) in the case of—
 - (i) Class 1 contributions, or
 - (ii) Class 2 contributions paid in excess of the amount prescribed in regulation 21, does not exceed the amount of one fifteenth of a contribution at the primary percentage payable on earnings at the upper earnings limit in respect of primary Class 1 contributions prescribed in regulation 10 for the last or only year in respect of which the contributions were paid.

(2) Nothing in this regulation shall require the return of any primary Class 1 contributions where regulation 3 of the Social Security (Additional Pension) (Contributions Paid in Error) Regulations

1996 (purposes for which primary Class 1 contributions paid in error are to be treated as properly paid)(57) applies in relation to those contributions.

(3) Where an application under this regulation has been made for the return of contributions paid in excess of the amount prescribed in regulation 21 and the Board have not been given notice under section 44(1) of the Pensions Act (definition of earner's chosen scheme)(58), the contributions shall be returned in the following order of priority—

- (a) primary Class 1 contributions at the reduced rate;
- (b) Class 2 contributions;
- (c) primary Class 1 contributions at the primary percentage;
- (d) any amount of primary Class 1 contributions reduced in accordance with section 41(1) and (1A) of the Pension Act(59) in respect of COSRS employment as specified in head (i), (ii) or (iii)—
 - (i) where the amount paid at the contracted-out rate is equal to or exceeds 53 times the amount payable on earnings at the upper earnings limit for that year, the amount paid at the normal rate in excess of 53 times the amount, calculated at the primary percentage specified in section 8(2) of the Act, payable on earnings at the lower earnings limit for that year and the amount paid at the contracted-out rate if any,
 - (ii) where the amount paid at the contracted-out rate is less than 53 times the amount payable on earnings at the upper earnings limit for that year, the amount paid at the normal rate,
 - (iii) where no amount has been paid at the contracted-out rate, the amount paid at the normal rate;
- (e) any amount of primary Class 1 contributions reduced in accordance with section 42A(1) and (2) of the Pensions Act(60) in respect of COMPS employment as specified in head (i), (ii) or (iii)—
 - (i) where the amount paid at the contracted-out rate is equal to or exceeds 53 times the amount payable on earnings at the upper earnings limit for that year, the amount paid at the normal rate in excess of 53 times the amount, calculated at the primary percentage specified in section 8(2) of the Act, payable on earnings at the lower earnings limit for that year and the amount paid at the contracted-out rate if any,
 - (ii) where the amount paid at the contracted-out rate is less than 53 times the amount payable on earnings at the upper earnings limit for that year, the amount paid at the normal rate,
 - (iii) where no amount has been paid at the contracted-out rate, the amount paid at the normal rate.

(4) Where an application under this regulation has been made for the return of contributions paid in excess of the amount specified in regulation 21 and the Board have been given notice under section 44(1) of the Pensions Act, the contributions shall be returned in the order of priority specified in paragraph (3), save that the contributions specified in sub-paragraph (c) shall be returned after those specified in sub-paragraphs (d) and (e).

(57) S.I. 1996/1245.

(58) Section 44(1) was amended by section 164(a) of the Pensions Act 1995 (c. 26) and paragraph 48(2) and (3) of Schedule 1 to the Transfer Act.

(59) Section 41 was amended by section 137(2) of the Pensions Act 1995. Subsection (1) was substituted by paragraph 127 of Schedule 7 to the Social Security Act 1998 (c. 14) and amended by paragraph 6(2) of Part II of Schedule 9 to the Welfare Reform Act. Subsection (1A) was substituted by paragraph 6(3) of Part II of Schedule 9 to the Welfare Reform Act.

(60) Section 42A was inserted by section 137(5) of the Pensions Act 1995 and subsections (1) and (2) were substituted by paragraph 128 of Schedule 7 to the Social Security Act 1995 and amended by paragraph 7 of Part II of Schedule 9 to the Welfare Reform Act.

(5) Contributions paid by a secondary contributor on behalf of any person in error or in excess of the amount specified in regulation 21, and not recovered from that person, may be returned to the secondary contributor instead of to that person, but if so recovered may be returned to that person, or, with his consent in writing, to the secondary contributor.

(6) A person desiring to apply for the return of any contribution paid in error shall make the application in such form and in such manner as the Board may from time to time determine, and within the period of six years from the end of the year in which the contribution was paid or, if the Board are satisfied that the person making the application had good cause for not making it within that period, within such longer period as the Board may allow.

(7) In this regulation the word “error” means, and means only, an error which—

- (a) is made at the time of the payment; and
- (b) relates to some present or past matter.

Return of contributions: further provisions

53.—(1) Paragraph (2) applies where—

- (a) payment is made in respect of a scheme bona fide established for the sole purpose of providing relevant benefits;
- (b) earnings-related contributions have been paid by a person or a secondary contributor in respect of any such payment;
- (c) that payment is made prior to the approval of that scheme for the purposes of Chapter I of Part XIV of the Taxes Act (retirement benefit schemes); and
- (d) the scheme is subsequently approved by the Board.

(2) The earnings-related contributions paid in respect of any payment referred to in paragraph (1) (a) for the period in respect of which the approval referred to in paragraph (1)(d) operates, shall be returned to the person or secondary contributor who paid them if an application to that effect is made in writing to the Board within the period of 6 years from the date from which the Board’s approval of that scheme operates.

(3) For the purposes of this regulation “relevant benefits” has the same meaning as in section 612 of the Taxes Act.

Return of Class 1 contributions paid at the non-contracted-out rate instead of at the contracted-out rate

54.—(1) Subject to paragraphs (2) and (3) and without prejudice to paragraph 13(2) and (3) of Schedule 4, where a secondary contributor has paid an amount on account of contributions at the non-contracted-out rate in respect of any employed earner’s employment which amount he would have been liable to pay but for that employment being or becoming contracted-out employment, the Board shall, on application of the secondary contributor, return to him the amount so paid after deducting the amount of Class 1 contributions payable at the contracted-out rate in respect of that employment.

(2) Any amount falling to be returned under paragraph (1) which has been paid by the secondary contributor on behalf of an earner and recovered from him shall be returned to the earner, or with the earner’s consent given—

- (a) in writing; or
 - (b) in such form and by such means of electronic communications as are approved,
- to the secondary contributor.

(3) An application under paragraph (1) shall be made in such manner as the Board shall approve and within the period of 6 years from the end of the year in which the contracting-out certificate in respect of the employment was issued or, if the Board are satisfied that the secondary contributor had good cause for not making the application within that period, within such longer period as the Board may allow.

Repayment of Class 1A contributions

55.—(1) Subject to regulations 51 and 57 and paragraphs (2) and (3), where, in a case specified in paragraph (2), in the light of information provided to the Board, it appears that too much has been paid in respect of a Class 1A contribution, they shall repay to the person paying that contribution the amount which has been overpaid, unless that amount does not exceed 50 pence.

(2) The cases to which paragraph (1) applies are those in which a person has paid a Class 1A contribution and—

- (a) in calculating the amount of that contribution the person used information which later proves to have been inaccurate or incomplete; or
- (b) the employee who received the emolument in respect of which the contribution was payable is later found to have been a person not residing in the United Kingdom for the purposes of income tax at the time of receipt.

(3) The repayment of part of a Class 1A contribution under paragraph (1) is subject to the condition that the person referred to in that paragraph shall make an application to that effect in writing to the Board and within the period of 6 years from the end of the year in which the Class 1A contribution was paid or, if the Board are satisfied that the person had good cause for not making the application within that period, within such longer period as the Board may allow.

Return of precluded Class 3 contributions

56.—(1) Subject to regulations 51 and 57 and to paragraph (2), where a contributor has paid a Class 3 contribution which by virtue of section 14(1) of the Act (restriction on the right to pay Class 3 contributions) or regulation 49 he was not entitled to pay, the Board shall, on application of the contributor, return that contribution to the contributor.

(2) A contributor wishing to apply for the return of a contribution falling within paragraph (1) shall make an application to the Board either—

- (a) in writing; or
- (b) in such form, and by such means of electronic communications, as are approved.

Calculation of return of contributions

57.—(1) In calculating the amount of any return of contributions to be made under regulation 52 or 56, there shall be deducted—

- (a) the amount of any contribution which has under regulation 51 been treated as paid on account of other contributions;
- (b) in the case of such contributions paid in error in respect of any person, the amount, if any, paid to that person (and to any other person on the basis of that error) by way of contributory benefit which would not have been paid had any of the contributions (in respect of which an application for their return is duly made in accordance with regulation 52(6)) not been paid in the first instance;

- (c) the amount of any contributions equivalent premium payable under Chapter III of Part III of the Pensions Act(61);
- (d) the amount of any minimum contributions paid by the Board under section 43 of the Pensions Act(62) (minimum contributions to personal pension schemes);
- (e) the amount of any payment made by the Board under section 7 of the Social Security Act 1986(63) (schemes becoming contracted-out between 1986 and 1993); and
- (f) in the case of such contributions paid in error in respect of any person, the amount of any payment made by the Board under section 42A(3) of the Pensions Act (age-related rebates)(64).

(2) Paragraph (1)(b) is subject to the qualification that, if the Secretary of State certifies that a deduction of an additional amount of income support or income-based jobseeker's allowance has been made under regulation 13 of the Social Security (Payments on account, Overpayments and Recovery) Regulations 1988 ("the 1988 Regulations")(65) (sums to be deducted in calculating the recoverable amount), paragraph (3) applies.

(3) If this paragraph applies, the amount to be returned shall be reduced by applying the formula—

$$CB - IS$$

Here—

CB is the amount of contributory benefit specified in paragraph (1)(b) and

IS is the amount of income support or income-based jobseeker's allowance specified in regulation 13(b) of the 1988 Regulations.

(4) In this regulation the expression "contributions equivalent premium" has the same meaning as in section 55(2)(66) of the Pensions Act.

Reallocation of contributions for benefit purposes

58.—(1) Where any payment of earnings is made in one year which, but for regulation 7(3), would by virtue of that regulation have been treated as paid at an interval falling within another year, the contributions paid in respect of those earnings shall, on the application of the employed earner or the direction of the Secretary of State, be treated, for the purposes of entitlement to benefit, as paid in respect of that other year.

(2) Where—

- (a) an employed earner's employment commences in one year;
- (b) the first payment of earnings in respect of that employment is made in the following year; and
- (c) earnings in respect of that employment which fall to be paid in that later year are paid at regular intervals,

(61) References to "contributions equivalent premiums" are substituted for those to "limited revaluation premiums" by the Pensions Act 1995 (see, in particular, section 141(1) of that Act).

(62) Section 43 was amended by paragraph 42 of Schedule 5 to the Pensions Act 1995 (c. 26) and paragraph 47 of Schedule 1 to the Transfer Act.

(63) 1986 c. 50. Section 7 was repealed by Schedule 5 to the Pensions Act but continues to have effect by virtue of paragraph 22 of Schedule 6 to that Act. See also paragraph 1 of Schedule 1 to the Transfer Act.

(64) Section 42A was inserted by section 137(5) of the Pensions Act 1995 and subsection (3) was amended by paragraph 46(2) of Schedule 1 to the Transfer Act.

(65) S.I. 1988/664: regulation 13 was amended by regulation 23(5) of S.I. 1996/1345 and regulation 11 of S.I. 1999/2571.

(66) Section 55(2) was substituted by section 141(1) of the Pensions Act 1995 (c. 26) and amended by paragraph 7(1) of Schedule 2 to the Welfare Reform Act.

the contributions paid in respect of the first payment of earnings shall, on the application of the employed earner to the Secretary of State, be treated, for the purposes of entitlement to benefit, as paid in respect of the year in which the employment commenced.

Circumstances in which two-year limit for refunds of Class 1, 1A or 1B contributions not to apply

59.—(1) Section 19A(1) of the Act⁽⁶⁷⁾ (repayment of Class 1, 1A or 1B contributions paid in error) does not apply where the three circumstances prescribed in paragraphs (2), (3) and (4) exist.

(2) The first circumstance is that, in respect of the earnings derived in year 1 from an employment of the earner, Class 1, 1A or 1B contributions have been paid.

(3) The second circumstance is that in respect of that employment and before the end of year 2—

- (a) an application for the determination of a question as to the category of earners in which the earner is or was to be included (“the categorisation question”) has been made under section 17(1)(a) of the Administration Act in accordance with regulation 13(1) of the Social Security (Adjudication) Regulations 1995⁽⁶⁸⁾;
- (b) the question of law arising in connection with the categorisation question has been referred by the Secretary of State to a court under section 18 of the Administration Act;
- (c) a request in writing has been made that an officer of the Board—
 - (i) decide the categorisation question under section 8(1)(a) of the Transfer Act, or
 - (ii) vary a decision made under that section; or
- (d) the amount of income tax, which is liable to be paid in respect of year 1 and in respect of which the person liable to pay a Class 1B contribution is accountable, has been the subject of a relevant tax appeal.

(4) The third circumstance is that the question, reference, request or appeal referred to in paragraph (3) has not been determined or finally disposed of, as the case may be, at the end of year 2.

(5) For the purposes of this regulation—

“relevant tax appeal” has the meaning given by paragraph 6(4A) of Schedule 1 to the Act⁽⁶⁹⁾;

“year 1” and “year 2” have the meanings given by section 19A(1) of the Act,

and a question, reference, request or appeal shall only be taken to be determined or finally disposed of when the time for appealing against it has expired or no further appeal is possible.

PART 6

LATE PAID AND UNPAID CONTRIBUTIONS (OTHER THAN CLASS 4 CONTRIBUTIONS)

Treatment for the purpose of contributory benefit of unpaid primary Class 1 contributions where no consent, connivance or negligence on the part of the primary contributor

60.—(1) If a primary Class 1 contribution payable on a primary contributor’s behalf by a secondary contributor is not paid, and the failure to pay that contribution is shown to the satisfaction

⁽⁶⁷⁾ Section 19A was inserted by section 54 of the Social Security Act 1998 and amended by paragraph 20 of Schedule 3 to the Transfer Act.

⁽⁶⁸⁾ *S.I. 1995/1801*. Regulation 13 was revoked by regulation 59 of, and Schedule 4 to *S.I. 1999/991*. Article 5 of *S.I. 1999/2422* contains relevant savings.

⁽⁶⁹⁾ Sub-paragraph (4A) was inserted by paragraph 77(11) of Schedule 7 to the Social Security Act 1998 (c. 14) and amended by paragraph 5 of Schedule 9 to the Transfer Act.

of the Board not to have been with the consent or connivance of, or attributable to any negligence on the part of the primary contributor, that contribution shall be treated—

- (a) for the purpose of the first contribution condition of entitlement to a contribution-based jobseeker's allowance or short term incapacity benefit as paid on the date on which payment is made of the earnings in respect of which the contribution is payable; and
- (b) for any other purpose of entitlement to contributory benefit, as paid on the due date.

(2) In paragraph (1)(a) "the first contribution condition", in relation to a contribution-based jobseeker's allowance means the condition specified in section 2(1)(a) of the Jobseeker's Act 1995(70).

Voluntary Class 2 contributions not paid within permitted period

61. Where a person who is entitled, but not liable, to pay a Class 2 contribution fails to pay that contribution within the period within which it may be paid, and his failure is shown to the satisfaction of the Board to be attributable to ignorance or error on the part of that person which was not due to any failure on his part to exercise due care and diligence, that contribution may be paid within such further period as the Board may direct.

Payment of contributions after death of contributor

62. If a person dies, any contributions which, immediately before his death he was entitled, but not liable, to pay, may be paid, notwithstanding his death, subject to the same provisions with respect to the time for payment as were applicable to that person.

Class 2 contributions paid late in accordance with a payment undertaking

63.—(1) This regulation applies to any Class 2 contributions which—

- (a) the earner has failed to pay on or by the due date and which, after that date, is payable in accordance with the provisions of an undertaking to pay such a contribution entered into after that date; and
- (b) would when paid fall to be computed in accordance with section 12(3) of the Act.

(2) In the case of a contribution to which this regulation applies—

- (a) which is paid in accordance with the provisions of an undertaking entered into in the contribution year or the year immediately following that year, the amount of such a contribution shall be computed by reference to the weekly rate applicable in the contribution year;
- (b) which is paid in accordance with the provisions of an undertaking entered into in any year other than a year specified in sub-paragraph (a), the amount of such a contribution shall be computed by reference to the highest weekly rate of such a contribution in the period beginning with the contribution week in respect of which the contribution is paid and ending with the day on which the undertaking was entered into;
- (c) which is not paid in accordance with the provisions of the undertaking, the amount of such a contribution shall be computed by reference to the highest weekly rate of such a contribution—
 - (i) where the contribution is paid in accordance with a further undertaking, in the period beginning with the contribution week in respect of which the contribution is paid and ending with the day on which the further undertaking was entered into, or

- (ii) where the contribution is paid otherwise than in accordance with a further undertaking, in the period beginning with the contribution week in respect of which the contribution is paid and ending with the day on which it is paid.

(3) In this regulation “undertaking” means an arrangement between the Board and an earner under which the Board have agreed to accept payment of arrears of Class 2 contributions by instalments.

Class 2 and Class 3 contributions paid within a month from notification of amount of arrears

64.—(1) This regulation applies to any Class 2 or Class 3 contribution—

- (a) which would when paid fall to be computed in accordance with section 12(3) or 13(6) of the Act⁽⁷¹⁾; and
- (b) the amount of that contribution has been notified to the contributor by the Board in the last month of a year.

(2) Where a contribution to which this regulation applies is paid—

- (a) within one calendar month from the date of such notification; and
- (b) in the year following that in which the amount was so notified;

the amount of that contribution shall be computed by reference to the weekly rate or, as the case may be, amount of such a contribution calculated in accordance with section 12 or 13 of the Act as if the contribution had been paid on the last day of the year in which the notification was given.

Class 2 and Class 3 contributions paid late through ignorance or error

65.—(1) This regulation applies to any Class 2 or Class 3 contribution which would when paid fall to be computed at a rate or, as the case may be, an amount other than that applicable in the contribution year in accordance with section 12(3) or 13(6) of the Act.

(2) Where—

- (a) it is shown to the satisfaction of the Board that, by reason of ignorance or error on the part of the earner, not being ignorance or error due to any failure on his part to exercise due care and diligence, he has failed to pay a Class 2 contribution to which this regulation applies for any period on or by the due date; and
- (b) payment of that contribution is made in a year later than that in which the period commenced;

the amount of that contribution shall be calculated by reference to the weekly rate at which a contribution paid under section 12 of the Act would have been payable if it had been paid at the time when the period began.

(3) Where a Class 3 contribution would otherwise fall to be calculated in accordance with section 13(6) of the Act, but it is shown to the satisfaction of the Board that the contributor has not paid that contribution before the end of the second year following the contribution year by reason of ignorance or error on the part of the earner, not being ignorance or error due to any failure on his part to exercise due care and diligence, the amount of that contribution shall be computed by reference to the amount of such a contribution applicable to the period for which the contribution is paid.

(4) Where—

- (a) a Class 3 contribution would when paid fall to be computed in accordance with section 13(6) of the Act,

(71) Section 12 was amended by paragraph 13 of Schedule 3, and paragraph 3 of Schedule 9, to the Transfer Act. Section 13 was amended by paragraph 14 of Schedule 3 to the Transfer Act and article 4 of [S.I. 2001/477](#).

- (b) such a contribution remains unpaid for a period commencing at any time after the end of the second year following the contribution year (“the relevant period”), and
- (c) it is shown to the satisfaction of the Board that the contributor has not, during the relevant period only, paid such a contribution by reason of ignorance or error not being ignorance or error due to any failure on the contributor’s part to exercise due care and diligence,

paragraph (5) applies.

(5) If this paragraph applies to a contribution, the amount of that contribution shall be calculated in accordance with section 13(6) of the Act as if the contribution had been paid at the time when the relevant period commenced.

PART 7

COLLECTION OF CONTRIBUTIONS (OTHER THAN CLASS 4 CONTRIBUTIONS) AND RELATED MATTERS

Notification of national insurance numbers to secondary contributors

66. Every employed earner, in respect of whom any person is liable to pay an earnings-related contribution, shall, on request, supply his national insurance number to that person.

Collection and recovery of earnings-related contributions, and Class 1B contributions

67.—(1) Subject to the provisions of regulations 68 and 70, earnings-related contributions and Class 1B contributions shall be paid, accounted for and recovered in like manner as income tax deducted from the emoluments of an office or employment by virtue of regulations under section 203 of the Taxes Act (PAYE).

(2) In any case to which this regulation applies, the provisions contained in Schedule 4, (which contains provisions derived from the Income Tax Acts and the Income Tax (Employments) Regulations 1993⁽⁷²⁾ with extensions and modifications) shall apply to and for the purposes of earnings-related contributions and Class 1B contributions.

Other methods of collection and recovery of earnings-related contributions

68.—(1) The Board may authorise arrangements under which earnings-related contributions are to be paid in a different manner from that prescribed by regulation 67.

(2) The provisions of regulation 67 shall be in addition to any remedy otherwise available for the recovery of earnings-related contributions.

Transfer of liability from secondary contributor to employed earner: share option gains

69. Schedule 5 contains provisions which have effect with respect to elections made jointly by a secondary contributor and an employed earner that the liability of the secondary contributor in respect of share option gains shall be transferred to the employed earner.

Payment of Class 1A contributions

70.—(1) In the cases prescribed by paragraph (2), contributions shall be paid to the Board in accordance with regulations 71 to 83.

(72) S.I. 1993/744.

(2) The cases prescribed by this paragraph are cases where an employer is liable to pay a Class 1A contribution to the Board.

(3) For the purposes of this regulation and regulations 71 to 83 where—

(a) any payment to the Board is made by cheque; and

(b) the cheque is paid on its first presentation to the banker on whom it is drawn,

the payment shall be treated as made on the day on which the cheque was received by the Board, and related expressions shall be construed accordingly.

(4) In this regulation, and in regulations 71 to 83, “employer” includes the person liable to pay a Class 1A contribution in accordance with section 10ZA(73) of the Act (liability of third party provider of benefits in kind).

Due date for payment of a Class 1A contribution

71.—(1) Subject to regulation 72(2) or 73(2), as the case may be, an employer who is liable to pay a Class 1A contribution to the Board shall pay that contribution to them not later than 19th July in the year immediately following the end of the year in respect of which it is payable.

(2) A Class 1A contribution paid to the Board in accordance with paragraph (1) shall be shown in a return made to them in accordance with regulation 80(1).

Provisions relating to a Class 1A contribution due on succession to business

72.—(1) Paragraphs (2) and (3) apply in relation to the payment of a Class 1A contribution if—

(a) there is a change in the employer who is liable to pay emoluments to or for the benefit of all the persons who are employed in a business in respect of their employment in that business; and

(b) the employees in question are those who ceased to be employed in that business before the change of employer occurred.

(2) Not later than 14 days after the end of the relevant final income tax month, the employer shall pay to the Board—

(a) any Class 1A contribution referred to in paragraph (1) in respect of the relevant final year; and

(b) where the relevant final income tax month is the month beginning on 6th April, 6th May or 6th June, any Class 1A contribution referred to in paragraph (1) in respect of the year immediately preceding the relevant final year.

(3) The employer shall include the amount of any Class 1A contribution which is payable in accordance with paragraph (2)(a) in the return required by regulation 80(1) for the relevant final year.

(4) In this regulation—

“business” includes any trade, concern or undertaking;

“employer” means the employer before the change referred to in paragraph (1)(a);

“relevant final income tax month” means the income tax month in which the employer has made any payments of emoluments which were, by reason of the change of employer referred to in paragraph (1)(a) in respect of the employment of all those persons who were employed by him in that income tax month, the final payments of emoluments to be made by him in the year in which those payments were made; and for these purposes

“emoluments” means so much of a person’s remuneration or profits derived from employed earner’s employment as constitutes earnings for the purposes of the Act; and

(73) Section 10ZA was inserted by section 75 of the Child Support, Pensions and Social Security Act 2000 (c. 19).

“relevant final year” means the year in which the relevant final income tax month occurs.

Provisions relating to a Class 1A contribution due on cessation of business

- 73.**—(1) Paragraphs (2) and (3) apply in relation to the payment of a Class 1A contribution if—
- (a) an employer ceases to carry on business and upon that cessation no other person becomes liable to pay emoluments to or for the benefit of any employee in respect of his employment in that business; and
 - (b) the employees are all those who were employed in that business at any time in the relevant final year or the year immediately preceding the relevant final year.
- (2) Not later than 14 days after the end of the relevant final income tax month, the employer shall pay to the Board—
- (a) any Class 1A contribution referred to in paragraph (1) in respect of the relevant final year; and
 - (b) where the relevant final income tax month is the month beginning on 6th April, 6th May or 6th June any Class 1A contribution referred to in paragraph (1) in respect of the year immediately preceding the relevant final year.
- (3) The employer shall include the amount of any Class 1A contribution which is payable in accordance with paragraph (2)(a) in the return required by regulation 80 for the relevant final year.
- (4) In this regulation—
- “business” includes any trade, concern or undertaking;
 - “employer” means the employer before the cessation of business referred to in paragraph (1)(a);
 - “relevant final income tax month” means the income tax month in which the employer has made any payments of emoluments which were, by reason of the cessation of business referred to in paragraph (1)(a) in respect of the employment of all those persons who were employed by him in that income tax month, the final payments of emoluments to be made by him in the year in which those payments were made; and for these purposes
 - “emoluments” means so much of a person’s remuneration or profits derived from employed earner’s employment as constitutes earnings for the purposes of the Act;
 - “relevant final year” means the year in which the relevant final income tax month occurs.

Employer failing to pay a Class 1A contribution

- 74.**—(1) If—
- (a) the employer has paid no amount of a Class 1A contribution to the Board by the date which applies to him under regulation 71(1), 72(2) or 73(2) (as the case may be); and
 - (b) the Board are unaware of the amount, if any, which the employer is liable so to pay, they may give notice to the employer requiring him to render, within 14 days, a return in the prescribed form showing the amount of a Class 1A contribution which the employer is liable to pay to them under that regulation in respect of the year in question.
- (2) A notice may be given by the Board under paragraph (1) notwithstanding that an amount of a Class 1A contribution has been paid to them by the employer under regulation 71(1), 72(2) or 73(2), in respect of the year in question, if they are not satisfied that the amount so paid is the full amount which the employer is liable to pay to them for that year and the provisions of this regulation shall have effect accordingly.

(3) Upon receipt of a return made by an employer under paragraph (1) the Board may prepare a certificate showing the amount of a Class 1A contribution which the employer is liable to pay to them for the year in question.

(4) The production of the return made by the employer under paragraph (1) and of the certificate of the Board under paragraph (3) shall be sufficient evidence that the amount shown in the certificate is the amount of a Class 1A contribution which the employer is liable to pay to the Board in respect of the year in question.

(5) Any document purporting to be a certificate under paragraph (3) shall be presumed to be such a certificate until the contrary is proved.

Specified amount of a Class 1A contribution

75.—(1) If, following the date which applies to him under regulation 71(1), 72(2) or 73(2) (as the case may be), the employer has paid no amount of a Class 1A contribution to the Board in respect of the year in question and there is reason to believe that the employer is liable so to pay, the Board—

(a) in the case of the first year in which the employer is liable to pay such a contribution, upon consideration of any information which has been provided to them by the employer relating to his liability to pay such contributions; or

(b) in the case of any later year, upon consideration of the employer's record of past payments; may to the best of their judgment specify the amount of a Class 1A contribution which they consider the employer is liable to pay and give notice to him of that amount.

(2) If, on the expiration of the period of 7 days allowed in the notice, the specified amount of a Class 1A contribution or any part of that amount is unpaid, the amount so unpaid—

(a) shall be treated for the purposes of these Regulations to be an amount of a Class 1A contribution which the employer was liable to pay in respect of the year in question in accordance with regulation 71(1), 72(2) or 73(2); and

(b) may be certified by the Board.

(3) Paragraph (2) does not apply if, during the period allowed in the notice—

(a) the employer pays to the Board the full amount of a Class 1A contribution which he is liable to pay under regulation 71(1), 72(2) or 73(2), in respect of the year in question; or

(b) the employer satisfies the Board that no amount of such a contribution is due.

(4) The production of a certificate such as is mentioned in paragraph (2)(b) shall, until the contrary is established, be sufficient evidence that the employer is liable to pay to the Board the amount shown in the certificate, and any document purporting to be such a certificate shall be deemed to be such a certificate until the contrary is proved.

(5) A notice may be given by the Board under paragraph (1) notwithstanding that an amount of a Class 1A contribution has been paid to them by the employer under regulation 71(1), 72(2) or 73(2) in respect of the year in question, if, after seeking the employer's explanation as to the amount of a Class 1A contribution paid, they are not satisfied that the amount so paid is the full amount which the employer is liable to pay to them in respect of that year, and this regulation shall have effect accordingly, but paragraph (2) shall not apply if, during the period allowed in the notice, the employer satisfies the Board that no further amount of a Class 1A contribution is due in respect of that year.

(6) Where, during the period allowed in a notice given by the Board under paragraph (1), the employer claims, but does not satisfy the Board, that the payment of a Class 1A contribution made in respect of the year specified in the notice is the full amount of a Class 1A contribution which he is liable to pay to the Board in respect of that year, the employer may require the Board to inspect

his documents and records as if they had called upon him to produce those documents and records in accordance with paragraph 26(1) of Schedule 4.

(7) If the employer does require the Board to inspect his documents and records in accordance with paragraph (6), the provisions of paragraph 26 of Schedule 4 shall apply in relation to that inspection and the notice given by the Board under paragraph (1) shall be disregarded.

Interest on an overdue Class 1A contribution

76.—(1) Where an employer has not paid a Class 1A contribution, which he is liable to pay, by the date which applies to him under regulation 71(1), 72(2) or 73(2) (as the case may be), any contribution not so paid shall carry interest at the rate applicable under paragraph 6(3) of Schedule 1 to the Act from the reckonable date until payment.

(2) Interest payable under this regulation shall be recoverable as if it were a Class 1A contribution which an employer is liable to pay to the Board under regulation 71(1), 72(2) or 73(2), as the case may be).

(3) A contribution to which paragraph (1) applies shall carry interest from the reckonable date even if that date is a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882(74).

(4) A certificate of the Board that any amount of interest payable under this regulation has not been paid to the Board or, to the best of the Board's knowledge and belief, to any person acting on their behalf, shall be sufficient evidence that the employer is liable to pay to the Board the amount of interest shown on the certificate and that the sum is unpaid and due to be paid, and any document purporting to be such a certificate shall be deemed to be a certificate until the contrary is proved.

(5) For the purposes of this regulation, "the reckonable date" means the 19th July in the year immediately following the end of the year in respect of which the Class 1A contribution is payable to the Board.

Payment of interest on a repaid Class 1A contribution

77.—(1) Where—

- (a) a Class 1A contribution paid by an employer to the Board in respect of the year ended 5th April 1999 or any subsequent year is repaid to him; and
- (b) that repayment is made after the relevant date,

any such repaid contribution shall carry interest at the rate applicable under paragraph 6(3) of Schedule 1 to the Act from the relevant date until the order for the repayment is issued.

(2) For the purposes of this regulation, "the relevant date" means—

- (a) the 14th day after the end of the year in respect of which the Class 1A contribution was paid; or
- (b) if later than that day, the date on which the contribution was paid.

Repayment of interest paid on a Class 1A contribution

78. If an employer has paid interest on a Class 1A contribution, that interest shall be repaid to him where—

- (a) the interest paid is found not to have been due to be paid, although the contribution in respect of which it was paid was due to be paid;

(74) 1882 c. 61: section 92 was amended by sections 3(1) and 4(4) of the Banking and Financial Dealings Act 1971 (c. 80).

- (b) the Class 1A contribution in respect of which interest was paid is returned or repaid to the employer in accordance with the provisions of regulation 52 or 55.

Remission of interest on a Class 1A contribution

79.—(1) Where interest is payable in accordance with regulation 76 it shall be remitted for the period commencing on the first relevant date and ending on the second relevant date in the circumstances specified in paragraph (2).

(2) For the purposes of paragraph (1), the circumstances are that the liability, or a greater liability, to pay interest in respect of a Class 1A contribution arises as the result of an official error being made.

(3) For the purposes of this regulation—

“official error” means a mistake made, or something omitted to be done, by an officer of, or person employed in relation to, the Board acting as such, where the employer or any person acting on his behalf has not caused, or materially contributed to, that mistake or omission;

“the first relevant date” means the date defined in regulation 76(5) or, if later, the date on which the official error occurs; and

“the second relevant date” means the date 14 days after the date on which the official error is rectified and the employer is advised of its rectification.

Return by employer

80.—(1) Where a Class 1A contribution is payable to the Board in accordance with regulation 71(1), 72(2) or 73(2), the employer shall render to them a return, not later than 6th July following the end of the year, showing—

- (a) such particulars as they may require for the identification of the employer;
- (b) the year to which the return relates;
- (c) the amounts which are emoluments in respect of which a Class 1A contribution is payable; and
- (d) the amount of any Class 1A contribution payable in respect of that year.

(2) The return shall include a declaration by the person making the return to the effect that the return is, to the best of his knowledge, correct and complete.

(3) Where the employer is a body corporate, the return referred to in this regulation shall be signed by the secretary or by a director of the body corporate.

(4) If, by the date which applies to him under regulation 71(1), 72(2) or 73(2) (as the case may be), an employer has failed to pay a Class 1A contribution which he is liable to pay, the Board may prepare a certificate showing the total amount of a Class 1A contribution remaining unpaid in respect of the year in question and regulation 76(1) and (2) shall, with any necessary modifications, apply to the amount shown in that certificate.

Penalties for failure to make a return and incorrect returns

81.—(1) Where a person fraudulently or negligently makes an incorrect return of contributions referred to in regulation 80(1) the Board may, within 6 years after the date of making such a return or at any later time within 3 years of the final determination of the amount of a Class 1A contribution by reference to which the amount of the penalty is to be ascertained, impose a penalty not exceeding the difference between—

- (a) the amount payable by him in accordance with the regulations for the year to which the return relates; and
- (b) the amount which would have been so payable if the return had been correct.

(2) Any person who fails to make a return referred to in paragraph (1) by the date which applies to him under regulation 71(1), 72(2) or 73(2), may be liable—

- (a) within 6 years after the date of that failure, to a penalty of the relevant monthly amount for each month (or part of a month) during which the failure continues but excluding any month after the twelfth, or for which a penalty under this paragraph has already been imposed; and
- (b) if the failure continues beyond 12 months, to a penalty not exceeding so much of the amount payable by him in accordance with the regulations for the year to which the return relates as remains unpaid at the end of 19th July after the end of that year.

(3) The penalty referred to in paragraph (2)(b) is without prejudice to any penalty which may be imposed under paragraph (2)(a) and may be imposed within six years after the date of the failure referred to in paragraph (2) or at any later time within three years of the final determination of the amount of a Class 1A contribution by reference to which the amount of that penalty is to be ascertained.

(4) For the purposes of paragraph (2), “the relevant monthly amount” in the case of a failure to make a return is—

- (a) where the number of earners in respect of whom particulars of the amount of any Class 1A contribution payable should be included in the return is 50 or less, £100; or
- (b) where that number is greater than 50, £100 for each 50 such earners and an additional £100 where that number is not a multiple of 50.

(5) The total penalty payable under paragraph (2)(a) shall not exceed the total amount of Class 1A contributions payable in respect of the year to which the return in question relates.

(6) Any penalty imposed in accordance with this regulation shall be recoverable as if it were a Class 1A contribution which the employer is liable to pay to the Board under regulation 71.

(7) A penalty imposed in accordance with this regulation shall be due and payable at the end of 30 days beginning with the date on which notice of the decision to impose it was issued.

(8) The Board may, in their discretion, mitigate any penalty, or stay or compound any proceedings for any penalty, imposed in accordance with the provisions of this regulation, and may also, after judgment, further mitigate or entirely remit such a penalty.

(9) For the purposes of this regulation a person shall be deemed not to have failed to have done anything required to be done within a limited time if he—

- (a) did it within such further time as the Board allowed; or
- (b) had a reasonable excuse for the failure and if that excuse ceased, did it without unreasonable delay after that excuse ceased.

Application of the Management Act to penalties for failure to make a return and incorrect returns

82.—(1) Section 100 of the Management Act(**75**) (determination of penalties by an officer of the Board) shall apply with any necessary modifications in relation to the determination of any penalty under regulation 81 as it applies to the determination of a penalty under the Taxes Acts.

(2) Section 100D(**76**) of the Management Act (penalty proceedings before court) shall apply with any necessary modifications in relation to any proceedings for a penalty under regulation 81 as it applies to proceedings for a penalty under the Taxes Acts.

(75) Sections 100 to 100D were substituted for section 100 by section 167 of the Finance Act 1989. Section 100 was amended by paragraph 3(2) of Schedule 11 to the Finance Act 1990 (c. 29), paragraph 14 of Schedule 1 and Part I of Schedule 2 to S.I. 1994/1813, and paragraph 38 of Schedule 19 to the Finance Act 1998 (c. 36).

(76) Section 100D was amended by Article 2 of, and the Schedule to S.I. 1999/679.

(3) Section 104 of the Management Act (saving for criminal proceedings) shall apply with any necessary modifications in relation to the provisions of regulation 81 as it applies to the provisions of the Taxes Acts.

(4) Section 105 of the Management Act (evidence in cases of fraudulent conduct)(77) shall apply with any necessary modifications in respect of any proceedings for a penalty under regulation 81, or on appeal against the determination of such a penalty, as it applies in relation to any proceedings for a penalty, or on appeal against the determination of a penalty, under the Management Act.

(5) In this regulation—

“the Management Act” means the Taxes Management Act 1970(78); and

“the Taxes Acts” has the same meaning as in section 118(1) of the Management Act (interpretation)(79).

Set-off of Class 1A contributions falling to be repaid against earnings-related contributions

83.—(1) In the circumstance prescribed by paragraph (2), an amount in respect of a Class 1A contribution that falls to be repaid in accordance with these Regulations may be set off against liabilities under them to the extent prescribed in paragraph (3).

(2) The circumstance is that an employer has paid to the Board in accordance with regulations 70 to 82 an amount, in respect of Class 1A contributions, which he was not liable to pay.

(3) The extent of the set-off is that the employer shall be entitled to deduct the amount which he was not liable to pay in respect of Class 1A contributions from any payment in respect of secondary earnings-related contributions which he is subsequently liable to pay to a Collector under paragraph 10 or 11 of Schedule 4 for any income tax period in the same year.

(4) In this regulation “Collector”, “income tax period” and “year” have the meanings given in paragraph 1(2) of Schedule 4.

Special provisions relating to primary Class 1 contributions

84.—(1) Where by virtue of an arrangement authorised under regulation 68 an earner has agreed that, notwithstanding the provisions of paragraph 3(1) of Schedule 1 to the Act (method of paying Class 1 contributions), he himself will pay any primary Class 1 contribution payable in respect of earnings paid to or for his benefit in respect of an employed earner’s employment, the Board shall notify the secondary contributor in writing of the arrangement and of the period to which the arrangement relates (“the relevant period”).

(2) During the relevant period, paragraph 3(1) of Schedule 1 to the Act shall not apply to the secondary contributor unless and until the arrangement has been cancelled before the end of the period and the secondary contributor has been notified in writing of the cancellation.

Exception in relation to earnings to which regulation 84 applies

85.—(1) Where in any year an earner has earnings from more than one employed earner’s employment and the provisions of regulation 84—

(a) apply to the earnings paid in respect of at least one of those employments; and

(b) do not apply to the earnings paid in respect of at least one of those employments;

this regulation also applies.

(77) Section 105 was amended by sections 149(5) and 168(5) of the Finance Act 1989.

(78) 1970 c. 9.

(79) The definition was amended by paragraph 32(d) of Schedule 8 to the Development Land Tax Act 1976 (c. 24), Schedule 31 to the Taxes Act 1988 and paragraph 2(1) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12).

(2) If, in respect of any payment made in that year of earnings to which regulation 84 does not apply, the earner has paid by way of contributions a sum equal to at least the smaller of the two amounts specified in paragraph (3), he shall be excepted from liability to pay contributions in respect of any payment made in that year of earnings to which that regulation applies.

(3) The amounts referred to in paragraph (2) are—

- (a) 52 primary Class 1 contributions at the primary percentage payable on earnings at the upper earnings limit for that year; and
- (b) 12 primary Class 1 contributions at the primary percentage payable on earnings at the upper earnings limit for that year for persons paid monthly.

Special provisions relating to culpable employed earners and to secondary contributors or employers exempted by treaty etc., from enforcement of the Act or liability under it

86.—(1) As respects any employed earner’s employment—

- (a) where there has been a failure to pay any primary contribution which a secondary contributor is, or but for the provisions of this regulation would be, liable to pay on behalf of the earner and the failure was due to an act or default of the earner and not to any negligence on the part of the secondary contributor; or
- (b) where the secondary contributor is a person against whom, by reason of any international treaty or convention as mentioned in paragraph 30 of Schedule 4, the provisions of the Act are not enforceable and who is not willing to pay on behalf of the earner any contribution due in respect of earnings paid to or for the benefit of the earner in respect of that employment,

the provisions of paragraph 3(1) of Schedule 1 to the Act (method of paying Class 1 contributions) shall not apply in relation to that contribution.

(2) Where, as respects any employed earner’s employment the employer is a person who by reason of any such international treaty or convention is exempt from the provisions of the Act, he may, if he so wishes, pay contributions in respect of any earnings paid to or for the benefit of the earner in respect of the employment, or contributions under section 10 of the Act in respect of any car made available to the earner or to a member of his family or household by reason of the employment, in either case to the same extent to which he could have paid such contributions if he had not been so exempt.

(3) In this regulation “employer” has the same meaning as it has in paragraph 30 of Schedule 4.

Notification of commencement or cessation of payment of Class 2 or Class 3 contributions

87.—(1) Every person to whom paragraph (2) applies shall immediately notify the relevant date to the Board in writing or by such means of electronic communications as may be approved.

(2) This paragraph applies to a person who—

- (a) becomes, or ceases to be, liable to pay a Class 2 contribution;
- (b) becomes, or ceases to be, entitled to pay a Class 2 contribution although not liable to do so; or
- (c) is entitled to pay a Class 3 contribution and wishes either to do so or to cease doing so.

(3) If a person becomes liable to pay a Class 2 contribution and fails immediately to notify the Board in accordance with paragraph (1), he shall be liable to a penalty of £100.

This is subject to the qualification that a person shall be treated as having immediately notified the Board in accordance with paragraph (1) if he—

- (a) notifies the Board within such further time, if any, as the Board may allow;

- (b) has a reasonable excuse for not notifying the Board, and if that excuse ceases, notifies the Board without unreasonable delay after it ceases; or
 - (c) shows to the Board's satisfaction that his earnings met the conditions set out in regulation 45(1) for the purposes of section 11(4) of the Act⁽⁸⁰⁾ throughout the period beginning on the date on which he became liable to pay a Class 2 contribution and ending on the date on which he notified the Board.
- (4) The penalty referred to in paragraph (3) shall be incurred—
- (a) in the case of a failure which first occurs on or after 30th April 2001 and continues throughout the period of three calendar months beginning with the first day of the calendar month following that in which he becomes liable to pay a Class 2 contribution, the date after the day on which that period ends; or
 - (b) in the case of a failure which first occurs on or after 6th April 2001 but before 30th April 2001 and continues throughout the period ending on 31st July 2001, 1st August 2001.
- (5) The penalty referred to in paragraph (3) may be imposed by a notice of decision by an officer of the Board under section 8(1)(k)(ii) of the Transfer Act within six years after the date on which the penalty is incurred in accordance with paragraph (4).
- (6) The penalty referred to in paragraph (3)—
- (a) shall be due and payable at the end of the period of 30 days beginning with the date of the issue of the notice of decision referred to in paragraph (5); and
 - (b) shall be recoverable as if it were a Class 2 contribution due and payable.
- (7) The Board may, in their discretion, mitigate or remit any penalty imposed under this regulation, or stay or compound any proceedings for the penalty.
- (8) In paragraph (1) “the relevant date” means, in relation to a person to whom—
- (a) paragraph (2)(a) applies, the date on which he commences or ceases to be a self-employed earner;
 - (b) paragraph (2)(b) or (c) applies, the date on which he wishes to commence or cease paying either Class 2 or Class 3 contributions, as the case may be.

Notification of change of address

88. A person liable to pay Class 2 contributions; or paying Class 2 contributions (although not liable to do so) or Class 3 contributions, shall immediately notify the Board of any change of his address in writing or by such means of electronic communications as may be approved.

Method of, and time for, payment of Class 2 and Class 3 contributions etc.

89.—(1) Where Class 2 or Class 3 contributions are payable by a person other than in accordance with arrangements approved under regulation 90, such contributions shall be paid in accordance with paragraph (2), (3) or (4), as the case may be.

(2) Where—

- (a) a person who is liable to pay a Class 2 contribution in respect of any contribution week in a contribution quarter has notified the Board of his liability in accordance with the provisions of regulation 87; and
- (b) the Board, within 14 days after the end of the contribution quarter in question, have issued him with written notice of the number of contribution weeks in that quarter, of the weekly rate at which the contribution is payable and of the date specified as the date of notification;

⁽⁸⁰⁾ Section 11(4) was amended by paragraph 12 of Schedule 3 to the Transfer Act and article 3 of [S.I. 2001/477](#).

that person shall pay to the Board the amount of contributions for which he is liable not later than 28 days after the specified date of notification.

(3) Where—

- (a) a person who is entitled although not liable to pay a Class 2 contribution, or who is entitled to pay a Class 3 contribution, in any year, has notified the Board of his entitlement in accordance with the provisions of regulation 87; and
- (b) the Board, within 14 days after the end of a contribution quarter which commences in that year, have issued him with written notice of the amount he may pay in respect of his entitlement in that quarter;

that person may, if he so wishes, pay to the Board a sum not exceeding that amount.

(4) Where—

- (a) paragraph (5) or (6) applies to a person; and
- (b) the Board have then, in respect of that person's liability for Class 2 contributions or entitlement to pay Class 2 or Class 3 contributions, issued or re-issued him, as the case may be, with written notice of the number of contribution weeks in respect of which the liability arises together with the weekly rate, and of the date specified as the date of notification, or, where he is entitled to pay contributions, of the amount of his entitlement;

that person shall, if he is liable to pay a contribution, pay the amount of contributions for which he is liable not later than 28 days after the specified date of notification and, if he is entitled to pay a contribution, he may pay a sum not exceeding the amount of his entitlement, to the Board.

(5) This paragraph applies to a person who—

- (a) has notified the Board in accordance with the provisions of regulation 87 that—
 - (i) he is liable to pay a Class 2 contribution in respect of one or more weeks in a contribution quarter, or
 - (ii) he is entitled although not liable to pay a Class 2 contribution, or is entitled to pay a Class 3 contribution, in a contribution quarter; and
- (b) has—
 - (i) not had written notice issued to him of the kind referred to in paragraph (2) in respect of that week or weeks, or of the kind referred to in paragraph (3) in respect of the amount of that contribution, and more than 14 days have elapsed since the end of the contribution quarter in question, or
 - (ii) notified the Board in accordance with regulation 87 that he has ceased to be liable to pay Class 2 contributions or ceased to be entitled to pay Class 2 or Class 3 contributions, as the case may be.

(6) This paragraph applies to a person—

- (a) to whom a written notice of the kind referred to in paragraph (2), (3) or (4) has been issued and who has informed the Board immediately—
 - (i) that the notice he received has since been lost, destroyed or defaced, or
 - (ii) that he disputes the amount of contributions which he is liable or entitled to pay in the contribution quarter in question; or
- (b) who has notified the Board not later than 28 days after the end of the contribution quarter in question that he has not received such a notice.

(7) In this regulation “contribution quarter” means one of the four periods of not less than 13 contribution weeks commencing on the first day of the first, fourteenth, twenty-seventh or fortieth contribution week, as the case may be, in any year.

Arrangements approved by the Board for method of, and time for, payment of Class 2 and Class 3 contributions

90.—(1) The Board may from time to time approve arrangements under which contributions are paid at times or in a manner different from those prescribed by regulation 89.

This is subject to paragraphs (2) to (4).

(2) When granting approval under paragraph (1), the Board may impose such conditions as they see fit.

(3) The Board may, in particular, grant approval under paragraph (1) if, as respects any year in which a person is both an employed earner and a self-employed earner, the condition in paragraph (4) is satisfied.

(4) The condition is that the Board are satisfied that the total amount of primary Class 1 contributions likely to be paid by or in respect of that person in respect of that year will exceed the maximum amount prescribed in regulation 21 for that year.

(5) The provisions of these Regulations shall, subject to the provisions of the arrangements, apply to the person affected by the arrangements.

(6) Where in respect of an earner arrangements are approved under paragraph (1) for payment of contributions by way of direct debit of a bank, those arrangements shall be subject to the condition that any payment by way of direct debit on account of such contributions after the authority of the bank to make such payment has for any reason ceased to be effective, shall not be a payment of contributions for the purposes of the Act.

PART 8

CLASS 4 CONTRIBUTIONS

Exception from Class 4 liability of persons over pensionable age and persons not resident in the United Kingdom

91. Any earner who—

- (a) at the beginning of a year of assessment is over pensionable age; or
- (b) for the purposes of income tax is not resident in the United Kingdom in the year of assessment;

shall be excepted from liability for contributions under section 15 of the Act (Class 4 contributions).

Exception of divers and diving supervisors from liability for Class 4 contributions

92. A person who performs the duties of an employment to which section 314 of the Taxes Act applies (divers and diving supervisors) shall be excepted from liability for contributions under section 15 of the Act on so much of his profits or gains as are derived from that employment.

Exception of persons under the age of 16 from liability for Class 4 contributions

93.—(1) Where, as respects any year of assessment, a person to whom this regulation applies wishes to be excepted from liability to pay contributions under section 15 of the Act for that year, the following provisions of this regulation shall apply, subject to the provisions of regulations 97 and 98.

(2) Any such person shall make application to the Board for a certificate of exception for that year.

(3) If it is shown to the satisfaction of the Board that the applicant is a person to whom this regulation applies and the application is made before the beginning of the year of assessment to which it relates, the Board shall issue in respect of the applicant such a certificate of exception for that year.

(4) If the application is not made until the beginning of the year of assessment to which it relates, but is made before contributions under that section 15 of the Act for that year become due and payable and it is shown to the satisfaction of the Board that the applicant is a person to whom this regulation applies, the Board may issue in respect of the applicant a certificate of exception for that year.

(5) Where under paragraphs (1) to (4) a certificate of exception has been issued in respect of an applicant for any year of assessment, the Board shall not collect any contributions under section 15 of the Act from the applicant for that year.

(6) This regulation applies to any person who at the beginning of the year of assessment is under the age of 16.

Exception from Class 4 liability by reference to Class 1 contributions paid on earnings chargeable to income tax under Schedule D

94.—(1) Subject to paragraph (2), where in respect of earnings paid in any year of assessment an earner has or, but for regulation 85, would have paid Class 1 contributions and those earnings are chargeable to income tax under Schedule D, he shall be excepted from liability to pay contributions under section 15 of the Act on so much of his profits or gains for that year of assessment as exceed the smaller of the two money sums specified in section 15(3) of the Act⁽⁸¹⁾ and do not exceed the greater of those two money sums and equal—

- (a) in the case of an earner who has or, but for regulation 85, would have paid Class 1 contributions at the normal rate, the value of Class 1 contributions so paid or which, but for that regulation, would have been paid, multiplied by 100 and divided by the figure of the primary percentage;
- (b) in the case of an earner who has or, but for that regulation, would have paid Class 1 contributions at the reduced rate (within the meaning of regulation 126), the value of the Class 1 contributions so paid or which, but for regulation 85, would have been paid, multiplied by 100 and divided by the figure of the reduced rate;
- (c) in the case of an earner who has or, but for that regulation, would have paid Class 1 contributions at the contracted-out rate, the value of the Class 1 contributions so paid or which, but for that regulation, would have been paid, multiplied by 100 and divided by the figure of the contracted-out rate.

(2) It shall be a condition of exception from liability that the earner makes an application for such an exception to the Board before the beginning of the year of assessment to which the application relates, or before such later date as the Board may allow.

(3) An application under paragraph (2) shall be made in such manner as the Board may direct and, for the purpose of enabling the Board to determine whether the earner is entitled to the exception, the earner shall furnish the Board with such information and evidence as the Board may require, whether the requirement is made at the time of the application or later.

(4) Without prejudice to the earner's right to any such exception, nothing in paragraphs (1) to (3) shall affect the Board's powers under regulation 95 to defer, pending the determination of the application, the earner's liability under section 15 of the Act.

⁽⁸¹⁾ Section 15(3) is amended by article 5 of [S.I. 2001/477](#).

Deferment of Class 4 liability where such liability is in doubt

95. Where, as respects any year of assessment, it appears to the Board that, by virtue of the provisions of this Part, there is doubt as to the extent, if any, of an earner's liability to pay contributions under section 15 of the Act (Class 4 contributions) for that year, or that at the date on which any application under regulation 96 is made, it is not possible to determine whether, having regard to the provisions of these Regulations, the earner is or will be liable to pay such contributions for that year, the Board may issue in respect of the earner a certificate of deferment deferring that earner's liability for such contributions until such later date as the Board may direct.

Application for deferment of Class 4 liability

96.—(1) If a person wishes his liability to pay contributions under section 15 of the Act for any year of assessment to be deferred, he shall make an application for that purpose to the Board.

(2) Any such application—

- (a) shall be made before the beginning of that year or before such later date as the Board may allow; and
- (b) is subject to regulations 97 and 98.

General conditions for application for, and issue of, certificates of exception and deferment

97.—(1) Any application made under any of regulations 91 to 96, for a certificate of exception from, or deferment of, liability to pay contributions under section 15 of the Act for any particular year of assessment shall be made in such form and in such manner as the Board may approve.

(2) Any person making such application shall furnish, or cause to be furnished, to the Board such information or evidence as they may require for the purpose of enabling them to determine whether such a certificate should be issued in respect of that person.

(3) On the issue of such a certificate the person in respect of whom the certificate is issued shall be excepted from liability to pay the contributions to which the certificate relates or his liability for such payment shall be deferred.

This is subject to paragraph (4).

(4) If, for the purpose of obtaining a certificate of exception or deferment, the person making the application furnishes or causes to be furnished to the Board information which is erroneous, or fails to furnish or cause to be furnished to them information which is relevant, and but for such furnishing or failure the certificate would not have been issued for any particular year of assessment—

- (a) the Board may revoke the certificate in so far as it relates to that year; and
- (b) the person who made the application shall be liable to pay contributions under section 15 of the Act for that year to the extent to which he would have been so liable if the certificate had not been issued.

Revocation of certificates of exception and deferment

98. Where under regulation 97(4)(a) the Board revoke a certificate of exception or deferment—

- (a) they shall be responsible for calculating the contributions due under section 15 of the Act for the year specified in paragraph 97(4)(b) (being the current or a past year) and for the collection of those contributions;
- (b) the applicant shall—
 - (i) furnish, or cause to be furnished, to the Board all such information or evidence as they may require for the purpose of calculating those contributions, and

- (ii) within such period as the Board may direct, pay to them the contributions so calculated.

Calculation of liability for, and recovery of, Class 4 contributions after issue of certificate of deferment

99.—(1) Where a certificate of deferment has been issued in respect of any earner under regulations 91 to 98—

- (a) the profits or gains of that earner, in respect of which contributions would be payable under section 15 of the Act (Class 4 contributions), but for the issue of the certificate of deferment, shall be assessed under the Income Tax Acts for each year to which the certificate relates, in all respects as if no such certificate had been issued, provided that (without prejudice to the validity of the assessment of the amount of the earner's profits or gains and his right of appeal against that assessment) no figure representing contributions payable shall be shown in any such assessment or on any notice of such assessment nor shall any of the provisions of the Income Tax Acts (as applied or modified by section 16 of, and Schedule 2 to, the Act) as to collection, repayment or recovery apply to any such assessment; and
- (b) the Board shall be responsible for the calculation, administration and recovery of Class 4 contributions ultimately payable in respect of the profits or gains so assessed for any year of assessment to which the certificate of deferment relates.

(2) Any such calculation shall be subject to the provisions of regulations 94 and 100 and for the purpose of the calculation where the total amount of the profits or gains for any year of assessment to which the certificate relates includes a fraction of £1, that fraction shall be disregarded.

(3) For the purpose of enabling the Board to make the calculation, they shall certify the amount of the earner's profits or gains, computed under Schedule 2 to the Act for each year of assessment.

This is subject to paragraph (4) and to the limitation imposed by section 17(4) of the Act (which provides that a certificate under section 17 may relate to a person's profits or gains only to the extent that they do not exceed the higher of the two sums specified in section 15(3)).

(4) Notwithstanding paragraph (3), the Board shall not be required to certify the amount referred to in that paragraph unless the assessment made under this regulation has become final and conclusive or, if an appeal is pending against the assessment—

- (a) the Board and the earner have come to an agreement, whether in writing or otherwise; or
- (b) it appears to the General Commissioners or the Special Commissioners;

that the amount of the earner's profits or gains so computed is not less than the higher of the two money sums specified in section 15(3) of the Act.

(5) The Board, on making the calculation referred to in paragraph (3), shall give notice to the earner of the amount of the contributions due from him under section 15 of the Act for each year to which the certificate of deferment relates.

(6) The earner shall pay to the Board those contributions within the period of 28 days from the receipt of the notice from them, unless before the expiry of that period the earner—

- (a) has appealed out of time or made a claim or appealed against the decision on a claim made under the Income Tax Acts on any matter concerning the amount of the profits or gains certified as mentioned in paragraph (3), and has notified the Board accordingly; or
- (b) has appealed against a decision made under section 8 of the Transfer Act relating to those contributions.

(7) If the amount of any assessment made under this regulation for any year is altered for any reason, or if a further assessment is made in respect of that year, subsequently to the certification by

the Board of the amount of an earner's profits or gains computed in accordance with the provisions of this regulation and that alteration or further assessment affects the amount of the earner's profits or gains so computed they shall immediately, or in the case of a further assessment when that further assessment has become final and conclusive, certify to the earner the altered amount of the earner's profits or gains.

Annual maximum of Class 4 contributions due under section 15 of the Act

100.—(1) Where for any year there are payable by or in respect of an earner Class 4 contributions under section 15 of the Act and also primary Class 1 or Class 2 contributions or both primary Class 1 or Class 2 contributions, the liability of that earner for such Class 4 contributions for that year shall (without prejudice to his liability in the first instance for the full amount payable apart from this regulation) not exceed such amount as, when added to the amount of such other of those contributions as are ultimately payable by or in respect of him for that year, equals in value the sum of the amount which, but for the provisions of this regulation, would be payable by that earner on profits or gains equal to the higher of the two money sums specified in section 15(3) of the Act and, subject to the provisions of section 12 of the Act and regulations 63 to 65, 53 times the amount of a Class 2 contribution payable for that year.

(2) For the purpose only of determining the extent of an earner's liability for Class 4 contributions under paragraph (1), the amount of any primary Class 1 contributions paid at less than the primary percentage specified in section 8(2) of the Act shall be treated as equal to the amount of any primary Class 1 contributions payable at that percentage on the same amount of earnings.

Disposal of Class 4 contributions under section 15 of the Act which are not due

101. Where for any year of assessment any payment is made by an earner as on account of contributions under section 15 of the Act (Class 4 contributions) and—

- (a) a certificate of exception is issued for that year, or would have been so issued if application had been made for its issue before the beginning of that year;
- (b) that payment is made in error in circumstances in which the contributions so paid do not fall to be refunded;
- (c) the payment is in excess of the amount which, subject to an exception under regulation 94, is due from that earner for that year or would have been so due if application for exception had been made under that regulation before the beginning of that year; or
- (d) the payment is in excess of the amount calculated in accordance with regulation 100,

the Board may treat that payment as made on account of other contributions properly payable by that person under the Act.

Repayment of Class 4 contributions under section 15 of the Act which are not due

102.—(1) Subject to paragraph (2), any payment such as is specified in regulation 101 shall, except in so far as it is, under that regulation, treated by the Board as made on account of contributions under the Act, be repaid by the earner, unless the net amount of such repayment would not exceed in value 50 pence.

(2) It is a condition of repayment under this regulation that the earner makes an application for the repayment in such form and in such manner as the Board may determine within the period specified in paragraph (3).

- (3) The period referred to in paragraph (2) is one of—

- (a) six years beginning with 6th April in the year of assessment next following that in respect of which the payment was made where the application is in respect of any year of assessment ending before 6th April 1996,
- (b) five years beginning with 1st February in the year of assessment next following that in respect of which the payment was made where the application is in respect of any year of assessment beginning on or after 6th April 1996, or
- (c) if later than sub-paragraph (a) or (b), two years beginning with 6th April in the year of assessment next following that in which the payment was made.

Class 4 liability of earners treated as self-employed earners who would otherwise be employed earners

103.—(1) Subject to regulation 108, where—

- (a) an earner, in respect of any one or more employments of his, is treated by regulations under section 2(2)(b) of the Act (treatment of a person in employment of any prescribed description as falling in one or other of the categories of earner) as being self-employed;
- (b) in any year he has earnings from any such employment (one or more) which fall within section 11(3) of the Act (higher weekly rate of Class 2 contributions), but is not liable for a higher weekly rate of Class 2 contributions by virtue of regulations under that section;
- (c) those earnings are chargeable to income tax under Schedule E; and
- (d) the total of those earnings exceeds the sum specified in section 18(1)(c) of the Act,

paragraph (2) applies.

(2) If this paragraph applies, the earner shall be liable, in respect of the earnings mentioned in paragraph (1), to pay a Class 4 contribution (referred to in this Part as a “special Class 4 contribution”) of an amount equal to the percentage specified in section 18(1) of the Act of so much of the total as exceeds the lower, and does not exceed the higher, of the money sums specified from time to time in section 18(1).

Notification of national insurance number and recording of category letter on deductions working sheet

104.—(1) Any earner to whom regulation 103 applies shall, on request, notify his national insurance number to the person who pays him the earnings referred to in that regulation.

(2) The person who pays those earnings shall record on the earner’s deductions working sheet the earner’s national insurance number, and the appropriate category letter as indicated by the Board.

(3) In this regulation “deductions working sheet” has the same meaning as in Schedule 4.

Calculation of earnings for the purposes of special Class 4 contributions

105. For the purpose of the calculation of an earner’s liability for a special Class 4 contribution for any year—

- (a) the earnings of that earner for that year shall, subject to paragraph (b), be calculated by the Board on the basis that they are earnings to which regulations 24 and 25 and Schedules 2 and 3 apply;
- (b) in the calculation of these earnings, if the total amount of the earnings for the year includes a fraction of a pound, that fraction shall be disregarded.

Notification and payment of special Class 4 contributions due

106. The Board shall, subject to any other arrangements notified by them to the earner specified in regulation 105, give notice to the earner of the special Class 4 contribution due from him for any year, and the earner shall pay that contribution to the Board within the period of 28 days from the receipt of the notice unless, before the expiry of that period, the earner has appealed against a decision made under section 8 of the Transfer Act relating to that contribution.

Recovery of deferred Class 4 and special Class 4 contributions after appeal, claim or further assessment under the Income Tax Acts or appeal under section 8 of the Transfer Act

107.—(1) Where—

- (a) the Board have been notified that there has been such a claim or appeal as is specified in regulation 99(6) or regulation 106; or
- (b) the Board have certified in accordance with regulation 99(7) an altered amount of earner's profits or gains,

paragraph (2) applies.

(2) If this paragraph applies, the Board shall, as soon as may be after the prescribed time, give to the earner notice or, as the case may be, revised notice of such contributions as might, having regard to the final decision on the claim or appeal or, the altered amount of profits or gains, be due from the earner—

- (a) under section 15 of the Act (Class 4 contributions) for the year or years to which the certificate referred to in regulation 99(7) relates; or
- (b) by way of a special Class 4 contribution for the year to which the notice specified in regulation 106 relates,

and the earner shall within 28 days of receipt of that notice pay to the Board the contribution or contributions specified in that notice.

(3) In this regulation “prescribed time” means—

- (a) except where sub-paragraph (c) applies—
 - (i) in the case of an appeal out of time, the date of the determination of the appeal, and
 - (ii) in the case of a claim or appeal against a decision on a claim made under the Income Tax Acts, the date on which the time for appealing against the decision on the claim expires, or the date of the determination of the appeal, whichever is the later;
- (b) in the case of an appeal under section 8 of the Transfer Act, the date on which the time for appealing against that decision expires or the date of the determination of the appeal, whichever is the later;
- (c) in the case of an altered amount of profits or gains being certified by the Board, the date on which they are so certified.

Annual maximum of special Class 4 contribution

108.—(1) Where for any year there are payable (or, but for this regulation, there would be payable) by or in respect of an earner a special Class 4 contribution and also any contribution under section 15 of the Act (in this regulation referred to as “an ordinary Class 4 contribution”) or any primary Class 1 contribution or any Class 2 contribution, or any combination of such contributions, the maximum amount of the special Class 4 contribution payable for that year shall not exceed the maximum specified in paragraph (2).

(2) The maximum is—

- (a) in the case of a special Class 4 contribution and an ordinary Class 4 contribution, the amount (if any) equal to the difference between the maximum amount of a special Class 4 contribution for which provision is made in section 18(1) of the Act and the amount of the ordinary Class 4 contributions ultimately payable for that year; or
 - (b) in any other case (whether or not a Class 4 contribution is also payable), the amount (if any) equal to the difference between the maximum amount prescribed in regulation 100 and the amount of such Class 4, primary Class 1 and Class 2 contributions as are ultimately payable for that year.
- (3) Paragraphs (1) and (2) are without prejudice to the earner's liability in the first instance for the full amount payable apart from those paragraphs.

Disposal of special Class 4 contributions paid in excess or error

109. Where any payment has been made by a person on account of a special Class 4 contribution and that payment has been made in excess of the amount prescribed under regulation 108 or has been made in error, the Board may treat that payment as made on account of other contributions properly payable by that person under the Act.

Return of special Class 4 contributions paid in excess or error

110.—(1) Subject to regulation 109 and paragraphs (2) and (3), where any payment has been made by a person as on account of a special Class 4 contribution and that payment has been made in excess of the amount prescribed in regulation 108 or has been made in error, that payment shall be returned by the Board to that person, unless the net amount to be returned does not exceed 50 pence, if application is made to the Board, in writing or in such other form and manner as the Board may allow, within the time specified in paragraph (3).

(2) In calculating the amount of any return of a special Class 4 contribution to be made under paragraph (1) there shall be deducted the amount (if any) treated under regulation 109 as paid on account of other contributions.

(3) Any person desiring to apply for the return of a special Class 4 contribution shall make the application within the period of six years from the end of the year in which the contribution was paid or, if the Board are satisfied that the person making the application had good cause for not making it within that period, within such longer period as the Board may allow.

PART 9

SPECIAL CLASSES OF EARNERS

Case A—

Airmen

Interpretation

111. In this Case, unless the context otherwise requires—

“airman” means a person who is, or has been, employed under a contract of service either as a pilot, commander, navigator or other member of the crew of any aircraft, or in any other capacity on board any aircraft where—

- (a) the employment in that other capacity is for the purposes of the aircraft or its crew or of any passengers or cargo or mails carried on that aircraft; and

- (b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the aircraft is in flight,
but does not include a person in so far as his employment is as a serving member of the forces;
“British aircraft” means any aircraft belonging to Her Majesty and any aircraft registered in the United Kingdom of which the owner (or managing owner if there is more than one owner) resides or has his principal place of business in the United Kingdom, and references to the owner of an aircraft shall, in relation to an aircraft which has been hired, be taken as referring to the person for the time being entitled as hirer to possession and control of the aircraft by virtue of the hiring or any subordinate hiring.

Modification of employed earner’s employment

112.—(1) Subject to paragraphs (2) and (3), where an airman is employed as such on board any aircraft, and the employer of that airman or the person paying the airman his earnings in respect of the employment (whether or not the person making the payment is acting as agent for the employer) or the person under whose directions the terms of the airman’s employment and the amount of the earnings to be paid in respect of that employment are determined has—

- (a) in the case of the aircraft being a British aircraft, a place of business in Great Britain or Northern Ireland; or
(b) in any other case, his principal place of business in Great Britain or Northern Ireland,

then, notwithstanding that the airman does not fulfil the conditions of section 2(1)(a) of the Act (definition of employed earner), he shall be treated as employed in employed earner’s employment and, for the purposes of regulation 145(1)(a), in respect of that employment, as present in Great Britain or Northern Ireland (as the case requires).

(2) Subject to paragraph (3), notwithstanding that an airman is employed in an employment to which the provisions of paragraph (1) applies, if that airman is neither domiciled nor has a place of residence in Great Britain or Northern Ireland (as the case requires) no contributions shall be payable by or in respect of him as an employed earner.

(3) Paragraph (2) is subject to any Order in Council giving effect to any reciprocal agreement made under section 179 of the Administration Act (reciprocal agreements with countries outside the United Kingdom).

Application of the Act and regulations

113. Part I of the Act and so much of Part VI of the Act as relates to contributions and the regulations made under those provisions, so far as they are not inconsistent with this Case, apply to an airman with the modification that, where an airman is, on account of his being outside the United Kingdom by reason of his employment as an airman, unable to perform an act required to be done either immediately or upon the happening of a certain event or within a specified time, he shall be deemed to have complied with such requirement if he performs the act as soon as is reasonably practicable, although after the happening of the event or the expiration of the specified time.

Case B—
Continental Shelf(82)

Application to employment in connection with continental shelf of Part I of the Act and so much of Part VI of the Act as relates to contributions

114.—(1) For the purposes of section 120 of the Act (employment at sea (continental shelf operations))(83), prescribed employment shall be any employment (whether under a contract of service or not) in any area which may from time to time be designated by Order in Council under section 1(7) of the Continental Shelf Act 1964(84), where the employment is in connection with any activity mentioned in section 11(2) of the Petroleum Act 1998(85) in the designated area.

(2) Where a person is employed in any employment specified in paragraph (1), the provisions of Part I of the Act and so much of Part VI of the Act as relates to contributions shall, subject to the provisions of paragraph (3), apply as though the area so designated were in Great Britain, and notwithstanding that he does not satisfy the conditions as of residence or presence in Great Britain prescribed in regulation 145(1)(a).

(3) Where a person employed in any employment specified in paragraph (1) is, on account of his being outside Great Britain by reason of that employment, unable to perform any act required to be done either immediately or on the happening of a certain event or within a specified time, he shall be deemed to have complied with the requirement if he performs the act as soon as reasonably practicable, although after the happening of the event or the expiration of the specified time.

Case C—
Mariners

Interpretation

115. In this Case—

“British ship” means—

- (a) any ship or vessel belonging to Her Majesty; or
- (b) any ship or vessel whose port of registry is a port in the United Kingdom; or
- (c) a hovercraft which is registered in the United Kingdom;

“foreign-going ship” means any ship or vessel which is not a home-trade ship;

“home-trade ship” includes—

- (a) every ship or vessel employed in trading or going within the following limits, that is to say, the United Kingdom (including for this purpose the Republic of Ireland), the Channel Islands, the Isle of Man, and the continent of Europe between the river Elbe and Brest inclusive;
- (b) every fishing vessel not proceeding beyond the following limits—
on the South, Latitude 48°30'N.,

(82) The enabling power for this Case is section 120 of the Act; there is no equivalent provision in the Social Security Contributions and Benefits (Northern Ireland) Act 1992. However, contributions in respect of employment on the Continental Shelf would fall to be treated as satisfying the corresponding requirement in Northern Ireland by virtue of Article 2 of the Memorandum set out in Schedule 1 to [S.I. 1976/1003](#) and Schedule 1 to [S.R. 1976 No. 196](#). Article 2 of the Memorandum was amended by paragraph 3 of the first letter in the Schedule to [S.I. 1999/2227](#) and [S.R. 1999 No. 350](#).

(83) Section 120 was amended by paragraph 70 of Schedule 7 to the Social Security Act 1998 (c. 14) and paragraph 26 of Schedule 3, and paragraph 8 of Schedule 7 to the Transfer Act.

(84) 1964 c. 29.

(85) 1998 c. 17.

on the West, Longitude 12°W., and

on the North, Latitude 61°N.;

“managing owner” means the owner of any ship or vessel who, where there is more than one such owner, is responsible for the control and management of that ship or vessel;

“mariner” means a person who is or has been in employment under a contract of service either as a master or member of the crew of any ship or vessel, or in any other capacity on board any ship or vessel where—

- (a) the employment in that other capacity is for the purposes of that ship or vessel or her crew or any passengers or cargo or mails carried by the ship or vessel; and
- (b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on her voyage;

but does not include a person in so far as his employment is as a serving member of the forces;

“owner” in relation to any ship or vessel, means the person to whom the ship or vessel belongs and who, subject to the right of control of the captain or master of the ship or vessel (“the master’s rights”), is entitled to control of that ship or vessel, and references to the owner of a ship or vessel shall, in relation to a ship or vessel which has been demised, be construed as referring to the person who for the time being is entitled as charterer to possession and, subject to the master’s rights, to control of the ship or vessel by virtue of the demise or any sub-demise;

“passenger” means any person carried on a ship except—

- (a) a person employed or engaged in any capacity on board the ship on the business of the ship; or
- (b) a person on board the ship either in pursuance of the obligation to carry shipwrecked, distressed or other persons, or by reason of any circumstance that neither the master nor the owner nor the charterer (if any) could have prevented or forestalled;

“pay period” in relation to any payment of a mariner’s earnings means the period in respect of which the payment is made;

“radio officer” means a mariner employed in connection with the radio apparatus of any ship or vessel and holding a certificate of competence in radio telephony granted by the Secretary of State or by an authority empowered in that behalf by the legislature of some part of the Commonwealth or of the Republic of Ireland and recognised by the Secretary of State as equivalent to the like certificate granted by him;

“share fisherman” means any person who—

- (a) is ordinarily employed in the fishing industry, otherwise than under a contract of service as the master or a member of the crew of any United Kingdom fishing vessel within the meaning of section 1(3) of the Merchant Shipping Act 1995(86), manned by more than one person, and who is remunerated in respect of that employment in whole or in part by a share of the profits or gross earnings of the fishing vessel, or
- (b) has ordinarily been so employed, but who by reason of age or infirmity permanently ceases to be so employed and becomes ordinarily engaged in employment ashore in the United Kingdom, otherwise than under a contract of service, making or mending any gear appurtenant to a United Kingdom fishing vessel or performing other services ancillary to or in connection with that vessel and is remunerated in respect of that employment in whole or in part by a share of the profits or gross earnings of that vessel and has not ceased to be ordinarily engaged in such employment;

“ship or vessel” for the purposes of this Case other than those of regulations 116 to 120 includes hovercraft;

“voyage period” means a pay period comprising an entire voyage or series of voyages (including any period of leave on pay which immediately follows the day on which the termination of that voyage or series of voyages occurs);

“week” means a period of 7 consecutive days and “weekly” shall be construed accordingly.

Modification of section 162(5) of the Administration Act

116. In section 162 of the Administration Act (destination of contributions), subsection (5)(**87**) (which specifies the amount of the national health service allocation to be deducted from each class of contribution prior to their payment into the National Insurance Fund) shall be modified, in the case of contributions paid at the rate reduced in accordance with regulation 119(1), as if, instead of the percentage figure specified in paragraph (b) of that subsection, there were specified the percentage figure “0.6”.

Conditions of domicile or residence

117.—(1) As respects any employment of a person as a mariner and liability for payment of any contribution under the Act as an employed earner by or on behalf, or in respect, of that mariner in respect of that employment—

- (a) the provisions of Case F of these Regulations relating to conditions as to residence or presence in Great Britain or Northern Ireland (as the case requires) shall not apply; but
- (b) it shall be a condition of liability to pay a contribution under the Act that the mariner is domiciled or resident in Great Britain or Northern Ireland (as the case requires); and
- (c) it shall be a condition of liability to pay a secondary contribution under the Act that the secondary contributor is resident or has a place of business in Great Britain or Northern Ireland (as the case requires).

This is subject to the following qualification.

(2) This regulation has effect subject to any Order in Council giving effect to any reciprocal agreement made under section 179 of the Administration Act (reciprocal agreements with countries outside the United Kingdom).

Modification of employed earner’s employment

118. Where a mariner—

- (a) is employed as such and—
 - (i) the employment is on board a British ship, or
 - (ii) the employment is on board a ship and the contract in respect of the employment is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on her voyage, and
 - (iii) in a case to which sub-paragraph (ii) applies, the person by whom the mariner’s earnings are paid, or, in the case of employment as a master or member of the crew of a ship or vessel, either that person or the owner of the ship or vessel (or the managing owner if there is more than one owner) has a place of business in Great Britain or Northern Ireland (as the case requires); or

(87) Subsection (5) was amended by section 2(1) of the Social Security (Contributions) Act 1994 (c. 1), section 65(2) of, and paragraph 99(3) of Schedule 7 to, the Social Security Act 1998 (c. 14), paragraph 9(2) of Part III of Schedule 9 to the Welfare Reform Act and section 74(7) of the [Child Support, Pensions and Social Security Act \(c. 19\)](#).

- (b) is employed as a master, member of the crew or as a radio officer on board any ship or vessel, not being a mariner to whom paragraph (a) applies, and—
- (i) in the case of employment as a radio officer, if the contract under which the employment is performed is entered into in the United Kingdom, the employer or the person paying the radio officer his earnings for that employment has a place of business in Great Britain or Northern Ireland (as the case requires), or
 - (ii) in the case of the employment being a master, member of the crew or as a radio officer, if the contract is not entered into in the United Kingdom, the employer or the person paying the earnings has his principal place of business in Great Britain or Northern Ireland (as the case requires),
- then, notwithstanding that he does not fulfil the conditions of section 2(1)(a) of the Act (definition of employed earner), the employment of the mariner as mentioned above shall be treated as employed earner's employment.

Modification of section 9(2) of the Act

119.—(1) As respects earnings paid to or for the benefit of a mariner for employment as such in any employment specified in paragraph (2), being employment which by virtue of regulation 118 is treated as employed earner's employment, from the figure specified as the secondary percentage in section 9(2) of the Act⁽⁸⁸⁾ there shall be subtracted 0.5 per cent and section 9 of the Act shall be modified accordingly.

(2) The employment referred to in paragraph (1) is employment as a master or member of the crew of a ship where—

- (a) the employment is on a foreign-going ship and the payment of earnings is exclusively in respect of that employment; or
- (b) the employment is partly on a foreign-going ship and partly otherwise than on such a ship and the payment of earnings in respect of that employment is made during the employment on the foreign-going ship.

(3) In this regulation the word "employment" includes any period of leave, other than leave for the purpose of study, accruing from the employment.

Earnings periods for mariners and apportionment of earnings

120.—(1) For the purposes of liability for and calculation of earnings-related contributions, paragraphs (2) to (9) apply where earnings are paid to or for the benefit of a mariner in respect of his employment as such for a voyage period.

(2) In this regulation "a relevant change" means a change affecting the calculation of earnings-related contributions under the Act not being—

- (a) a change in the amount of the mariner's earnings; or
- (b) a change in one or more of the following figures applicable in respect of the mariner's employment—
 - (i) the primary percentage for a primary Class 1 contribution specified in section 8(2) of the Act⁽⁸⁹⁾ or the percentage rate for a secondary Class 1 contribution specified in section 9(2) of the Act,

⁽⁸⁸⁾ Section 9 was substituted by paragraph 5 of Part I of Schedule 9 to the Welfare Reform Act.

⁽⁸⁹⁾ Section 8 was substituted by paragraph 4 of Part I of Schedule 9 to the Welfare Reform Act.

- (ii) the contracted-out rate applying in the case of a primary or secondary Class 1 contribution in section 41(1) of the Pension Act(90),
 - (iii) the amount by which the percentage rate of a secondary Class 1 contribution is reduced in accordance with regulation 119(1),
 - (iv) the lower or upper earnings limit for primary Class 1 contributions specified in section 5(1) of the Act(91).
- (3) Where a voyage period falls wholly in one year, then—
- (a) if no relevant change occurs during the voyage period, the earnings period shall be the voyage period;
 - (b) if one or more than one relevant change occurs during the voyage period the earnings shall be apportioned to such periods as comprise—
 - (i) the day on which the voyage period began and the day immediately before which the change occurred, and for any subsequent change, the day on which the immediately preceding change occurred and the day before which the next succeeding change occurred, and
 - (ii) so much of the voyage period as remains,according to the amounts earned in each period, and the earnings period in respect of each amount so apportioned shall be the length of the period to which it is apportioned.
- (4) Where a voyage period falls partly in one or more other years, then if no relevant change occurs during the voyage period—
- (a) the earnings shall be apportioned to those years according to the amounts earned in each year; and
 - (b) the earnings period in respect of each amount shall be the length of the period to which that amount is apportioned.
- (5) Where a voyage period falls partly in one and partly in one or more other years and one or more than one relevant change occurs during the voyage period, then—
- (a) in respect of a year during which a relevant change or more than one relevant change occurs the earnings shall be apportioned to such periods as comprise—
 - (i) the day on which the voyage period began, or where it began in another year, the beginning of the year in which the change occurred, and the day immediately before which the change occurred, and for any subsequent change, the day on which the immediately preceding change occurred and the day before which the next succeeding change occurred, and
 - (ii) so much of the voyage period as remains in the year,according to the amounts earned in each period, and the earnings period in respect of each amount so apportioned shall be the length of the period to which it is apportioned; and
 - (b) in respect of other years, the earnings shall be apportioned to those years according to the amounts earned in each year and the earnings period in respect of each amount so apportioned shall be the length of the period to which it is apportioned.
- (6) Where under paragraphs (3) to (5) an earnings period—
- (a) is less than a week, that period shall for the purposes of those paragraphs be treated as a week;

(90) Section 41(1) was amended by paragraph 127 of Schedule 7 of the Social Security Act 1998 and paragraph 6(2) of Part II of Schedule 9 to the Welfare Reform Act.

(91) Section 5 was substituted by paragraph 1 of Part I of Schedule 9 to the Welfare Reform Act.

- (b) exceeds a week or a whole multiple of a week by a part of a week,
 - (i) if that part of a week is a period in excess of 3 days, that part of a week shall be treated as a week for the purposes of paragraphs (3) to (5), and
 - (ii) if that part of a week is a period of 3 days or less, it shall be disregarded for those purposes.
- (7) For the purposes of paragraphs (3) to (5)—
 - (a) where a period of leave on pay immediately follows the day on which the termination of an entire voyage or series of voyages occurs—
 - (i) the earnings for that period of leave shall be treated as if they were earned during that period and shall be excluded from the earnings for any other period or periods, and
 - (ii) for the purpose of apportionment, the earnings for the period of leave shall be deemed to accrue from day to day by equal daily amounts; and
 - (b) “earned” includes treated as earned under this paragraph.
- (8) Where under paragraphs (1) to (7) earnings are apportioned to a period—
 - (a) each amount so apportioned shall be treated as paid at the end of the period to which it is apportioned; and
 - (b) contributions paid in respect of the amount so apportioned shall be treated as paid in respect of the year in which the end of that period falls.
- (9) Notwithstanding paragraphs (3) to (5) and (8), where a voyage period extends beyond the date on which the earnings are paid, any amount of earnings which, by virtue of paragraphs (1) to (8), would be apportioned to a period in the year following that in which the earnings are paid—
 - (a) shall be treated as paid at the end of the year in which the earnings are paid but shall not be aggregated with any other amount of earnings paid or treated as paid at the end of that year; and
 - (b) the earnings period in respect of that amount shall be a period of the same length as that to which it is apportioned.

Calculation of earnings-related contributions for mariners

121.—(1) For the purpose of the calculation of earnings-related contributions payable in respect of earnings paid to or for the benefit of a person in respect of that person’s employment as a mariner—

- (a) regulation 12(1) shall apply, save that in the case of a contribution payable on earnings above the upper earnings limit or the prescribed equivalent of that limit, the appropriate contributions calculator prepared by the Board may be applied;
- (b) in the alternative, paragraphs (2), (3) or (4) and (5) of that regulation shall, except in relation to secondary Class 1 contributions payable at a rate reduced in accordance with regulation 119, apply in respect of those earnings.

(2) Subject to paragraphs (3), (4) and (5) of regulation 12 where the secondary Class 1 contribution is payable at a rate reduced in accordance with regulation 119, that contribution may be calculated in accordance with the scale prepared by the Board appropriate to that rate or, in the case of such a contribution payable on earnings above the upper limit or the prescribed equivalent of that limit, a contributions calculator appropriate to that rate, prepared by the Board.

Prescribed secondary contributors

122. In relation to any payment of earnings to or for the benefit of a mariner in respect of employment to which the provisions of regulation 118 apply, where the person employing the mariner does not satisfy the conditions specified in regulation 117(1)(c), but the person who pays

the mariner those earnings does satisfy either of those conditions, that person shall be treated as the secondary contributor, whether or not he makes the payment as agent for the employer.

Payments to be disregarded

123.—(1) Without prejudice to the generality of regulation 25 and Schedule 3, but subject to paragraph (2), for the purposes of earnings-related contributions, there shall be excluded from the computation of a person’s earnings any payment in respect of employment as a mariner which is—

- (a) an interim payment of earnings by way of an advance;
- (b) a payment to some other person of any part of such a mariner’s earnings allocated by him to that person;
- (c) a payment of a special payment while sick abroad (as defined by the National Maritime Board).

(2) Nothing in sub-paragraph (a) or (b) of paragraph (1) shall be construed as preventing any sum deducted on account of any such payment as is specified in either of those sub-paragraphs from another payment of earnings being treated as comprised in those earnings.

Application of the Act and regulations

124.—(1) Part I of the Act and so much of Part VI of the Act as relates to contributions and the regulations made under those provisions shall, insofar as they are not inconsistent with the provisions of this Case, apply to mariners with the modification set out in paragraph (2).

(2) The modification is that, where a mariner is, on account of his being at sea or outside Great Britain or Northern Ireland (as the case requires) by reason of his employment as a mariner, unable to perform an act required to be done either immediately or on the happening of a certain event or within a specified time, he shall be deemed to have complied with that requirement if he performs the act as soon as is reasonably practicable, although after the happening of the event or the expiration of the specified time.

Modification in relation to share fishermen of Part I of the Act and so much of Part VI of the Act as relates to contributions

125. Part I of the Act and so much of Part VI of the Act as relates to contributions shall apply to share fishermen with the modification that—

- (a) employment as a share fisherman shall be employment as a self-employed earner notwithstanding that it is not employment in the United Kingdom;
- (b) as respects liability of a share fishermen to pay Class 2 contributions in respect of his employment as a share fisherman, regulation 117(1)(a) and (b) and (2) shall apply as if the share fisherman were a mariner and as if the reference in regulation 117(1) to an employed earner were a reference to a self-employed earner and as if the words “or on behalf, or in respect, of” were omitted;
- (c) for the purposes of entitlement to a contribution-based job seeker’s allowance, the weekly rate of any Class 2 contribution payable by a share fisherman for any contribution week while he is ordinarily employed as a share fisherman shall, notwithstanding the provisions of section 11(1) of the Act (Class 2 contributions)(92), be £2.65;
- (d) regulations 21, 100 and 108 shall apply to contributions payable at the weekly rate specified in paragraph (c) of this regulation as if references in those regulations to Class 2

(92) Section 11 was amended by paragraph 12 of Schedule 3 to the Transfer Act and by article 2 of S.I. 2000/755.

contributions included, as may be appropriate, references to Class 2 contributions at that rate;

- (e) regulation 43 shall apply to a share fisherman as if there were included at the end of paragraph (1)(a) of that regulation the words “or is entitled to a contribution-based jobseeker’s allowance or, but for a failure to satisfy the contribution conditions for that benefit, would be so entitled”;
- (f) insofar as Class 4 contributions in respect of the profits or gains of a share fisherman in respect of his employment as such are not collected by the Board under section 16 of the Act⁽⁹³⁾ (assessment and collection, etc. of Class 4 contributions) regulations 103 to 110 shall apply as if the share fisherman were a person to whom section 18(1)(a) and (b) of the Act applied (Class 4 contributions for persons treated under section 2(2)(b) of the Act as self-employed earners)⁽⁹⁴⁾; and
- (g) for the purposes of section 12 of the Act⁽⁹⁵⁾ and for the purposes of that section as modified by regulations 63 to 65, where an earner was a share fisherman when liability for Class 2 contributions arose, any reference in section 12 to an ordinary contribution, and any reference in those regulations to the weekly applicable rate of a contribution, shall be a reference to the rate of Class 2 contributions prescribed for a share fisherman.

Case D—

Married Women and Widows

Interpretation

126.—(1) In this Case, unless the context otherwise requires—

“personal death benefit” means any death benefit which, apart from any regulations made under section 73 of the Administration Act (overlapping benefits—general)⁽⁹⁶⁾, is payable to a person otherwise than in respect of another person who is a child or an adult dependant;

“Personal Injuries Scheme” means any scheme made under the Personal Injuries (Emergency Provisions) Act 1939⁽⁹⁷⁾ or under the Pensions (Navy, Army, Air Force and Mercantile Marine) Act 1939⁽⁹⁸⁾;

“qualifying widow” has the meaning assigned to it in regulation 127(1);

“reduced rate” means the rate specified in regulation 131;

“regulation 91 of the 1975 Regulations” and “regulation 94 of the 1975 Regulations” mean respectively regulation 91 and regulation 94 of the Social Security (Contributions) Regulations 1975⁽⁹⁹⁾ before section 3(1) of the Social Security Pensions Act 1975⁽¹⁰⁰⁾ (married women and widows) came into force and sections 5(3) and 130(2) of the Social Security Act 1975⁽¹⁰¹⁾ (Class 1 reduced rate and married women and widows) were repealed;

“Service Pensions Instrument” means those provisions and only those provisions of any Royal Warrant, Order in Council or other instrument (not being a 1914–1918 War Injuries Scheme) under which a death or disablement pension (not including a pension calculated by reference to length of service) and allowances for dependants payable with either such pension may be

⁽⁹³⁾ Section 16 was amended by paragraph 16 of Schedule 3, and Schedule 10, to the Transfer Act.

⁽⁹⁴⁾ Section 18 was amended by paragraph 7 of Schedule 1 to the Transfer Act, paragraph 18 of Schedule 3 to that Act and article 4 of S.I. 2000/755.

⁽⁹⁵⁾ Section 12 was amended by paragraph 13 of Schedule 3 and paragraph 3 of Schedule 9 to the Transfer Act.

⁽⁹⁶⁾ Section 73 was amended by paragraph 49 of Schedule 2 to the Jobseekers Act 1995 (c. 18).

⁽⁹⁷⁾ 1939 c. 82.

⁽⁹⁸⁾ 1939 c. 83.

⁽⁹⁹⁾ S.I. 1975/492.

⁽¹⁰⁰⁾ 1975 c. 60.

⁽¹⁰¹⁾ 1975 c. 14.

paid out of public funds in respect of any death or disablement, wound, injury or disease due to service in the naval, military or air forces of the Crown or in any nursing service or other auxiliary service of any of those forces or in the Home Guard or in any other organisation established under the control of the Defence Council or formerly established under the control of the Admiralty, the Army Council or the Air Council;

“1914–1918 War Injuries Scheme” means any scheme made under the Injuries in War (Compensation) Act 1914⁽¹⁰²⁾ or under the Injuries in War Compensation Act 1914 (Session 2)⁽¹⁰³⁾ or under any Government scheme for compensation in respect of persons injured in any merchant ship or fishing vessel as a result of hostilities during the 1914–1918 War.

(2) Where by any provision of this Case notice is required to be or may be given in writing it shall be given on a form approved by the Board or in such other manner, being in writing, as they may accept as sufficient in any case.

Elections by married women and widows

127.—(1) A woman who on 6th April 1977 (the date on which section 3(1) of the Social Security Pension Act 1975 (married women and widows) came into force) was married or was a widow who satisfied the conditions prescribed in paragraph (8) (“a qualifying widow”) may—

- (a) elect that her liability in respect of primary Class 1 contributions shall be a liability to contribute at the reduced rate; and
- (b) elect that she shall be under no liability to pay Class 2 contributions.

(2) Any election made for the purpose of paragraph (1)(a) shall be treated as also made for the purpose of paragraph (1)(b) and any election made for the purpose of paragraph (1)(b) shall be treated as also made for the purpose of paragraph (1)(a) and any revocation of an election for the one purpose shall be treated also as a revocation of an election for the other purpose.

(3) Where a woman has made an election to which this regulation applies, any primary Class 1 contributions payable in respect of any earnings paid to or for the benefit of that woman in the period during which the election has effect under the following provisions of this Case shall be at the reduced rate and she shall be under no liability to pay any Class 2 contribution for any contribution week in that period.

(4) Subject to regulation 134, no woman shall be entitled to make an election specified in paragraph (1) after 11th May 1977.

(5) Every election shall be made by notice in writing to the Board and by notice in writing to the Board may be revoked by the woman who made the election.

(6) Any revocation may be cancelled by notice in writing to the Board before the date upon which the notice of revocation is to have effect, and upon cancellation the revocation shall cease to have effect.

(7) Every woman who makes an election under this regulation shall furnish such certificates, documents, information and other evidence for the purpose of enabling the Board to consider the validity of the election as the Board may require.

(8) The conditions referred to in paragraph (1) are that the widow—

- (a) was entitled to—
 - (i) widow’s benefit under the Social Security Act 1975,
 - (ii) any personal death benefit which was payable to her as a widow under the provisions of Chapter IV of Part II of that Act at a weekly rate which was not less than the

⁽¹⁰²⁾ 1914 c. 30.

⁽¹⁰³⁾ 5 & 6 Geo. 5 c. 18.

- basic pension specified for the time being in section 6(1)(a) of the Social Security Pensions Act 1975 (rate of Category A retirement pension),
- (iii) any personal death benefit by way of pension or allowance payable to her as a widow under any Personal Injuries Scheme or Service Pensions Instrument or any 1914–1918 War Injuries Scheme (not being a pension or allowance calculated by reference to the needs of the beneficiary), the rate of which is as set out in head (ii) above, or
 - (iv) benefit under section 39(4) of the Social Security Act 1975 (retirement benefits for the aged), other than a Category C retirement pension; and
- (b) was not disentitled to payment of any such benefit by reason of her living with a man, to whom she was not married, as his wife.

Duration of effect of election

128.—(1) Subject to paragraph (2), any election made under regulation 127 shall have effect from and including 6th April 1977 (the date on which section 3(1) of the Social Security Pensions Act 1975 (married women and widows) came into force) until whichever of the following events first occurs after the date of the election, namely—

- (a) the date on which the woman ceases to be married otherwise than by reason of the death of her husband;
- (b) the end of the year in which she ceases to be a qualifying widow;
- (c) the end of any two consecutive years which begin on or after 6th April 1978 and in which the woman who made the election has no earnings in respect of which any primary Class 1 contributions are payable in those years and in which that woman is not at any time a self-employed earner;
- (d) in the case of a revocation which has not been cancelled in accordance with regulation 127(6), the end of the week in which the notice of revocation is given or, if the woman so wishes, the end of any subsequent week in the same year specified in the notice;
- (e) where in any year after 5th April 1982 a payment (“an erroneous payment”) is made by or on behalf of a woman on account of primary Class 1 contributions at the contracted-out rate and the woman wishes to pay contributions at the primary percentage from the beginning of the year next following that year, the end of the year in respect of which the erroneous payment is made; or
- (f) where—
 - (i) in any year after 5th April 1982 a payment is made by or on behalf of a woman on account of primary Class 1 contributions at the non-contracted-out rate, (“an erroneous payment”), or more than one such payment is made,
 - (ii) from the time of making that payment or, if there is more than one such payment, the first, to the time at which she notifies the Board in accordance with head (v), no contributions have been paid by her or on her behalf at the reduced rate and no contributions have been payable by her or on her behalf in respect of any contracted-out employment.
 - (iii) she has not procured a refund in respect of any erroneous payment,
 - (iv) she wishes to pay contributions at the primary percentage from the date on which the only or first erroneous payment was made, and
 - (v) after 5th April 1983 and on or before the 31st December in the next complete calendar year following the end of the year in which any erroneous payment was made, she notifies the Board of her wish to pay contributions at the primary percentage in accordance with head (iv),

the date on which the only or first erroneous payment was made.

(2) Where a woman, to whom paragraph (1)(b) applies, remarries or again becomes a qualifying widow before the end of the year in which she ceases to be a qualifying widow, that woman's election shall, notwithstanding that sub-paragraph, but without prejudice to the application of paragraph (1) (c), (d), (e) or (f), continue to have effect from the end of that year.

Continuation of elections under regulation 91 of the 1975 Regulations

129. Where, but for regulation 91 of the 1975 Regulations ceasing to have effect on 6th April 1977 (the date on which section 130(2) of the Social Security Act 1975 was repealed) an election made under that regulation before that date would have continued to have effect on that date, that election shall be treated as made under regulation 127 and this Case shall apply accordingly.

Continuation of elections on widowhood

130.—(1) If on 6th April 1977 (the date on which section 3(1) of the Social Security Pensions Act 1975 came into force) a woman—

- (a) was married and subsequently becomes a widow; or
- (b) was a widow and subsequently remarries and again becomes a widow,

paragraph (2) applies to her.

(2) Where this paragraph applies to a woman any election—

- (a) which she had made under regulation 127 before the death of the husband which renders a widow; or
- (b) which she is, by virtue of regulation 129, treated as having made under regulation 127 before that death;

and which is still effective at the time of the husband's death, shall, subject to paragraphs (4) and (5) and notwithstanding regulation 128, continue to have effect until the end of the appropriate period.

(3) For the purposes of this regulation the end of the appropriate period is—

- (a) the earliest of—
 - (i) the end of the second year specified in regulation 128(1)(c),
 - (ii) the end of the period specified in regulation 128(1)(d) or (e), or
 - (iii) the date specified in regulation 128(1)(f); or
- (b) subject to sub-paragraph (a) and paragraphs (4) and (5)—
 - (i) where the husband's death occurs before 1st October in any year, the end of that year,
 - (ii) where the husband's death occurs after 30th September in any year, the end of the year next following that in which the death occurs.

(4) Subject to regulation 128(1)(c), (d), (e) and (f) and to paragraph (5), if at the end of the year specified in head (i) or head (ii) of paragraph (3)(b) there is pending a claim or application made by or on behalf of the woman as a widow within 182 days (including Sundays) of her husband's death for any benefit specified in head (i) or (iv) or, irrespective of its rate, in head (ii) or (iii) of regulation 127(8)(a), the end of the appropriate period shall be the end of the year in which the claim or application is determined.

(5) If at the end of the year specified in head (i) or (ii) of paragraph (3)(b) or, as the case may be, in paragraph (4) the woman is a qualifying widow or married, the election shall continue to have effect, unless she is then a person to whom regulation 128(1)(c), (d), (e) or (f) applies.

Reduced rate

131. On and after 6th April 1978 the reduced rate of contribution for the purposes of section 19(4) of the Act (married women and widows) shall be 3.85 per cent, and, in respect of earnings paid on or after 5th October 1989, the amount of a primary Class 1 contribution payable at the reduced rate shall continue to be calculated by reference to that rate only.

Class 3 contributions

132. A woman who has made, or is under the regulations 126 to 131 treated as having made, an election under regulation 127 shall be precluded from paying Class 3 contributions for any year in respect of the whole of which that election has effect.

Certificates of election

133.—(1) As represents any election made, or by virtue of regulation 129 as treated as made, under regulation 127—

- (a) where a woman makes an election under regulation 127, the Board shall issue without charge, a certificate of election (“a certificate”) to her;
- (b) where a woman is treated as making such an election, the Board shall, on application without charge, issue a certificate to her; and
- (c) the certificate shall remain the property of the Board.

(2) A woman to whom a certificate has been issued shall be responsible for its custody unless and until it is delivered to a secondary contributor or returned to the Board.

(3) A woman in respect of whom an election has effect in accordance with regulations 126 to 132 shall, if any primary Class 1 contribution is payable by her or on her behalf, immediately deliver to the secondary contributor a certificate which is currently in force in respect of her and upon the delivery of the certificate, the secondary contributor shall become responsible for its custody unless and until it is delivered again to the woman or to the Board.

(4) Where a certificate has ceased to be in force, the woman in respect of whom the certificate was issued shall immediately return it to the Board and for that purpose, if at the time when the certificate ceases to be in force it is in the custody of a secondary contributor, that contributor shall immediately return it to the woman.

(5) The Board may at any time require the person for the time being responsible for the custody of a certificate to return it to the Board, and if at that time the election to which that certificate relates continues to have effect, the Board shall issue to that person a replacement certificate.

(6) Where a woman in respect of whom an election has effect has more than one employed earner’s employment the Board shall issue to her without charge, on her application, such number of certificates as will enable her to comply with the requirements of paragraph (3) in relation to each secondary contributor.

(7) Where a certificate has been lost or destroyed the person responsible for its custody shall inform the Board of that loss or destruction.

- (8) When a woman gives notice in writing to the Board that she revokes an election she shall—
- (a) if the certificate is with a secondary contributor, recover it from him; and
 - (b) deliver the certificate to the Board.

- (9) Where a secondary contributor holds a certificate and—
- (a) is informed by the woman to whom it was issued that she intends to revoke her election and is requested to return the certificate to her so that she may return it to the Board; or
 - (b) the employment by him of the woman to whom the certificate was issued has terminated,

he shall immediately return the certificate to her.

(10) Where under the foregoing provisions of this Case an election has been made by a woman to pay primary Class 1 contributions at the reduced rate and that election ceases to have effect, it shall be the duty of that woman to inform the secondary contributor accordingly.

(11) Any certificate issued for the purpose of an election made or deemed to have been made under the regulation 91 of the 1975 Regulations shall, if by virtue of regulation 124 the election is treated as made under regulation 127, continue in force for the purposes of that regulation.

Special transitional provisions consequent upon passing of the Social Security Pensions Act 1975

134.—(1) Any woman to whom this regulation applies—

- (a) shall, in respect of any liability for a primary Class 1 contribution, be liable to pay that contribution at the reduced rate; and
- (b) shall not be liable to pay any Class 2 contribution which, apart from the provisions of this paragraph, she would be liable to pay.

(2) Subject to paragraphs (3) to (7), this regulation applies to any woman—

- (a) to whom, before 6th April 1977 (the date on which section 3(1) of the Social Security Pensions Act 1975 came into force and sections 5(3) and 130(2) of the Social Security Act 1975 were repealed), the provisions of section 5(3) of the Social Security Act 1975 or of regulation 94 of the 1975 Regulations (newly widowed woman) applied and to whom those provisions would have continued to apply but for those provisions having been repealed or, as the case may be, having ceased to have effect on that date;
- (b) who, not being a person to whom regulation 130 applies—
 - (i) on 6th April 1977 was a married woman and became a widow during the period from and including that date to 6th April 1978, or
 - (ii) on 6th April 1977 was a qualifying widow, remarried after that date and again became a widow during that period; or
- (c) who on 6th April 1977 was married or a qualifying widow and had attained the age of 59.

(3) In the case of a woman specified in paragraph (2)(a) or (b), the provisions of paragraph (1) shall, subject to the provisions of paragraphs (4) and (5), apply only during the period which—

- (a) in the case of a woman specified in paragraph (2)(a)—
 - (i) began at the beginning of the year in which section 3(1) came into force; and
 - (ii) ended at the end of that year;
- (b) in the case of a woman specified in paragraph (2)(b)—
 - (i) began on the date on which that woman became or, as the case may be, again became a widow, and
 - (ii) ends at the end of whichever of the two periods specified in regulation 130(2)(b) is appropriate in her case in so far as that regulation relates to the date of the death of the husband.

(4) In the case of a woman to whom paragraph (3)(a) or (b) applies, those sub-paragraphs shall be subject to regulation 130(4) and paragraph (5) below with the modification that—

- (a) in regulation 130(4), the reference to sub-paragraphs (d) and (e) of regulation 128(1) shall be omitted;
- (b) in so far as the provisions of regulation 128(1)(c) are incorporated in regulation 130(4) as modified for the purposes of this regulation, references in regulation 128(1)(c) to

any election made under regulation 127 and to a woman who made the election shall respectively be construed as references to the application of paragraph (1) and to the woman to whom that paragraph applies.

- (5) Any woman—
- (a) who by virtue of paragraph (1)—
 - (i) was, in respect of any liability for a primary Class 1 contribution, liable to pay that contribution at the reduced rate, or
 - (ii) was not liable to pay any Class 2 contribution which apart from the provisions of that paragraph she would have been liable to pay; but
 - (b) to whom by virtue of paragraphs (2) to (4), paragraph (1) ceases so to apply; and
 - (c) who has not, in relation to the application of paragraph (1), given the notice prescribed in paragraph (7),

may, subject to the conditions prescribed in paragraph (6), make an election under and in accordance with regulation 127, notwithstanding that she has not done so before the date prescribed in that regulation, and regulations 126 to 133 shall apply accordingly from the end of the year in which paragraph (1) ceases to apply to her.

- (6) The conditions referred to in paragraph (5) are that the woman—
- (a) shall make the election not later than 11th May next following the end of the year in which paragraph (1) ceases to apply to her; and
 - (b) is, at the beginning of the year next following the year in which paragraph (1) so ceases to apply, married or a qualifying widow.

(7) Any woman to whom, by virtue of paragraph (2)(a) or (b), paragraph (1) applies may give notice in writing to the Board that she does not wish paragraph (1) to apply to her and upon the giving of such notice it shall accordingly cease to apply.

Deemed election of married women and widows excepted from contribution liability under the National Insurance Act 1965

135. Where immediately before 6th April 1975 there was, or is deemed to have been, in issue a current certificate of exception under regulation 9(3) or (4A) of the National Insurance (Contributions) Regulations 1969~~(104)~~ (exception for certain widows), or there was current an election under regulation 2(1)(a) of the National Insurance (Married Women) Regulations 1973~~(105)~~ (married women who are employed persons), or a woman then was, or but for any exception under or by virtue of another provision of the National Insurance Act 1965~~(106)~~ would have been, excepted under regulation 3(1)(a) of the 1973 Regulations (married women who are self-employed persons) from liability for contributions as a self-employed person under that Act and in any of these cases on that day the woman is a widow or, as the case may be, a married woman, that woman shall be deemed to have made an election under regulation 91 of the 1975 Regulations.

Special transitional provisions regarding deemed elections

136.—(1) If, under regulation 135 a woman is deemed to have made an election under regulation 91 of the 1975 Regulations, this regulation applies.

(2) Before the woman first becomes liable to pay a primary Class 1 contribution she may revoke any such election by notice in writing given to the Board and, if she so specified in that notice, the revocation shall have effect from and including the beginning of the year in which the notice is given.

~~(104)~~S.I. 1969/1696; the relevant amending instrument is S.I. 1970/1580.

~~(105)~~S.I. 1973/693.

~~(106)~~1965 c. 51.

- (3) If no notice of revocation is given and—
- (a) in the first year (not being more than 2 years after 6th April 1978) in which the woman becomes liable to pay primary Class 1 contributions—
 - (i) she shall be entitled to choose whether with effect from the beginning of that year, to pay such contributions at the primary percentage or at the reduced rate,
 - (ii) she shall notify any secondary contributor whether he is to pay such contributions on her behalf at the primary percentage or the reduced rate, and
 - (iii) such secondary contributor shall pay those contributions in accordance with that notification until the woman notifies him to the contrary in accordance with the provisions of regulation 133(10);
 - (b) in that first year (not being more than 2 years after 6th April 1978) any primary Class 1 contribution at the standard rate is paid by or on behalf of the woman, unless it is shown to the satisfaction of the Board that the woman did not intend, by the making of that payment, to revoke the election she shall be deemed to have revoked the election.

Application of regulations 126 to 134 to elections and revocation of elections deemed made under regulations 135 and 136

137.—(1) Subject to paragraph (2), regulations 126 to 134, save only in so far as inconsistent with regulations 135 and 136, shall apply to any election deemed to have been made under regulation 91 of the 1975 Regulations by virtue of regulation 135 as if it had been made under, and in accordance with, regulation 127 except that the Board shall not be obliged to issue a certificate, and as if any revocation which is deemed to be made under regulation 136 were made under, and in accordance with, regulation 127(5).

(2) Where a woman who under regulation 135 is not liable for a primary Class 1 contribution otherwise than at the reduced rate and to whom no certificate of election under the Act has been issued becomes employed in employed earner's employment, she shall make application in writing to the Board for such a certificate and, notwithstanding paragraph (1), the Board shall issue such a certificate to her.

Savings

138. For the purpose of facilitating the introduction of the scheme of social security contributions within the meaning of paragraph 9(1)(a)(i) of Schedule 3 to the Social Security (Consequential Provisions) Act 1975(**107**) regulations 2(2) (married women who are employed persons), 3(2) (married women who are self-employed persons), 4(2) (married women who are non-employed persons) and 16 (notice of marriage) of the National Insurance (Married Woman) Regulations 1973 shall be saved.

Modification of the Act

139. The Act shall have effect as respects married woman and widows subject to the modifications contained in this Case.

Case E—

Members of the Forces(108)

Establishments and organisations of which Her Majesty's forces are taken to consist

140. Except in relation to the employment in any of the establishments or organisations specified in Part I of Schedule 6 of any person specified in Part II of that Schedule, Her Majesty's forces shall, for the purpose of the Act, be taken to consist of the establishments and organisations specified in Part I of that Schedule, and this Case shall be construed accordingly.

Treatment of serving members of the forces as present in Great Britain

141. For the purposes of regulation 145(1)(a) a serving member of the forces shall, in respect of his employment as such, be treated as present in Great Britain(109).

Treatment of contributions paid after that date

142. For the purpose of any entitlement to benefit, any earnings-related contributions paid after the due date in respect of earnings paid to or for the benefit of a person in respect of his employment as a member of the forces shall be treated as paid on that date.

Special provisions concerning earnings-related contributions

143.—(1) For the purposes of earnings-related contributions, there shall be excluded from the computation of a person's earnings as a serving member of the forces any payment in so far as it is—

- (a) a payment of or in respect of an Emergence Service grant;
- (b) a payment of any sum referred to in section 316 of the Taxes Act (allowances bounties and gratuities); or
- (c) a payment of liability bounty in recognition of liability for immediate call-up in times of emergency.

(2) The earnings period for a person who is a serving member of the forces shall be as follows—

- (a) in the case of a person serving in the regular naval, military or air forces of the Crown, whatever is the accounting period from time to time applying in his case under the Naval Pay Regulations or, as the case may be, the Army Pay Warrant, Queen's Regulations for the Army or for the Royal Air Force or the Air Council Instructions; or
- (b) in the case of a person undergoing training in any of the establishments or organisations specified in paragraphs 2 to 9 of Part I of Schedule 6, a month.

Application of the Act and regulations

144.—(1) The provisions of Part I of the Act and so much of Part VI of the Act as relates to contributions and the regulations made under those provisions shall, in so far as they are not inconsistent and the provisions of this Case, apply in relation to persons who are serving members of the forces with the modification prescribed in paragraph (2).

(2) The modification is that where any such person is, on account of his being at sea or outside the United Kingdom by reason of his employment as a serving member of the forces, unable to perform

(108) This Case applies to Northern Ireland by virtue of the powers conferred by section 116 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 on the Treasury. These powers are exercisable, as in Great Britain, with the concurrence of the Secretary of State (and not the Department for Social Development).

(109) See however regulation 6 of S.I. 1975/493 as to the treatment of contributions paid by members of the forces for the purposes of entitlement to benefit in Northern Ireland.

an act required to be done either immediately or on the happening of a certain event or within a specified time, he shall be deemed to have complied with that requirement if he performs the act as soon as is reasonably practicable, although after the happening of the event or the expiration of the specified time,

Case F—

Residence and Persons Abroad

Condition as to residence or presence in Great Britain or Northern Ireland

145.—(1) Subject to paragraphs (2) and (3), for the purposes of section 1(6) of the Act (conditions as to residence or presence in Great Britain for liability or entitlement to pay Class 1 or Class 2 contributions, liability to pay Class 1A or Class 1B contributions or entitlement to pay Class 3 Contributions)**(110)** the conditions as to residence or presence in Great Britain or Northern Ireland (as the case requires) shall be—

- (a) as respects liability of an employed earner to pay primary Class 1 contributions in respect of earnings for an employed earner's employment, that the employed earner is resident or present in Great Britain or Northern Ireland (or but for any temporary absence would be present in Great Britain or Northern Ireland) at the time of that employment or is then ordinarily resident in Great Britain or Northern Ireland (as the case may be);
- (b) as respect liability to pay secondary Class 1 contributions, Class 1A contributions or Class 1B contributions that the person who, but for any conditions as to residence or presence in Great Britain or Northern Ireland (as the case may be and including the having of a place of business in Great Britain or Northern Ireland), would be the secondary contributor or the person liable for the payment of Class 1B contributions (in this Case referred to as "the employer") is resident or present in Great Britain or Northern Ireland when such contributions become payable or then has a place of business in Great Britain or Northern Ireland (as the case may be), so however that nothing in this paragraph shall prevent the employer paying the said contributions if he so wishes;
- (c) as respects entitlement of a self-employed earner to pay Class 2 contributions, that that earner is present in Great Britain or Northern Ireland (as the case may be) in the contribution week for which the contribution is to be paid;
- (d) as respects liability of a self-employed earner to pay Class 2 contributions, that the self-employed earner is ordinarily resident in Great Britain or Northern Ireland (as the case may be), or, if he is not so ordinarily resident, that before the period in respect of which any such contributions are to be paid he has been resident in Great Britain (as the case may be) for a period of at least 26 out of the immediately preceding 52 contribution weeks under the Act, the Social Security Act 1975**(111)** or the National Insurance Act 1965**(112)** or under some or all of those Acts.
- (e) as respects entitlement of a person to pay Class 3 contributions in respect of any year, either that—
 - (i) that person is resident in Great Britain or Northern Ireland (as the case may be) throughout the year,
 - (ii) that person has arrived in Great Britain or Northern Ireland (as the case may be) during that year and has been or is liable to pay Class 1 or Class 2 contributions in respect of an earlier period during that year,

(110) Section 1(6) was amended by paragraph 56(3) of Schedule 7 to the Social Security Act 1998 (c. 47).

(111) 1975 c. 14.

(112) 1965 c. 51.

- (iii) that person has arrived in Great Britain or Northern Ireland (as the case may be) during that year and was either ordinarily resident in Great Britain or Northern Ireland (as the case may be) throughout the whole of that year or became ordinarily resident during the course of it, or
- (iv) that person not being ordinarily resident in Great Britain or Northern Ireland (as the case may be), has arrived in that year or the previous year and has been continuously present in Great Britain or Northern Ireland (as the case may be) for 26 complete contribution weeks, entitlement where the arrival has been in the previous year arising in respect only of the next year.

(2) Where a person is ordinarily neither resident nor employed in the United Kingdom and, in pursuance of employment which is mainly employment outside the United Kingdom by an employer whose place of business is outside the United Kingdom (whether or not he also has a place of business in the United Kingdom) that person is employed for a time in Great Britain or Northern Ireland (as the case may be) as an employed earner and, but for the provisions of this paragraph, the provisions of sub-paragraph (a) of paragraph (1) would apply, the conditions prescribed in that sub-paragraph and in sub-paragraph (b) of that paragraph shall apply subject to the proviso that—

- (a) no primary or secondary Class 1 contribution shall be payable in respect of the earnings of the employed earner for such employment;
- (b) no Class 1A contribution shall be payable in respect of something which is made available to the employed earner or to a member of his family or household by reason of such employment; and
- (c) no Class 1B contribution shall be payable in respect of any PAYE settlement agreement in connection with such employment, after the date of the earner's last entry into Great Britain or Northern Ireland (as the case may be) and before he has been resident in Great Britain or Northern Ireland (as the case may be) for a continuous period of 52 contribution weeks from the beginning of the contribution week following that in which that date falls.

(3) Where a person to whom paragraph (1)(a) would otherwise apply is not ordinarily resident in the United Kingdom and is not a person to whom the provisions of paragraph (2) apply, the proviso in paragraph (2) shall nevertheless apply if either—

- (a) during a vacation occurring in a course of full-time studies which that person is pursuing outside the United Kingdom, that person is gainfully employed under a contract of service in Great Britain or Northern Ireland (as the case may be) in temporary employment of a nature similar or related to that course of studies; or
- (b) there exists between him and some other person outside the United Kingdom a relationship comparable with the relationship between an apprentice and his master in Great Britain or Northern Ireland (as the case may be) and that person is gainfully employed under a contract of service in Great Britain or Northern Ireland (as the case may be) in employment which began before he attained the age of 25 and which is of a nature similar or related to the employment under the said relationship outside the United Kingdom.

Payment of contributions for periods abroad

146.—(1) Where an earner is gainfully employed outside the United Kingdom, and that employment, if it had been in Great Britain or Northern Ireland, would have been employed earner's employment, that employment outside the United Kingdom shall be treated as employed earner's employment for the period for which under paragraph (2)(a) contributions are payable in respect of the earnings paid to the earner in respect of that employment provided that—

- (a) the employer has a place of business in Great Britain or Northern Ireland (as the case may be);

- (b) the earner is ordinarily resident in Great Britain or Northern Ireland (as the case may be); and
- (c) immediately before the commencement of the employment the earner was resident in Great Britain or Northern Ireland (as the case may be).

(2) Where, under paragraph (1), the employment outside the United Kingdom is treated as an employed earner's employment, the following provisions shall apply in respect of the payment of contributions—

- (a) primary and secondary Class 1 contributions shall be payable in respect of any payment of earnings for the employment outside the United Kingdom during the period of 52 contribution weeks from the beginning of the contribution week in which that employment begins to the same extent as that to which such contributions would have been payable if the employment had been in Great Britain or Northern Ireland (as the case may be);
- (b) subject to regulation 148, any earner by or in respect of whom contributions are or have been payable under sub-paragraph (a) shall be entitled to pay Class 3 contributions in respect of any year during which the earner is outside the United Kingdom from and including that in which the employment outside the United Kingdom begins until that in which he next returns to Great Britain or Northern Ireland (as the case may be);
- (c) Class 1A contributions and Class 1B contributions shall be payable in respect of the period specified in sub-paragraph (a).

Class 2 and Class 3 contributions for periods abroad

147.—(1) Subject to regulation 148, a person (other than a person to whom regulation 146(2)(a) applies) may, notwithstanding the provisions of regulation 145(1)(c) and (e), if he so wishes and if he satisfies the conditions specified in paragraph (3) below pay contributions in respect of periods during which he is outside the United Kingdom as follows—

- (a) in respect of any contribution week throughout which he is gainfully employed outside the United Kingdom in employment which is not employment in respect of earnings from which Class 1 contributions are payable, he may, if immediately before he last left Great Britain or Northern Ireland (as the case may be), he was ordinarily an employed earner or a self-employed earner, pay a contribution as a self-employed earner;
- (b) in respect of any year which includes a period during which he is outside the United Kingdom he may pay Class 3 contributions.

(2) A person who is gainfully employed outside Great Britain and falls within the provisions of paragraph (1)(a) shall for the purposes of that paragraph be treated as being outside the United Kingdom for any period during which he is temporarily in the United Kingdom.

(3) Subject to paragraph (4), the conditions referred to in paragraph (1) are that—

- (a) the person has been resident in Great Britain or Northern Ireland (as the case may be) for a continuous period of not less than three years at any time before the period for which the contributions are to be paid;
- (b) there have been paid by or on behalf of that person contributions of the appropriate amount—
 - (i) for each of 3 years ending at any time before the relevant period,
 - (ii) for each of 2 years ending at any time before the relevant period and, in addition, 52 contributions under either or both the Social Security Act 1975 or the National Insurance Act 1965, or

- (iii) for any one year ending at any time before the relevant period and, in addition, 104 contributions under either or both the Social Security Act 1975 or the National Insurance Act 1965, or
 - (c) there have been paid by or on behalf of that person 156 contributions under either or both the Social Security Act 1975 or the National Insurance Act 1965.
- (4) In paragraph (3)—
- “contributions of the appropriate amount” means contributions under the Act the earnings factor derived from which is not less than 52 times the lower earnings limit for the time being for primary Class 1 contributions;
- “contributions under either or both the Social Security Act 1975 or the National Insurance Act 1965” means contributions of any class under section 4, 7 or 8 of the Social Security Act 1975 or section 3 of the National Insurance Act 1965 in respect of any period; and
- “the relevant period” means the period for which it is desired to pay the Class 2 or Class 3 contributions specified in paragraph (1).

Conditions of payment of Class 2 or Class 3 contributions for periods abroad

148. Entitlement to pay Class 2 or Class 3 contributions under regulations 146 and 147 shall be subject to the following conditions—

- (a) that the payment is made within the period specified in regulation 48(3)(b)(i); and
- (b) that the payment is made only to the extent to which it could have been made if the contributor had been present in Great Britain or Northern Ireland (as the case may be) and otherwise entitled to make it.

CASE G—

VOLUNTEER DEVELOPMENT WORKERS

Interpretation

149.—(1) In this Case “volunteer development worker” means a person in respect of whom the Board has certified that it is consistent with the proper administration of the Act that, subject to the satisfaction of the conditions in paragraph (2), that person should be entitled to pay Class 2 contributions under regulation 151.

(2) The conditions are—

- (a) that that person is ordinarily resident in Great Britain or Northern Ireland (as the case may be); and
- (b) that he is employed outside Great Britain.

Certain volunteer development workers to be self-employed earners

150. Any employment as a volunteer development worker, which is not employment in respect of earnings from which Class 1 contributions are payable, or, where section 6A of the Act applies⁽¹¹³⁾, are treated as having been paid, shall be employment as a self-employed earner notwithstanding that it is not employment in Great Britain or Northern Ireland.

⁽¹¹³⁾ Section 6A was inserted by paragraph 3 of Part I of Schedule 9 to the Welfare Reform Act.

Option to pay Class 2 contributions

151. Notwithstanding section 11(1) of the Act and regulation 150, a volunteer development worker who by virtue of that regulation is a self-employer earner—

- (a) shall be excepted from liability to pay a Class 2 contribution; but
- (b) shall be entitled to pay such a contribution if he so wishes at the rate prescribed in regulation 152(b).

Special provisions as to residence, rate, annual maximum and method of payment

152. In relation to the Class 2 contributions a volunteer development worker is entitled to pay by virtue of regulation 151—

- (a) the provision of Case F of these Regulations shall not apply;
- (b) the weekly rate of any Class 2 contributions payable by a volunteer development worker for any contribution week while he is ordinarily employed as a volunteer development worker shall, notwithstanding the provisions of section 11(1) of the Act (Class 2 contributions) be 5 per cent. of the lower earnings limit for the year in which falls the week in respect of which the contribution is paid;
- (c) for the purpose of determining the extent of an earner's liability for contributions under regulation 21 the amount prescribed in that regulation shall be reduced by the amount of any contributions paid in respect of the year in question by virtue of regulation 151; and
- (d) regulation 89 shall not apply.

Late paid contributions

153.—(1) This regulation applies to any Class 2 contribution a volunteer development worker is entitled to pay by virtue of regulation 151, which is paid in respect of a week falling within a tax year ("the contribution year") earlier than the tax year in which it is paid.

(2) Section 12 of the Act (late paid Class 2 contributions) shall not apply.

(3) Subject to paragraph (4), the amount of a contribution to which this regulation applies shall be the amount which the volunteer development worker would have had to pay if he had paid the contribution in the contribution year.

(4) In any case where—

- (a) the volunteer development worker pays a contribution to which this regulation applies after the end of the tax year immediately following the contribution year; and
- (b) the weekly rate of contributions applicable under regulation 152(b), for the week in respect of which the contribution is paid, differs from the weekly rate so applicable at the time of payment,

the amount of the contributions shall be computed by reference to the highest weekly rate of contributions applicable in the period from the week in respect of which the contribution is paid to the day on which it is paid.

Modifications of the Act and these Regulations

154. Part I of the Act and these Regulations shall have effect as respects volunteer development workers subject to the modification contained in this Case.

PART 10

MISCELLANEOUS PROVISIONS

Treatment of contribution week falling in two years

155. For the purposes of Class 2 contributions, where a contribution week falls partly in one year and partly in another, it shall be treated as falling wholly within the year in which it begins.

Northern Ireland

156.—(1) Except where otherwise provided, the provisions of these Regulations shall apply to Northern Ireland as they apply to Great Britain.

(2) Paragraph (1) does not apply to the provisions of Case B or Case D of Part 9 of these Regulations.

(3) In the application of these Regulations to Northern Ireland other than this regulation, a reference to a provision of an enactment, which applies only to Great Britain shall be construed so far as necessary as including a reference to the corresponding enactment applying in Northern Ireland.

(4) Schedule 7 contains a Table showing, in column (1) details of enactments applying in Great Britain for which the enactment shown in column (2) is the corresponding enactment in Northern Ireland.

Neither this paragraph nor Schedule 7 limits the operation of paragraph (3).

(5) The reference—

(a) to an Order in Council under section 179 of the Administration Act shall be taken to include a reference to an order under section 155 of the Social Security Administration (Northern Ireland) Act 1992(**114**); and

(b) to the Secretary of State in regulation 59(3)(b) shall be taken to include a reference to the Department of Health and Social Services for Northern Ireland, but any other reference to the Secretary of State shall be taken to include a reference to the Department for Social Development.

(6) The rate of interest prescribed for the purposes of regulations 75 and 76(1) and paragraphs 17(1) and 18(1) and (3) of Schedule 4, in their application to Northern Ireland, is the rate applicable under paragraph 6(3)(a) of Schedule 1 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992(**115**) for the purpose of paragraph 6(3) of Schedule 1 to the Social Security Contributions and Benefits Act 1992.

Revocations

157.—(1) The Regulations specified in column (1) of Parts I and II of Schedule 8 are revoked to the extent mentioned in column (3) of that Schedule.

Part I of Schedule 8 contains revocations of provisions which extend either to Great Britain or to the whole of the United Kingdom, whilst Part II contains revocations of provisions which extend only to Northern Ireland.

(2) Anything done, permitted to be done or required to be done, under any provision of the instruments revoked by these Regulations shall be treated as though it had been done or were permitted or required to be done (as the case may be) under the corresponding provision of these Regulations.

(114) 1992 c. 8.

(115) 1992 c. 7.

(3) Without prejudice to the generality of paragraph (2), a person who would have been liable, immediately before the revocation of regulation 53A(4) of the Social Security (Contributions) Regulations 1979(116) by paragraph (1) to a penalty in respect of a failure which commenced before these Regulations come into force shall continue to be liable to that penalty.

(4) The revocation by these Regulations of an instrument which itself revoked an earlier instrument subject to savings does not prevent the continued operation of those savings, insofar as they are capable of continuing to have effect.

(5) In this regulation “instrument” includes a Statutory Rule of Northern Ireland.

14th March 2001

Clive Betts
Greg Pope
Two of the Lords Commissioners of Her
Majesty’s Treasury

The Secretary of State hereby concurs

13th March 2001

Jeff Rooker
Minister of State,
Department of Social Security

The Department for Social Development hereby concurs
Sealed with the Official Seal of the Department for Social Development on 12th March 2001.

L.S.

John O’Neill
Senior Officer of the
Department for Social Development

15th March 2001

Nick Montagu
Dave Hartnett
Two of the Commissioners of Inland Revenue

(116) S.I. 1979/591; regulation 53A was inserted by regulation 4 of S.I. 1993/260 and paragraphs (4) to (9) were added by regulation 2 of S.I. 2001/45.

Status: This is the original version (as it was originally made).

SCHEDULE 1

Preamble

PROVISIONS CONFERRING POWERS EXERCISED IN MAKING THESE REGULATIONS

In this Schedule—

- “the 1998 Act” means the Social Security Act 1998**(117)**;
 “the 1988 Order” means the Social Security (Northern Ireland) Order 1998**(118)**;
 “the 2000 Act” means the Child Support, Pensions and Social Security Act 2000**(119)**;
 “the Transfer Act” means the Social Security Contributions (Transfer of Functions, etc.) Act 1999**(120)**;
 “the Transfer Order” means the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999**(121)**; and
 “the Welfare Reform Act” means the Welfare Reform and Pensions Act 1999**(122)**.

PART I

POWERS EXERCISED BY THE TREASURY

<i>Column (1)</i> <i>Enabling power</i>	<i>Column (2)</i> <i>Relevant amendment</i>
Social Security Contributions and Benefits Act 1992 (123)	
Section 1(6) and (7)	Paragraph 56(3) of Schedule 7 to the 1998 Act and paragraph 1(3) of Schedule 3 to the Transfer Act.
Section 3(2), (2A), (3) and (5)	Section 48 and 49 of the 1998 Act and paragraph 3 of Schedule 3 to the Transfer Act.
Section 4(5), (6) and (7)	Section 50 of the 1998 Act, paragraph 4 of Schedule 3 to the Transfer Act and section 74(3) of the 2000 Act.
Section 5(1), (4) and (6)	Paragraph 1 of Schedule 9 to the Welfare Reform Act.
Section 6(3), (6) and (7)	Paragraph 2 of Schedule 9 to the Welfare Reform Act.
Section 6A(2) and (7) (124)	Paragraph 3 of Schedule 9 to the Welfare Reform Act.
Section 10(9) (125)	

(117) 1998 c. 14.

(118) S.I. 1998/1506 (N.I. 10).

(119) 2000 c. 19.

(120) 1999 c. 2.

(121) S.I. 1999/671.

(122) 1999 c. 30.

(123) 1992 c. 4.

(124) Section 6A was inserted by paragraph 3 of Schedule 9 to the Welfare Reform Act.

(125) Section 10 was substituted by section 74(2) of the 2000 Act.

<i>Column (1)</i> <i>Enabling power</i>	<i>Column (2)</i> <i>Relevant amendment</i>
Section 10A(7)(126)	Paragraph 11 of Schedule 3 to the Transfer Act.
Section 11(3), (4) and (5)	Paragraph 12 of Schedule 3 to the Transfer Act and article 3 of S.I. 2001/477 .
Section 12(6)	Paragraph 13 of Schedule 3 to the Transfer Act.
Section 13(1) and (7)	Paragraph 14(2) and (4) of Schedule 3 to the Transfer Act, and article 4 of S.I. 2001/477 .
Section 14(1), (2) and (5)	Paragraph 15 of Schedule 3 to the Transfer Act.
Section 19(1) to (5A)	Paragraph 19(2) of Schedule 3 to the Transfer Act.
Section 19A(2) and (3)(127)	Paragraph 20 of Schedule 3, and paragraph 4 of Schedule 9, to the Transfer Act.
Section 116(2) and (3)	Paragraph 28 of Schedule 2 to the Jobseekers Act 1995, paragraph 67 of Schedule 7 to the 1998 Act and paragraph 22 of Schedule 3, and paragraph 5 of Schedule 7 to the Transfer Act.(128)
Section 117	Paragraph 68 of Schedule 7 to the 1998 Act and paragraph 23 of Schedule 3 to, and paragraph 6 of Schedule 7 to, the Transfer Act.
Section 118	Paragraph 24 of Schedule 3 to the Transfer Act.
Section 119	Paragraph 69 of Schedule 7 to the 1998 Act and paragraph 25 of Schedule 3, and paragraph 7 of Schedule 7 to, the Transfer Act.
Section 120	Paragraph 70 of Schedule 7 to the 1998 Act and paragraph 26 of Schedule 3, and paragraph 8 of Schedule 7 to the Transfer Act.
Section 122(1)(129)	
Section 175(3), (4) and (5)	Paragraph 29(4) of Schedule 3 to the Transfer Act.
Schedule 1	
Paragraph 7A(130)	Paragraph 37 of Schedule 3 to, and paragraph 6 of Schedule 9 to, the Transfer Act.
Paragraph 7B(131)	Paragraph 38 of Schedule 3, and paragraph 7 of Schedule 9, and the relevant entry in Part I of Schedule 10, to

(126) Section 10A was inserted by section 53 of the 1998 Act.

(127) Section 19A was inserted by section 54 of 1998 Act.

(128) [1995 c. 18](#).

(129) Section 122(1) is cited because of the meaning ascribed to “prescribe”.

(130) Paragraph 7A was inserted by section 56(2) of the 1998 Act.

(131) Paragraph 7B was inserted by section 57 of the 1998 Act.

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Enabling power</i>	<i>Column (2)</i> <i>Relevant amendment</i>
	the Transfer Act, and section 76(3) and (4) of the 2000 Act.
Paragraph 8(1)(a), (c), (ca)(132), (e), (f), (g), (h), (ia)(133), (j), (k), (l), (m) and (q) and (1A)(134)	Paragraph 14 of Schedule 5 to the Pensions Act 1995(135), paragraph 77(15) and (16) of Schedule 7 to the 1998 Act, paragraph 39 of Schedule 3 to the Transfer Act and section 74(5) and 77(4) and (5) of the 2000 Act.
Paragraph 11 Social Security Contributions and Benefits (Northern Ireland) Act 1992(136)	Paragraph 41 of Schedule 3 to the Transfer Act.
Section 1(6) and (7)	Paragraph 38(3) of Schedule 6 to the 1998 Order and paragraph 2 of Schedule 3 to the Transfer Order.
Section 3(2), (2A), (3) and (5)	Articles 45 and 46 of the 1998 Order and paragraph 4 of Schedule 3 to the Transfer Order.
Section 4(5), (6) and (7)	Paragraph 5 of Schedule 3 to the Transfer Order and section 78(3) of the 2000 Act.
Section 5(1), (4) and (6)	Paragraph 1 of Schedule 10 to the Welfare Reform Act.
Section 6(3), (6) and (7)	Paragraph 2 of Schedule 10 to the Welfare Reform Act.
Section 6(A)(2) and (7)(137)	
Section 10(9)(138)	
Section 10A(7)(139)	Paragraph 12 of Schedule 3 to the Transfer Order.
Section 11(3), (4) and (5)	Paragraph 13 of Schedule 3 to the Transfer Order and article 3 of S.I. 2001/477 .
Section 12(6)	Paragraph 14 of Schedule 3 to the Transfer Order.
Section 13(1) and (7)	Paragraph 15(2) and (4) of Schedule 3 to the Transfer Order and article 4 of S.I. 2001/477 .
Section 14(1), (2) and (5)	Paragraph 16 of Schedule 3 to the Transfer Order.

(132) Paragraph 8(1)(ca) was inserted by paragraph 77(4) of the 2000 Act.

(133) Paragraph 8(1)(ia) was inserted by paragraph 77(15) of Schedule 7 to the 1998 Act.

(134) Paragraph 8(1A) was inserted by paragraph 39(3) of Schedule 3 to the Transfer Act.

(135) 1995 c. 26.

(136) 1992 c. 7.

(137) Section 6A was inserted by paragraph 3 of Schedule 10 to the Welfare Reform Act.

(138) Section 10 was substituted by section 78(2) of the 2000 Act.

(139) Section 10A was inserted by Article 50 of the 1998 Order.

<i>Column (1)</i> <i>Enabling power</i>	<i>Column (2)</i> <i>Relevant amendment</i>
Section 19(1) to (5A)	Paragraph 19(2) of Schedule 3 to the Transfer Order.
Section 116(2) and (3)	Paragraph 11 of Schedule 2 to the Jobseekers (Northern Ireland) Order 1995, paragraph 49 of Schedule 6 to the 1998 Order and paragraph 22 of Schedule 3, and paragraph 4 of Schedule 6 to the Transfer Order. (140)
Section 117	Paragraph 50 of Schedule 6 to the 1998 Order and paragraph 23 of Schedule 3, and paragraph 5 of Schedule 6 to, the Transfer Order.
Section 118	Paragraph 24 of Schedule 3 to the Transfer Order.
Section 119	Paragraph 51 of Schedule 6 to the 1998 Order and paragraph 25 of Schedule 3, and paragraph 6 of Schedule 6 to the Transfer Order.
Section 121(1) (141)	
Section 171(3), (4), (5) and (10) (142)	Paragraph 36 of Schedule 1 to the Social Security (Incapacity for Work) (Northern Ireland) Order 1994 (143)
Schedule 1	
Paragraph 7A (144)	Paragraph 36 of Schedule 3, and paragraph 4 of Schedule 8, to the Transfer Order.
Paragraph 7B (145)	Paragraph 37 of Schedule 3, and paragraph 5 of Schedule 8, and the relevant entry in Part 1 of Schedule 9 to the Transfer Order and section 80(3) and (4) of the 2000 Act.
Paragraph 8(1)(a), (c), (ca) (146) , (e), (f), (g), (h), (ia) (147) , (j), (k), (l), (m) and (q) and (1A) (148)	Paragraph 11 of Schedule 3 to the Pensions (Northern Ireland) Order 1995 (149) , paragraph 58(15) and (16) of Schedule 6 to the 1998 Order, paragraph 38 of Schedule 3 to the Transfer Order and sections 78(5) and 81(4) and (5) of the 2000 Act.

(140) 1995/2705 (N.I. 15).**(141)** Section 121(1) is cited because of the meaning ascribed to “prescribe”.**(142)** Section 171(10) was substituted by paragraph 28(3) of Schedule 3 to the Transfer Order.**(143)** S.I. 1994/1898 (N.I. 12).**(144)** Paragraph 7A was inserted by Article 53(2) of the 1998 Order.**(145)** Paragraph 7B was inserted by Article 54 of the 1998 Order.**(146)** Paragraph 8(1)(ca) was inserted by section 81(4) of the 2000 Act.**(147)** Paragraph 8(1)(ia) was inserted by paragraph 58(15) of Schedule 6 to the 1998 Order.**(148)** S.I. 1995/3212 (N.I. 22).**(149)** Paragraph 8(1A) was inserted by paragraph 38(3) of Schedule 3 to the Transfer Order.

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Enabling power</i>	<i>Column (2)</i> <i>Relevant amendment</i>
Paragraph 10	Paragraph 19 of Schedule 21 to the Friendly Societies Act 1992 and paragraph 40 of Schedule 3 to the Transfer Order. (150)

PART II
POWERS EXERCISED BY THE
COMMISSIONERS OF THE INLAND REVENUE

<i>Column (1)</i> <i>Enabling power</i>	<i>Column (2)</i> <i>Relevant amendment</i>
Social Security Contributions and Benefits Act 1992	
Section 17(1), (2), (3) and (4)	Paragraph 6 of Schedule 1, paragraph 17 of Schedule 3, and the relevant entry in Part I of Schedule 10 to, the Transfer Act.
Section 18	Paragraph 7 of Schedule 1, and paragraph 18 of Schedule 3, to the Transfer Act and article 5 of S.I. 2001/477 .
Section 122(1) (151)	
Schedule 1	
Paragraph 1	Section 148(2), (3) and (4) of the Pensions Act 1995, paragraph 77(2), (3) and (4) of Schedule 7 to the 1998 Act, paragraph 31 of Schedule 3 to the Transfer Act and paragraph 78(2) to (5) of Schedule 12 to, and Part VI of Schedule 13, to the Welfare Reform Act.
Paragraph 2	Paragraph 32 of Schedule 3 to the Transfer Act.
Paragraph 3	Section 55 of, and paragraph 77(5) of Schedule 7 to the 1998 Act, paragraph 33 of Schedule 3 to the Transfer Act, section 77(1) of and Part VIII of Schedule 9 to the 2000 Act.
Paragraph 3B(11) (152)	
Paragraph 4	Paragraph 16 of Schedule 1 and paragraph 34 of Schedule 3 to the Transfer Act.

(150) 1992 c. 40.

(151) Section 122(1) is cited because of the meaning ascribed to “prescribe”.

(152) Paragraph 3B was inserted by section 77(2) of the 2000 Act.

<i>Column (1)</i> <i>Enabling power</i>	<i>Column (2)</i> <i>Relevant amendment</i>
Paragraph 5	Paragraph 77(6) of Schedule 7 to the 1998 Act, paragraph 34 of Schedule 3 to the Transfer Act and section 74(4) of the 2000 Act.
Paragraph 5A (153)	Paragraph 34 of Schedule 3 to the Transfer Act.
Paragraph 6	Paragraph 77(8), (9), and (11) of Schedule 7 to, and the relevant entry in Schedule 8 to the 1998 Act and paragraph 17 of Schedule 1, paragraph 35 of Schedule 3, paragraph 9 of Schedule 7, paragraph 5 of Schedule 9, and the relevant entry in Part 1 of Schedule 10, to the Transfer Act
Paragraph 7BA (154) The Social Security Administration Act 1992 (155)	
Section 113	Section 60 of the 1998 Act, paragraph 5 of Schedule 5 to the Transfer Act and paragraph 7 of Schedule 6 to the 2000 Act.
Section 162(12)	Paragraph 52(11) of Schedule 3 to the Transfer Act.
Section 191 (156) Social Security Contributions and Benefit (Northern Ireland) Act 1992	
Section 17	Paragraph 7 of Schedule 1, paragraph 17 of Schedule 3, and the relevant entry in Part I of Schedule 9 to, the Transfer Order.
Section 18	Paragraph 8 of Schedule 1 to, and paragraph 18 of Schedule 3 to the Transfer Order and article 5 of S.I. 2001/477 .
Section 121(1) (157) Schedule 1	
Paragraph 1	Article 145(2), (3) and (4) of the Pensions (Northern Ireland) Order 1995, paragraph 58(1) to (4) of Schedule 6 to the 1998

(153) Paragraph 5A was inserted by paragraph 77(7) of Schedule 7 to the 1998 Act.**(154)** Paragraph 7BA was inserted by section 76(5) of the 2000 Act.**(155)** 1992 c. 5.**(156)** Section 191 is cited because of the meaning ascribed to “prescribe”.**(157)** Section 121(1) is cited because of the meaning ascribed to “prescribe”.

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Enabling power</i>	<i>Column (2)</i> <i>Relevant amendment</i>
	Order, paragraph 30 of Schedule 3 to the Transfer Order and paragraph 86(2) to (5) of Schedule 12, and the relevant entry in Part VI of Schedule 13 to, the Welfare Reform Act.
Paragraph 2	Paragraph 31 of Schedule 3 to the Transfer Order.
Paragraph 3	Article 52 of, and paragraph 58(5) of Schedule 6 to, the 1998 Order, paragraph 32 of Schedule 3 to the Transfer Order, section 81(1) of, and the relevant entry in Part VIII of Schedule 9 to, the 2000 Act.
Paragraph 3B(11)(158)	
Paragraph 4	Paragraph 16 of Schedule 1, and paragraph 33 of Schedule 3 to the Transfer Order.
Paragraph 5	Paragraph 58(6) of Schedule 7 to the 1998 Order, paragraph 34 of Schedule 3 to the Transfer Order and section 78(4) of the 2000 Act.
Paragraph 5A(159)	Paragraph 33 of Schedule 3 to the Transfer Order.
Paragraph 6	Paragraph 58(8), (9) and (11) of Schedule 6, and the relevant entry in Schedule 7, to the 1998 Order, paragraph 20 of Schedule 1, paragraph 34 of Schedule 3, paragraph 7 of Schedule 6, paragraph 3 of Schedule 8, and the relevant entry in Part I of Schedule 9 to the Transfer Order.
Paragraph 7BA(160)	
Social Security Administration (Northern Ireland) Act 1992(161)	
Section 107	Article 56 of the 1998 Order, paragraph 5 of Schedule 4 to the Transfer Order and paragraph 7 of Schedule 6 to the Child Support, Pensions and Social Security Act (Northern Ireland) 2000.(162)
Section 142(12)	Paragraph 45(12) of Schedule 3 to the Transfer Order.
Section 167(1)(163)	

(158) Paragraph 3B was inserted by section 81(2) of the 2000 Act.

(159) Paragraph 5A was inserted by paragraph 58(7) of Schedule 6 to the 1998 Order.

(160) Paragraph 7BA was inserted by section 80(5) of the 2000 Act.

(161) 1992 c. 8.

(162) 2000 c. 4 (N.I.).

(163) Section 167(1) is cited because of the meaning ascribed to “prescribe”.

<i>Column (1)</i>	<i>Column (2)</i>
<i>Enabling power</i>	<i>Relevant amendment</i>
Finance Act 1999(164)	
Section 133(1)	

SCHEDULE 2

Regulation 24

CALCULATION OF EARNINGS FOR THE PURPOSES OF EARNINGS-RELATED CONTRIBUTIONS IN PARTICULAR CASES

Calculation of earnings

1. This Schedule contains rules for the calculation of earnings in the assessment of earnings-related contributions in particular cases.

Calculation of earnings in respect of beneficial interest in assets within Part IV of Schedule 3

2.—(1) Except where paragraph 3, 4, 5 or 6 applies, the amount of earnings comprised in any payment by way of the conferment of any beneficial interest in any asset specified in Part IV of Schedule 3, which falls to be taken into account in the computation of a person's earnings shall be calculated or estimated at a price which that beneficial interest might reasonably be expected to fetch if sold in the open market on the day on which it is conferred.

(2) For the purposes of sub-paragraph (1), where any asset is not quoted on a recognised stock exchange within the meaning of section 841 of the Taxes Act, it shall be assumed that, in the open market which is postulated, there is available to any prospective purchaser of the beneficial interest in the asset in question all the information which a prudent prospective purchaser might reasonably require if he were proposing to purchase it from a willing vendor by private treaty and at arm's length.

Valuation of beneficial interest in units in a unit trust scheme

3. The amount of earnings which is comprised in any payment by way of the conferment of a beneficial interest in any units in a unit trust scheme (within the meaning of section 75(8) of the Financial Services Act 1986(165) having a published selling price and which falls to be taken into account in the calculation of a person's earnings shall be calculated or estimated by reference to the published selling price on the day in question.

Here "published selling price" means the lowest selling price published on the date on which the payment in question is made, and where no such price is published on that date, it means the lowest selling price published on the last previous date on which such a price was published.

Conferment of a beneficial interest in an option to acquire asset falling within Part IV of Schedule 3

4. The amount of earnings which is comprised in a payment by way of the conferment of a beneficial interest in an option to acquire any asset falling within Part IV of Schedule 3 shall be calculated or estimated by reference to the amount which would be comprised in accordance with paragraph 2, or, if paragraph 3, 5 or 6 would apply in accordance with that paragraph, in a payment by way of the conferment of a beneficial interest—

(164) 1999 c. 16.

(165) 1986 c. 60.

Status: This is the original version (as it was originally made).

- (a) in the asset which may be acquired by the exercise of the option; or
- (b) where that asset (the first asset) may be exchanged for another asset (the second asset) and the value of the beneficial interest in the second asset is greater than that in the first, in that second asset,

on the day on which the beneficial interest in the option is conferred.

The amount shall be reduced by the amount or value, or, if variable, the least amount or value, of the consideration for which the asset may be so acquired.

Readily convertible assets

5.—(1) The amount of earnings which is comprised in—

- (a) any payment by way of the conferment of a beneficial interest in any asset falling within Part III of Schedule 3;
- (b) any payment by way of the conferment of a beneficial interest in any asset falling within Part IV of Schedule 3 which is a readily convertible asset;
- (c) any payment by way of—
 - (i) a voucher, stamp or similar document falling within paragraph 12 of Part IV of that Schedule where the asset for which it is capable of being converted is a readily convertible asset;
 - (ii) a non-cash voucher not falling within Part V (whether or not also falling within paragraph 12 of Part IV of that Schedule) which is capable of being exchanged for a readily convertible asset;

and which is to be taken into account in computing a person's earnings, shall be calculated in accordance with sub-paragraph (2) to (5).

(2) In the case of an asset falling within paragraph 1 of Part III of Schedule 3 the amount is the best estimate which can reasonably be made of the amount of income likely to be chargeable to tax under Schedule E in respect of the provision of the asset.

(3) In the case of an asset falling within paragraph 2 of Part III of Schedule 3, the amount is the best estimate that can reasonably be made of the amount of income likely to be chargeable to tax under Schedule E in respect of the enhancement of its value.

(4) In the case of a voucher, stamp or similar document falling within—

- (a) sub-paragraph(1)(c); or
- (b) paragraph 3 of Part III of Schedule 3,

the amount is the best estimate that can reasonably be made of the amount of income likely to be chargeable to tax under Schedule E in respect of the provision of any asset for which the voucher is capable of being exchanged.

(5) In the case of an asset falling within sub-paragraph(1)(b), the amount is the best estimate that can reasonably be made of the amount of income likely to be chargeable to tax under Schedule E in respect of the provision of the asset.

Assets not readily convertible: beneficial interests in alcoholic liquor on which duty has not been paid, gemstones and certain vouchers and non-cash vouchers

6. The amount of earnings comprised in any payment by way of the conferment of a beneficial interest in—

- (a) an asset which—

- (i) falls within paragraph 9 or 10 of Part IV of Schedule 3 (payments by way of alcoholic liquor on which duty has not been paid or by way of gemstones not to be disregarded as payments in kind), and
- (ii) is not a readily convertible asset;
- (b) a voucher, stamp or similar document which falls within paragraph 12 of Part IV of that Schedule and which is not capable of being exchanged for a readily convertible asset; or
- (c) a non-cash voucher not excluded by virtue of Part 5 of that Schedule and which falls within paragraph 12 of Part IV of that Schedule (assets not to be disregarded as payments in kind) which is not capable of being exchanged for a readily convertible asset;

shall be calculated or estimated on the basis of the cost of the asset in question.

Here “the cost of the asset” in relation to any voucher, stamp or similar document includes the cost of any asset for which that voucher, stamp or similar document is capable of being exchanged.

Conditional interest in shares

7.—(1) The amount of earnings, comprised in any payment by way of the conferment of a conditional interest in shares, falling to be taken into account in computing a person’s earnings, shall be the difference between—

- (a) the market value of that person’s interest immediately after—
 - (i) the interest ceases to be only conditional, or
 - (ii) if earlier, the sale or other disposal of that interest; and
- (b) the amount or value of the consideration given by that person for that interest together with any amounts which have previously been included in his earnings for the purpose of assessment of earnings-related contributions in respect of his acquisition of that interest.

The difference shall be calculated on the basis of the best estimate that can reasonably be made.

(2) In this paragraph—

- (a) “market value” has the meaning given in section 140A(6) of the Taxes Act(166); and
- (b) “the amount of the consideration given” shall be calculated in accordance with section 140B of that Act as it would be for the purposes of section 140A.

Convertible interest in shares

8.—(1) The amount of earnings comprised in any payment by way of the conferment of a beneficial interest in convertible shares and which falls to be taken into account in calculating a person’s earnings shall be the gain from their conversion.

The amount of the gain shall be calculated on the basis of the best estimate that can reasonably be made.

(2) In this paragraph the gain from the conversion of convertible shares is the amount found by the formula—

$$M-(S+C+P+E)$$

Here—

M is the market value at the time of conversion of the shares into which the convertible shares are converted.

Status: This is the original version (as it was originally made).

For this purpose “market value” has the same meaning as in section 140F(3) of the Taxes Act(167).

S is the amount or value of any consideration given for the convertible shares.

For this purpose that amount or value shall be calculated in accordance with section 140E of the Taxes Act.

C is the amount or value of any consideration given for the conversion in question.

P is the amount (if any) which has previously been included in that person’s earnings for the purpose of assessment of his earnings-related contributions, in respect of his acquisition of the interest in the convertible shares.

E is the amount of any gain from an earlier conversion, if the convertible shares were acquired through a series of conversions, where that earlier conversion gave rise to a liability for earnings-related contributions, to the extent that that amount is not included in **P**.

For this purpose a conversion gives rise to a liability for earnings-related contributions if it—

- (a) gives rise to a gain treated as earnings under regulation 22(3); or
- (b) would have given rise to such a gain but for the fact that the market value of the shares at the time of the conversion of the shares into which the convertible shares were converted did not exceed the amount produced by the addition of the values for **S,C,P and E** applicable at the time of the relevant conversion.

Assignment or release of right to acquire shares where neither right nor shares readily convertible

9.—(1) The amount of earnings comprised in any payment by way of a gain which a person realises by the assignment or release of a right to acquire shares in a body corporate—

- (a) obtained by that person as a director or employee of that or any other body corporate where neither that right nor those shares are readily convertible assets; and
- (b) falling to be taken into account in calculating a person’s earnings;

shall be calculated on the basis set out in sub-paragraph (2).

- (2) The basis is the best estimate that can reasonably be made of the difference between—
 - (a) the amount or value of the consideration for that assignment or release; and
 - (b) the amount or value of the consideration (if any) given for the grant of the right.

In making the estimate, a just apportionment shall be made of any entire consideration given for the grant of the right to acquire those shares and other shares or otherwise for the grant of the right to acquire those shares and for something else besides.

- (3) This paragraph is subject to paragraph 10.

Assignment or release of a right, acquired as director or employee before 6th April 1999, to acquire shares where neither right nor shares readily convertible

10.—(1) The amount of earnings comprised in any payment by way of a gain which a person realises by the assignment or release of a right to acquire shares in a body corporate (“the first body corporate”), obtained by that person before 6th April 1999 as a director or employee of that or any other body corporate where neither that right nor those shares are readily convertible assets, where—

- (a) a subsequent right forms all or part of the consideration given for the assignment or release of the first right; and

(167) Sections 140A to 140C were inserted by section 50(1) of the Finance Act 1998 (c. 36).

- (b) that subsequent right is—
- (i) a right to acquire shares in the first body corporate or any other body corporate,
 - (ii) not treated as consideration for the assignment or release of the first right by virtue of section 136(1) of the Taxes Act; and
 - (iii) acquired at a total discount on the total market value which is substantially greater than the total discount on the total market value of the first right at the time of its assignment or release;
- shall be calculated on the basis set out in sub-paragraph (2).

(2) The basis is the best estimate which can reasonably be made of the difference between the total discount on the subsequent right and the total discount on the first right.

Exercise of right to acquire shares gained as director or employee before 6th April 1999

11.—(1) The amount of earnings comprised in any payment by way of gain which a person realises by the exercise of a right to acquire shares in a body corporate obtained by that person as a director or employee of that or any other body corporate, where—

- (a) that right—
- (i) formed all or part of the consideration given for the assignment or release of a right which was obtained before 6th April 1999 (“the first right”) to acquire shares in a body corporate (“the first body corporate”),
 - (ii) is a right to acquire shares in the first body corporate or any other body corporate; and
 - (iii) was not treated as consideration for the assignment or release of the first right by virtue of section 136(1) of the Taxes Act; and
- (b) at the time of its acquisition, the total market value of the subsequent right was not similar to the total market value of the first right immediately before its assignment or release,

and which falls to be taken into account in computing a person’s earnings, shall be calculated or estimated in accordance with sub-paragraph (2).

(2) The basis of calculating or estimating the amount of a gain realised by the exercise at any time of a subsequent right shall be the best estimate that can reasonably be made of such part of that gain as relates to the difference between—

- (a) the amount that a person might reasonably expect to obtain from a sale in the open market at the time that the shares were acquired pursuant to that subsequent right, less the amount or value of the consideration (if any) given for those shares and the grant of that right; and
- (b) the amount that a person might reasonably expect to obtain from a sale in the open market of the shares which were the subject of the first right at the time of its assignment or release less the amount of value of the consideration (if any) given for those shares and the grant of that right.

(3) For the purpose of sub-paragraph (2) “gain” means the amount realised by the exercise of a subsequent right, less any amount which has previously been included in that person’s earnings for the purposes of assessing his earnings-related contributions in respect of his acquisition, assignment or release of the first right.

In making the estimate, a just apportionment shall be made of any entire consideration given for the grant of the right to acquire those shares and other shares or otherwise for the grant of the right to acquire those shares and for something else besides.

Interpretation of paragraphs 9, 10 and 11

12. This paragraph applies for the purposes of paragraph 9, 10 and 11.

Status: This is the original version (as it was originally made).

In those paragraphs—

- (a) “the total market value” means the price which the shares which are the subject of the right in question might reasonably be expected to fetch on sale in the open market;
- (b) the total market value of the subsequent right is similar to the total market value of the first right if it is not substantially greater than the first right;
- (c) “total discount” means the difference between the total value of the exercise price of the shares that are the subject of the right in question and the total market value of that right;
- (d) neither the consideration given for the grant of the right nor any entire consideration shall be taken to include the performance of any duties of or in connection with the office or employment by reason of which the right was granted and no part of the amount or value of the consideration given for the grant shall be deducted more than once;
- (e) “shares”, so far as the context permits, includes stock; and
- (f) “body corporate” includes—
 - (i) a body corporate constituted under the law of a country or territory outside the United Kingdom; and
 - (ii) an unincorporated association wherever constituted.

Apportionment of a payment from a retirement benefits scheme for the benefit of two or more people

13.—(1) If, pursuant to a retirement benefits scheme, a payment is made with a view to providing any benefits under such a scheme in relation to more than one person, the amount of earnings which is comprised in that payment shall be calculated or estimated on the basis set out in whichever of subparagraphs (2) or (3) applies.

(2) If the separate benefits to be provided to each of the people referred to in sub-paragraph (1) are known at the time when the payment is made, the basis is that of the separate payments which would have had to have been paid to secure the benefits.

(3) In any other case, the amount of the payment shall be apportioned equally between all the persons in respect of whose earnings the payment is to be taken into account.

Valuation of non-cash vouchers

14.—(1) The amount of earnings comprised in any payment by way of a non-cash voucher which is not otherwise disregarded by these Regulations and which falls to be taken into account in calculating an employed earner’s earnings shall be calculated on the basis set out in subparagraph (2).

(2) The basis referred to in sub-paragraph (1) is that of an amount equal to the expense incurred (“the chargeable expense”)—

- (a) by the person at whose cost the voucher and the money, goods or services, for which it is capable or being exchanged, are provided;
- (b) in, or in connection with that provision,

and any money, goods or services obtained by the employed earner or any other person in exchange for the voucher shall be disregarded.

This is subject to the following qualification.

(3) For the purpose’s of sub-paragraph (2)—

- (a) the chargeable expense shall be reduced by any part of that which the employed earner makes good to the person incurring it; and

- (b) in the case of a non-cash voucher which can be exchanged only for a meal which exceeds the limit specified in Inland Revenue Extra Statutory Concession A2 (luncheon vouchers)(168) as published at 1st September 2000, the chargeable expense shall be reduced by the amount (if any) by which it exceeds the face value of the voucher.

Apportionment of earnings comprised in a cash or non-cash voucher provided for benefit of two or more employed earners

15.—(1) The amount of earnings comprised in any payment by way of a cash voucher or a non-cash voucher provided for the benefit of two or more employed earners and which falls to be taken into account in computing the earnings of each of those earners shall be calculated or estimated on the basis set out in whichever of sub-paragraphs (2) or (3) applies.

(2) If the respective proportion of the benefit of the voucher to which each of those earners is entitled is known at the time of the payment, the basis is that of a separate payment equal to that proportion.

(3) In any case where the respective proportions are not known at the time of the payment, the basis is equal apportionment between all those earners.

(4) In this paragraph—

- (a) “chargeable expense” has the same meaning, and is calculated in the same way, as in paragraph 14; and
- (b) if an employed earner makes good any part of the chargeable expense to the person incurring it, that chargeable expense in relation to that employed earner shall be reduced by that part.

SCHEDULE 3

Regulation 25

PAYMENTS TO BE DISREGARDED IN THE CALCULATION OF EARNINGS FOR THE PURPOSES OF EARNINGS-RELATED CONTRIBUTIONS

PART I INTRODUCTORY

Introduction

1.—(1) This Schedule contains provisions about payments which are to be disregarded in the calculation of earnings for the purposes of earnings-related contributions.

(2) Part II contains provisions about the treatment of payments in kind.

(3) Part III and IV specifies payments by way of assets which are not to be disregarded by virtue of paragraph 1 of Part II.

(4) Part V specifies non-cash vouchers which are to be disregarded by virtue of paragraph 1 of Part II.

(5) In computing earnings there are also to be disregarded—

(168) Copies of the Inland Revenue Extra-Statutory Concessions may be obtained from the Inland Revenue Leaflets and Booklets Orderline, PO Box 37, Saint Austell, Cornwall PL25 5YN and are also available on the Inland Revenue’s website (<http://www.inlandrevenue.gov.uk>).

Status: This is the original version (as it was originally made).

- (a) the pensions and pension contributions specified in Part VI;
- (b) the payments in respect of training and similar courses specified in Part VII;
- (c) the travelling, relocation and overseas expenses specified in Part VIII;
- (d) the share incentives specified in Part IX; and
- (e) the miscellaneous payments specified in Part X.

Interpretation

- 2.—(1) In this Schedule, unless the context otherwise requires—
- (a) a reference to a numbered Part is a reference to the Part of this Schedule which bears that number;
 - (b) a reference in a Part, to a numbered paragraph is a reference to the paragraph of that Part which bears that number; and
 - (c) a reference in a paragraph to a lettered or numbered sub-paragraph is a reference to the sub-paragraph of that paragraph which bears that letter or number.

PART II

PAYMENTS IN KIND

Certain payments in kind to be disregarded

1. A payment in kind, or by way of the provision of services, board and lodging or other facilities is to be disregarded in the calculation of earnings.

This is subject to the paragraph 2 and also to any provision about a payment in kind of a particular description or in particular circumstances in any other Part of this Schedule.

Payments by way of assets not to be disregarded

- 2.—(1) Payments falling within paragraph 1 do not include any payment by way of—
- (a) the conferment of any beneficial interest in—
 - (i) any asset mentioned in Part III or Part IV,
 - (ii) any contract, the effecting and carrying out of which constitutes long term business falling within Class 1 (life and annuity business), Class III (linked long-term business) or Class VI (capital redemption business) specified in Schedule 1 to the Insurance Companies Act 1982⁽¹⁶⁹⁾;
 - (b) a non-cash voucher not of a description mentioned in Part V or to which paragraph 4 of Part X applies.
- (2) Sub-paragraph (1)(a)(i) is subject to the qualification that an asset, which falls within either Part III or Part IV, shall nevertheless be disregarded under paragraph 1 if it would be disregarded for the purposes of income tax under Inland Revenue Extra-Statutory Concession A22 (long service awards), as published at 1st September 2000.
- (3) For the purposes of sub-paragraph (1)(a)(ii), if the provisions of a contract of insurance are such that the effecting and carrying out of the contract constitutes—

⁽¹⁶⁹⁾1982 c. 50.

- (a) both long term business within the meaning of the Insurance Companies Act 1982 and general business within the meaning of that Act; or
 - (b) by virtue of section 1(3) of that Act, long term business notwithstanding the inclusion of subsidiary general business terms,
- the effecting and carrying out of that contract shall be treated as constituting long term business.

PART III

PAYMENTS BY WAY OF READILY CONVERTIBLE ASSETS NOT DISREGARDED AS PAYMENTS IN KIND

1. A readily convertible asset.

For the purposes of this paragraph, subsections (3A) to 6 of section 203F of the Taxes Act (PAYE: readily convertible assets)(**170**), apply as they apply for the purposes of that section.

2. An asset which, in accordance with the provisions of section 203F of the Taxes Act (PAYE: enhancing the value of an asset)(**171**), would be treated as a readily convertible asset for the purposes of section 203F of that Act.

3. Any voucher, stamp or similar document—

- (a) whether used singularly or together with other such vouchers, stamps or documents; and
- (b) which is capable of being exchanged for an asset falling within paragraph 1 or 2.

PART IV

PAYMENTS BY WAY OF SPECIFIC ASSETS NOT DISREGARDED AS PAYMENTS IN KIND

Shares and stock

1. Shares and stock in the share capital of a company.

Here “company” includes—

- (a) any body corporate constituted under the law of, or of any part of, the United Kingdom or of any other country or territory and also any unincorporated body constituted under the law of a country or territory outside the United Kingdom; and
- (b) any body incorporated under the law of, or of any part of, the United Kingdom relating to a building society within the meaning of section 119(1) of the Building Societies Act 1986(**172**) or an industrial and provident society registered, or deemed to be registered, under the Industrial and Provident Societies Act 1965(**173**) or the Industrial and Provident Societies Act (Northern Ireland) 1969(**174**).

(**170**) Section 203F was inserted by section 127 of the Finance Act 1994 (c. 9) and amended by section 65 of the Finance Act 1998 (c. 36).

(**171**) Section 203FA was inserted by section 66(1) of the Finance Act 1998.

(**172**) 1986 c. 53.

(**173**) 1965 c. 12.

(**174**) 1969 c. 24 (N.I.).

Certain debentures and other securities for loans

2. Debentures, including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness which are not instruments falling within paragraph 3.

Loans stocks of public and local authorities

3. Loan stock, bonds and other instruments creating or acknowledging indebtedness issued by or on behalf of a government, a local authority or public authority.

Here—

- (a) “government” means the government of the United Kingdom, of Northern Ireland, or of any country or territory outside the United Kingdom;
- (b) “local authority” means a local authority in the United Kingdom or elsewhere, and in respect of a local authority in the United Kingdom, has the meaning given to it in section 842A of the Taxes Act(175); and
- (c) “public authority” means any international organisation the members of which include the United Kingdom or another member State.

Warrants etc for loan stock and debentures

4. Warrants or other instruments entitling the holder to subscribe for assets falling within paragraph 1, 2 or 3.

For the purpose of this paragraph, it is immaterial whether the assets are for the time being—

- (a) in existence; or
- (b) identifiable.

Units in collective investment schemes

5. Units in a collective investment scheme, including shares or securities in an open-ended investment company.

Here—

- (a) “collective investment scheme” has the meaning given in section 75(1) of the Financial Services Act 1986(176); and
- (b) “open-ended investment company” has the meaning given in section 75(8) of that Act.

Options to acquire assets, currency, precious metals or other options

6. Options to acquire, or dispose of—

- (a) currency of the United Kingdom or any other country or territory;
- (b) gold, silver, palladium or platinum;
- (c) an asset falling within any other paragraph of this Part of this Schedule;
- (d) an option to acquire, or dispose of, an asset falling within sub-paragraph (a), (b) or (c).

(175) Section 842A was inserted by section 127(1) of the Finance Act 1990 (c. 29), amended by section 117(2)(d) of, and paragraph 57 of Schedule 13 to, the Local Government Finance Act 1992, partly repealed by section 93 of and Part I of Schedule 9 to the Police and Magistrates' Courts Act 1994 (c. 29), and further amended by paragraph 155 of Schedule 13 to the Local Government (Scotland) Act 1994 (c. 39), section 144 of the Finance Act 1995 (c. 4) and section 134(1) of, and paragraph 53 of Schedule 9 to the Police Act 1997 (c. 50).

(176) 1986 c. 60. There are amendments to section 75 that are not relevant for the purposes of this instrument.

Contracts for futures

7. A contract for the sale of a commodity or property of any other description under which delivery is to be made at a future date and at a price agreed upon when the contract is made.

For the purposes of this paragraph a price shall be taken to have been agreed upon when a contract is made—

- (a) notwithstanding that it is left to be determined by reference to the price at which a contract is to be entered into on a market or exchange or could be entered into at a time and place specified in the contract; or
- (b) in a case where the contract is expressed to be by reference to a standard lot and quality, notwithstanding that the provision is made for a variation in the price to take account of any variation in quantity or quality on delivery.

Contracts for differences or to secure profit by reference to movements of indices

8. A contract for differences or any other contract the purpose or pretended purpose of which is to secure a profit and avoid a loss by reference to fluctuations in the value or price of property of any description or in an index or other factor designed for that purpose in the contract.

Alcoholic liquor on which duty has not been paid

9. Any alcoholic liquor, within the meaning of section 1 of the Alcoholic Liquor Duties Act 1979(177) in respect of which no duty has been paid under that Act.

Gemstones

10. Any gemstone, including stones such as diamond, emerald, ruby, sapphire, amethyst, jade, opal or topaz and organic gemstones such as amber or pearl, whether cut or uncut and whether or not having an industrial use.

Certificates etc. conferring rights in respect of assets

11. Certificates or other instruments which confer—

- (a) property rights in respect of any asset falling within paragraphs 1 to 4, 9 or 10;
- (b) any right to acquire, dispose of, underwrite or convert an asset, being a right to which the holder would be entitled if he held any such asset to which the certificate or instrument relates; or
- (c) a contractual right, other than an option, to acquire any such asset otherwise than by subscription.

Vouchers

12. Any voucher, stamp or similar document—

- (a) whether used singularly or together with other such vouchers, stamps or documents; and
- (b) which is capable of being exchanged for an asset falling within any other paragraph of this Part.

(177) 1979 c. 4. Section 1 was amended by article 5 of S.I. 1979/241, section 1(5) of the Finance Act 1984 (c. 43), paragraph 1 of Part II of Schedule 1 and Part I of Schedule 14 to the Finance Act 1988 (c. 39) and section 3(1) and (3) of the Finance Act 1993 (c. 34).

PART V

CERTAIN NON-CASH VOUCHERS TO BE DISREGARDED AS PAYMENTS IN KIND

1.—(1) Subject to sub-paragraph (2), a non-cash voucher provided, to or for the benefit of the employed earner, by the employer or any other person on his behalf is to be disregarded in the calculation of an employed earner's earnings by virtue of paragraph 1 of Part II only if it falls within any of paragraphs 2 to 8.

(2) A non-cash voucher may also be disregarded in the circumstances specified in paragraph 4 of Part X.

2. A non-cash voucher which is not treated as an emolument from employment for the purposes of section 141(1) of the Taxes Act (charge to tax in respect of non-cash vouchers)(**178**) by virtue of subsection 6(**179**), of that section (exemptions for employees of certain passenger transport undertakings).

This paragraph applies only in the case of an employee whose earnings from the employment in question are less than £8,500, computed in accordance with the Taxes Act.

3. A non-cash voucher which is not treated as an emolument from the employment for the purposes of section 141(1) of the Taxes Act by virtue of subsection (6A) of that section (exemption vouchers for car parking places provided at or near place of employment)(**180**).

Section 49(1) of the Finance Act 1999(**181**) applies for the construction of the reference to section 141(6A) of the Taxes Act in this paragraph.

4. A non-cash voucher in respect of which an employed earner is not chargeable to tax under section 141 of the Taxes Act by virtue of section 157(3)(b) of the Taxes Act (cars available for private use).

5. A non-cash voucher which is not chargeable to tax under Schedule E by virtue of the following provisions of the Taxes Act—

- (a) section 197 (leave travel facilities for members of the armed forces);
- (b) section 197AA (works bus services)(**182**);
- (c) section 197AC (cycles and safety equipment)(**183**); or
- (d) section 197G (sporting and recreational facilities)(**184**).

6. A non-cash voucher which is not charged to tax under Schedule E by virtue of any of the following Inland Revenue Extra-Statutory Concessions as published at 1st September 2000—

- (a) A2 (luncheon vouchers);
- (b) A22 (long service awards);
- (c) A57 (staff suggestion schemes);
- (d) A58 (travelling and subsistence allowance when public transport disrupted);
- (e) A59 (disabled persons' home to work travel);
- (f) A65 (workers on offshore oil and gas rigs or platforms; free transfers to or from mainland);

(**178**) Subsection (1) was amended by section 89(2) of the Finance Act 1994.

(**179**) Subsection (6) was amended by section 46(1) of the Finance Act 1988.

(**180**) Subsection (6A) was inserted by section 46(1) of the Finance Act 1988.

(**181**) 1999 c. 16.

(**182**) Section 197AA was inserted by section 48 of the Finance Act 1999.

(**183**) Section 197AC was inserted by section 50 of the Finance Act 1999.

(**184**) Section 197G was inserted by section 75(1) of the Finance Act 1993.

- (g) A66 (employees' journeys home: late night travel and breakdown in car sharing arrangements);
- (h) A70 (small gifts to employees by third parties and Christmas parties); and
- (i) A74 (meals provided for employees).

7.—(1) A non-cash voucher provided in connection with all or part of the costs of and expenses of child care (but not school fees) by an employed earner in connection with a child not exceeding the age of 16 for whom he has parental responsibility.

For the purposes of this paragraph child care includes—

- (a) care provided in accordance with the provisions of Part X of the Children Act 1989 (child minding and day care for young children)(185);
 - (b) in the case of a child aged 8 or over, care provided by a child minder;
 - (c) in the case of a child under the age of 8, care provided by a child minder where that care does not exceed, in total, two hours a day;
 - (d) care provided by a nanny or a relative (within the meaning respectively of section 71(13) and 105(1) of the Children Act 1989);
 - (e) care provided during out-of-school hours or during school holidays; and
 - (f) full-time and part-time care.
- (2) In the application of sub-paragraph (1) to Northern Ireland—
- (a) paragraph (b) shall have effect with the substitution for “aged 8 or over” of “aged 12 or over”; and
 - (b) paragraph (c) shall have effect with the substitution for “under the age of 8” of “under the age of 12”.

8. A non-cash voucher provided to or for the benefit of an employed earner in respect of employed earner’s employment by a person who is not the secondary contributor in respect of the provision of that voucher.

PART VI

PENSIONS AND PENSION CONTRIBUTIONS

Pension payments and pension contributions to be disregarded

1. A payment by way of a pension is disregarded in the calculation of an employed earner’s earnings, as are the payments mentioned in paragraphs 2 to 7.

Personal pension contributions by employers

2. A payment by way of an employer’s contribution towards a personal pension which, by virtue of section 643(1) of the Taxes Act (employers' contributions under personal pension arrangements)(186), is not to be regarded as an emolument of the employment chargeable to tax under Schedule E.

(185) 1989 c. 41: Schedule 9 was amended by section 116 of the Courts and Legal Services Act 1990 (c. 41) and section 582(1) of the Education Act 1996 (c. 56).

(186) There are amendments to section 643 that are not relevant for the purposes of this instrument.

Approved schemes, relevant statutory schemes, pilots' benefit funds and schemes established by overseas governments**3. A payment—**

- (a) to which section 595 of the Taxes Act (charge to tax in respect of certain sums paid by an employer pursuant to a retirement benefit scheme)(**187**) does not apply by virtue of section 596(1) or (2)(b) of that Act(**188**);
- (b) to a pilot's benefit fund under section 607 of that Act(**189**);
- (c) to which section 608 of that Act (superannuation funds approved before 6th April 1980) applies; or
- (d) by way of any benefit pursuant to a scheme or fund falling within sub-paragraph (a), (b) or (c).

Funded unapproved retirement benefit schemes.

4. A payment by way of relevant benefits pursuant to a retirement benefits scheme which has not been approved by the Board for the purposes of Chapter I of Part XIV of the Taxes Act and attributable to payments prior to 6th April 1998.

Here "relevant benefits" has the meaning given in section 612 of the Taxes Act.

Payments to pension previously taken into account in calculating earnings

5. A payment by way of any benefit pursuant to a retirement benefits scheme which has not been approved by the Board for the purposes of Chapter I of Part XIV of the Taxes Act and attributable to payments on or after 6th April 1998 which have previously been included in a person's earnings for the purpose of the assessment of his liability for earnings-related contributions.

Payments in good faith to scheme solely for providing approved benefits.

6.—(1) A payment made in respect of a scheme which is established in good faith for the sole purpose of providing relevant benefits where at the time of the payment the conditions specified in sub-paragraphs (2) to (4) are satisfied and, if appropriate, the additional conditions in sub-paragraph (5) and (6) are satisfied.

(2) The first condition is that an application has been made to the Board in accordance with section 604 of the Taxes Act(**190**) and has not been rejected.

(3) The second condition is that the payment represents contributions in respect of an employed earner's earnings not in excess of the permitted maximum in force at the time when the payment is made.

(4) The third condition is that the terms of the scheme do not permit any pension payable under it, in whole or in part, to be surrendered, commuted or assigned except in so far as to allow an employed earner on his retirement to obtain, by commutation of his pension, a lump sum or sums not exceeding in all 3/80ths of his final remuneration for each year of service up to a maximum of 40.

(5) The first additional condition is that if the scheme is connected with another scheme or schemes each of which is an approved scheme, the amount payable by way of pension or commuted pension under the scheme will not, when aggregated with any amount payable by way of pension or commuted pension under the other scheme or schemes exceed the relevant amount.

(**187**) Section 595 was amended by paragraph 7 of Schedule 6 to the Finance Act 1989 (c. 26).

(**188**) Section 596 was amended by paragraph 8 of Schedule 6 to the Finance Act 1989.

(**189**) Section 607 was amended by section 104(2) of the Finance Act.

(**190**) Section 604 was amended by paragraph 3 of Schedule 15 to the Finance Act 1998.

- (6) The second additional condition is that if the scheme is a small self-administered scheme—
- (a) the requirements of regulation 9 of the Retirement Benefits Schemes (Restrictions on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991 (independent pensioner trustees)(**191**) have been satisfied; and
 - (b) regulation 3 of those Regulations (restriction on the Board’s discretion to approve) does not apply.
- (7) In this paragraph—
- (a) “permitted maximum” is the amount for the time being specified in an order made under section 590C(6) of the Taxes Act (earnings cap)(**192**);
 - (b) “relevant amount” shall be determined—
 - (i) in the case of a pension which is not a commuted pension, in accordance with the provisions of section 590B(3) and (7) to (11) of the Taxes Act (further supplementary provisions in respect of approval of retirement benefit schemes)(**193**); and
 - (ii) in the case of a pension which is a commuted pension, in accordance with the provisions of section 590B(4) and (7) to (11) of that Act;
 - (c) “relevant benefits” has the meaning given in section 612 of the Taxes Act;
 - (d) “small self-administered scheme” has the meaning given in regulation 2(1) of the Retirement Benefits Schemes (Restrictions on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991; and
 - (e) whether or not a scheme is connected with another shall be determined in accordance with section 590A(2) to (4) of the Taxes Act (supplementary provisions in respect of approval of retirement benefit schemes)(**194**).

Pensions exempt from UK taxation under double taxation agreements

- 7.—(1) A payment to a pension scheme which is afforded relief from taxation by virtue of—
- (a) Article 25(8) of the Convention set out in the Schedule to the Double Taxation Relief (Taxes on Income) (France) Order 1968(**195**);
 - (b) Article 17A of the Convention set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Republic of Ireland) Order 1976(**196**);
 - (c) Article 28(3) of the Convention set out in the Schedule to the Double Taxation Relief (Taxes on Income)(Denmark) Order 1980(**197**).
- (2) For the purposes of sub-paragraph (1)(b), Article 17A of the Order shall be read as if “or is being considered for approval” were omitted.

(**191**) S.I. 1991/1614 Regulation 9 was substituted by regulation 9 of S.I. 1998/728 and amended by regulation 6 of S.I. 1998/1315.

(**192**) Section 590C was inserted by paragraph 4 of Schedule 6 to the Finance Act 1989.

(**193**) Section 590B was inserted by paragraph 4 of Schedule 6 to the Finance Act 1989 and amended by section 107(6) of the Finance Act 1993 (c. 34).

(**194**) Section 590A was inserted by paragraph 4 of Schedule 6 to the Finance Act 1989.

(**195**) S.I. 1968/1869: paragraph (8) was added to Article 25 by Article 16 of the Protocol set out in the Schedule to S.I. 1987/2055.

(**196**) S.I. 1976/2151: Article 17A was added by Article 1 of the Protocol set out in the Schedule to S.I. 1995/764.

(**197**) S.I. 1980/1960: Paragraph (3) was substituted by Article X(2) of the Protocol set out in Part I of the Schedule in S.I. 1996/3165.

PART VII

PAYMENTS IN RESPECT OF TRAINING AND SIMILAR COURSES

Payments in respect of training and similar payment disregarded

1. The training payments and vouchers mentioned in this Part are disregarded in the calculation of an employed earner's earnings.

Paragraphs 5, 6 and 7 do not apply to Northern Ireland.

Work-related training

2. A payment of, or contribution towards, expenditure incurred on providing work-related training which, by virtue of section 200B, 200C and 200D of the Taxes Act (work-related training)(198), is not to be taken as an emolument of the office or employment in connection with which it is provided.

Education and training funded by employers

3. A payment in respect of expenditure which, by virtue of section 200E of the Taxes Act (exemption for education and training funded by employers)(199), is not to be taken as an emolument of the office or employment in connection with which it is provided.

New Deal 50plus: employment grant and training credit

4. A payment to a person, as a participant in the scheme arranged under section 2(2) of the Employment and Training Act 1973 and known as New Deal 50plus, of an employment credit or a training grant under that scheme.

Retraining courses for recipients of jobseeker's allowance

5. A payment to a person as a participant in a scheme of the kind mentioned in section 60(1) of the Welfare Reform and Pensions Act 1999 (special schemes for claimants for jobseeker's allowances)(200).

Payments to Jobmatch participants

6. A payment made to a participant in a Jobmatch Scheme (including a pilot) arranged under section 2(1) of the Employment and Training Act 1973(201) in his capacity as such.

Vouchers provided to Jobmatch participants

7. A payment by way of the discharge of any liability by the use of a voucher given to a participant in a Jobmatch Scheme (including a pilot), arranged under section 2(1) of the Employment and Training Act 1973, in his capacity as such.

(198) Sections 200B to 200D were inserted by section 63(1) of the Finance Act 1997 (c. 16).

(199) Section 200E was inserted by section 58 of the Finance Act 2000 (c. 17).

(200) 1999 c. 30.

(201) 1973 c. 50. Section 2 was substituted by section 25(1) of the Employment Act 1988 (c. 19).

PART VIII

TRAVELLING, RELOCATION AND OTHER EXPENSES AND ALLOWANCES OF THE EMPLOYMENT

Travelling, relocation and incidental expenses disregarded

1. The travelling, relocation and other expenses and allowances mentioned in this Part are disregarded in the calculation of an employed earner's earnings.

Relocation expenses

2.—(1) 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 the duties of the person's employment or the place where those duties are normally to be performed is disregarded if the conditions in sub-paragraphs (2) to (6) are met.

(2) The first condition is that—

(a) the payment or contribution—

(i) is not, by virtue of Schedule 11A to the Taxes Act (removal expenses and benefits)(202) regarded as an emolument of the employment for any purpose of Case I or Case II of Schedule E; or

(ii) would not have been so regarded, but is in fact disregarded for that purpose by virtue of another provision of the Taxes Act; or

(b) the person concerned commenced performance of the duties, or altered duties, of his employment at the place, or the altered place, of their performance before 6th April 1998.

(3) The second condition is that the change of residence must result from—

(a) the employee becoming employed by an employer;

(b) an alteration of the duties of the employee's employment (where his employer remains the same); or

(c) an alteration of the place where the employee is normally to perform the duties of his employment (where both the employer and the duties which the employee is to perform remains the same).

(4) The third condition is that the change of residence must be made wholly or mainly to allow the employee to have his residence within a reasonable daily travelling distance of—

(a) the place where he performs, or is to perform, the duties of his employment (in a case falling within paragraph (3)(a));

(b) the place where he performs, or is to perform, the duties of his employment (in a case falling within paragraph (3)(b)); or

(c) the new place where he performs, or is to perform, the duties of his employment (in a case falling within paragraph (3)(c)).

References in this sub-paragraph and sub-paragraph (5) to the place where the employee performs, or is to perform, the duties of his employment are references to the place where he normally performs, or is normally to perform, the duties of the employment.

(5) The fourth condition is that the employee's former residence must not be within a reasonable daily travelling distance of the place where the employee performs or is to perform the duties of the employment.

(202) Schedule 11A was inserted by section 76 of, and paragraph 2 of Schedule 5 to, the Finance Act 1993.

Status: This is the original version (as it was originally made).

(6) In a case to which sub-paragraph (2)(b) 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.

(7) For the purposes of this paragraph, Schedule 11A to the Taxes Act shall be read as if paragraphs 3(3), 4(3), 6 and 24 were omitted.

Travelling expenses—general

3. A payment of, or a contribution towards, qualifying travelling expenses which the holder of an office or employment is obliged to incur and defray out of the emoluments of the office or employment.

For the purposes of this paragraph—

- (a) “qualifying travelling expenses” means—
 - (i) amounts necessarily expended on travelling in the performance of the duties of the office or employment; or
 - (ii) other expenses of travelling which are attributable to the necessary attendance at any place of the holder of the office or employment in the performance of the duties of the office or employment and are not expenses of ordinary commuting or private travel (within the meaning of paragraph 2 of Schedule 12A to the Taxes Act⁽²⁰³⁾);
- (b) paragraphs 1(2) and 2 to 7 of that Schedule shall apply as they apply for the purposes of section 198(1A)(b) of that Act (relief for necessary expenses)⁽²⁰⁴⁾;
- (c) expenses of travel by the holder of an office or employment between two places at which he performs the duties of different offices or employments under or with companies in the same group are treated as necessarily expended in the performance of the duties which he is to perform at his destination; and
- (d) for purpose of sub-paragraph (c) companies are to be taken to be members of the same group if and only if—
 - (i) one is a 51 per cent subsidiary of the other; or
 - (ii) both are 51 per cent subsidiaries of a third company
 within the meaning of section 838(1)(a) of the Taxes Act (subsidiaries).

Travel and foreign travel expenses of overseas employees

4. A payment of, or a contribution towards, expenses which are deductible from the emoluments of the employment which are chargeable to tax under Schedule E under—

- (a) section 193(3), (4) or (6) of the Taxes Act (travel expenses where duties of office or employment are performed wholly or partly outside the United Kingdom); or
- (b) section 194(1) of that Act (foreign travel expenses where duties of office or employment are performed wholly or partly outside the United Kingdom.

or which would be so deductible if the emoluments of the employment were chargeable to tax under Schedule E.

⁽²⁰³⁾ Schedule 12A was inserted by section 61(2) of, and Schedule 10 to, the Finance Act 1998.

⁽²⁰⁴⁾ Section 198(1A) was substituted by section 61(1) of the Finance Act 1998.

Travel expenses of employees not domiciled in the United Kingdom

5. A payment of, or a contribution towards, expenses which are deductible from the emoluments of the employment which are chargeable to tax under Schedule E under section 195(7) of the Taxes Act (travel expenses of employees not domiciled in the United Kingdom) or, where the emoluments are not chargeable under Schedule E, would be so deductible if the emoluments, of the employment were so chargeable.

Travelling expenses of workers on offshore gas and oil rigs

6. A payment of, or a contribution towards, expenses where that payment or contribution is disregarded for the purposes of calculating the emoluments of the employment which are charged to tax under Schedule E under Inland Revenue Extra-Statutory Concession A 65 (workers on offshore oil and gas rigs or platforms; free transfers to or from mainland).

Incidental expenses in connection with cars provided for private use

7. A payment—

- (a) by way of the discharge of any liability which by virtue of section 157(3)(a) of the Taxes Act (car available for private use); or
- (b) of expenses, which by virtue of section 157(3)(c) of that Act;

is not treated as an emolument of the employment chargeable to income tax under Schedule E.

Car parking facilities

8. A payment of, or a contribution towards, the provision of car parking facilities at or near the earner's place of employment which, by virtue of section 197A of the Taxes Act(205), is not regarded as an emolument of the earner's employment.

Specific and distinct payments of, or towards, expenses actually incurred

9. For the avoidance of doubt, these shall be disregarded any specific and distinct payment of, or contribution towards, expenses which an employed earner actually incurs in carrying out his employment.

Council tax on accommodation provided for employee's use

10. A payment of, or a contribution towards meeting a person's liability for council tax in respect of accommodation occupied by him and provided for him by reason of his employment if by virtue of section 145(4) of the Taxes Act (living accommodation), he is not liable to tax under Schedule E in respect of the provision of that accommodation.

This paragraph does not extend to Northern Ireland.

Rates on accommodation provided for employee's use

11. A payment of, or a contribution towards meeting, a person's liability for rates in respect of accommodation occupied by him and provided for him by reason of his employment if by virtue of section 145(4) of the Taxes Act (living accommodation), he is not liable to income tax under Schedule E in respect of the provision of that accommodation.

(205) Section 197A was inserted by section 46(4) of the Finance Act 1988. Section 49(1) of the Finance Act 1999 extends its scope to cycle parking facilities.

This paragraph extends only to Northern Ireland.

Foreign service allowance

12. A payment by way of an allowance which is not regarded as income for any income tax purpose by virtue of section 319 of the Taxes Act (Crown servants: foreign service allowance).

Commonwealth War Graves Commission and British Council: extra cost of living allowance

13. A payment by way of an allowance to a person in the service of the Commonwealth War Graves Commission or the British Council paid with a view to compensating him for the extra cost of living outside the United Kingdom in order to perform the duties of his employment.

Overseas medical treatment

14. A payment of, or a contribution towards, expenses incurred in—

- (a) 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 treatment arises while the employee is outside the United Kingdom for the purposes of performing the duties of his employment; or
- (b) providing insurance for the employee against the cost of such treatment in a case falling within sub-paragraph (a).

Here “medical treatment” includes all forms of treatment for, and all procedures for diagnosing, any physical or mental ailment, infirmity or defect.

PART IX

SHARE INCENTIVES

Certain payments by way of shares, interests in shares and gains arising from them disregarded

1.—(1) Payments by way of—

- (a) shares;
- (b) conditional interests in shares; and
- (c) other rights in or over shares;

respectively mentioned in this Part are disregarded in the calculation of an employed earner’s earnings.

(2) For the purposes of paragraphs 13, 15 and 16—

- (a) “body corporate” includes—
 - (i) a body corporate constituted under the law of a country or territory outside the United Kingdom, and
 - (ii) an unincorporated association wherever constituted;
- (b) “total discount” means the difference between the total value of the exercise price of the shares that are subject to the right in question and the total market value of that right;
- (c) “total market value” means the price which the shares that are subject to the right in question might reasonably be able to fetch in the open market; and

- (d) the total market value of the subsequent right is similar to the total market value of the first right if it is not substantially greater than the first right.

Shares in secondary contributor or associated body

- 2.—(1) A payment by way of shares where such shares—
- (a) are not readily convertible assets; and
 - (b) form part of the ordinary share capital of—
 - (i) the secondary contributor,
 - (ii) a company which has control of the secondary contributor, or
 - (iii) a company which either is, or has control of, a body corporate which is a member of a consortium owning either that secondary contributor or a body corporate having control of that secondary contributor.
- (2) In this paragraph—
- (a) “body corporate” includes—
 - (i) a body corporate constituted under the law of a country or territory outside the United Kingdom, and
 - (ii) an unincorporated association, wherever constituted;
 - (b) a body corporate (“A”) is a member of a consortium owning another body corporate (“B”) if—
 - (i) A is one of a number of such bodies which between them beneficially own not less than $\frac{3}{4}$ of B’s ordinary share capital; and
 - (ii) each of the bodies corporate owns not less than $\frac{1}{20}$ of B’s ordinary share capital;
 - (c) “company” means a body corporate having a share capital;
 - (d) “control” in relation to a body corporate means the power of a person to secure—
 - (i) by means of the holding of the shares or the possession of voting power in, or in relation to, that or any other body corporate,
 - (ii) by virtue of any powers conferred by the articles of association or other document regulating that or any other body corporate,that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of that person;
 - (e) “ordinary share capital” in relation to a company means all the company’s issued share capital (however described), other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profit of the company.
- (3) In this paragraph and paragraph 3, “shares” includes stock.

Rights to acquire shares

3. A payment by way of a right to acquire shares where neither that right nor those shares are readily convertible assets.

Enterprise management incentives

4. A payment by way of the grant of a qualifying option within the meaning of Schedule 14 to the Finance Act 2000(206) which is capable of being exercised more than 10 years after the grant.

Status: This is the original version (as it was originally made).

Priority share allocations

5. A payment by way of any benefit which by virtue of section 68(1) of the Finance Act 1988 (priority share allocations for directors or employees)(**207**) is not treated as an emolument of the employment chargeable to tax under Schedule E.

Partnership share agreements

6. A payment that is deducted from the earnings of the employment under a partnership share agreement.

Here “partnership share agreement” has the meaning given in paragraph 34 of Schedule 8 to the Finance Act 2000.

Shares under employee share ownership plan

7. A payment by way of shares under an award of shares under an employee share ownership plan.

Here “employee share ownership plan” has the meaning given in paragraph 1(1) of Schedule 8 to the Finance Act 2000.

Shares under approved profit sharing schemes

8. A payment by way of shares appropriated under a profit sharing scheme to which section 186 of the Taxes Act(**208**) applies.

Conditional interest in shares

9. A payment by way of the conferment of a conditional interest in shares in respect of which, by virtue of section 140A(3) of the Taxes Act (conditional acquisition of shares)(**209**), no tax is chargeable under Schedule E other than by virtue only of section 135 or section 162 of that Act(**210**).

Conditional interest in shares: gains from exercise etc. of share options

10. A payment by way of a conditional interest in shares where, at the time of payment—
- (a) the earner is treated under section 203FB(4) of the Taxes Act (PAYE: gains from share options etc)(**211**) as having been provided with a further interest;
 - (b) that further interest would not for the purpose of section 140A of that Act, be treated as only conditional; and
 - (c) the conditional interest together with the further interest are not readily convertible assets.

Convertible shares

11. A payment by way of convertible shares in respect of which tax is not chargeable under section 140D of the Taxes Act(**212**) by virtue of either subsection (8) or (10) of that section.

(**207**) 1988 c. 39. Section 68(1) was amended by section 66(1) and (2) of the Finance Act 1989 (c. 26).

(**208**) Section 186 was amended by section 89(a) of the Finance Act 1988 (c. 39) and section 118(1) of, and paragraph 11 of Schedule 20 to, the Finance Act 1996 (c. 8).

(**209**) Section 140A was inserted by section 50(1) of the Finance Act 1998, and amended by sections 42 and 139 of, and Part III(8) of Schedule 20 to, the Finance Act 1999 (c. 16).

(**210**) Section 135 was amended by section 49(1) of the Finance Act 1998. Section 162 was amended by paragraph 3 of Schedule 13 to the Finance Act 1988, section 53(2) of the Finance Act 1989 and paragraph 14(11) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12).

(**211**) Section 203FB was inserted by section 67 of the Finance Act 1998.

(**212**) Section 140D was inserted by section 51(1) of the Finance Act 1998.

Convertible shares: gains from the exercise etc. of share options

12. A payment by way of a beneficial interest in convertible shares where—
- (a) the earner is treated under section 203FB of the Taxes Act as if the original provision of those shares included the shares into which they are converted; and
 - (b) neither those shares, nor the shares into which they are converted are readily convertible assets.

Share option gains by directors and employees

13. A payment by way of a gain realised by the exercise of a right to acquire shares in a body corporate where—
- (a) that gain is chargeable to tax under Schedule E under section 135 of the Taxes Act; but
 - (b) neither that right, nor those shares, are readily convertible assets.

Shares acquired under options granted before 9th April 1998

14. A payment by way of the acquisition of an interest in shares pursuant to a right to acquire such shares granted before 9th April 1998 where the acquisition of that interest would be treated as earnings under regulation 22(3).

Assignment or release of option

- 15.—(1) A payment by way of a gain realised by the assignment or release of a right (“the first right”) to acquire shares in a body corporate (“the relevant body corporate”) chargeable to tax under Schedule E by virtue of section 135 of the Taxes Act if—
- (a) sub-paragraph (2) is satisfied; and
 - (b) sub-paragraph (3) does not apply.
- (2) This sub-paragraph is satisfied if a subsequent right forms all, or part, of the consideration given for the assignment or release of the first right.
- (3) This paragraph applies if—
- (a) the first right was acquired before 6th April 1999; and
 - (b) the total discount on the total market value of the subsequent right is substantially greater than the total discount on the total market value of the first right at the time of its assignment or release.
- (4) In this paragraph “subsequent right” means a right—
- (a) to acquire shares in the relevant body corporate or any other body corporate; and
 - (b) which is not treated as consideration for the assignment or release of the first right by virtue of section 136(1) of the Taxes Act.

Exercise, assignment or release of options acquired before 6th April 1999

- 16.—(1) A payment by way of a gain realised by the exercise, assignment or release of a right obtained before 6th April 1999 (“the relevant right”) to acquire shares in a body corporate (“the relevant body corporate”) where that gain is chargeable to tax under Schedule E by virtue of section 135 of the Taxes Act unless each of the conditions in sub-paragraphs (2) to (5) is met.

- (2) The condition in this sub-paragraph is that the relevant right forms all or part of the consideration given for the assignment or release of a right to acquire shares in a body corporate (“the first right”).

Status: This is the original version (as it was originally made).

(3) The condition in this sub-paragraph is that the relevant right is a right to acquire shares in the relevant body corporate or any other body corporate.

(4) The condition in this sub-paragraph is that the relevant right is not treated as consideration for the assignment or release of the first right by virtue of section 136(1) of the Taxes Act.

(5) The condition in this sub-paragraph is that, at the time of its acquisition, the total market value of the relevant right was not similar to the total market value of the first right immediately before its exercise, assignment or release.

PART X

MISCELLANEOUS AND SUPPLEMENTAL

Other miscellaneous payments to be disregarded

1.—(1) The payments listed in paragraphs 2 to 14 are disregarded in the calculation of earnings.

(2) Paragraph 4 contains additional rules about the way in which the components of a payment by way of expenses incidental to a qualifying absence from home are to be treated for the purpose of earnings-related contributions if the permitted maximum is exceeded.

Payments on account of sums already included in the computation of earnings

2. A payment on account of a person's earnings in respect of his employment as an employed earner which comprises, or represents and does not exceed sums which have previously been included in his earnings for the purpose of his assessment of earnings-related contributions.

Payments discharging liability for secondary Class 1 contributions following election under paragraph 3B of Schedule 1 to the Contributions and Benefits Act

3. A payment by way of the discharge of any liability for secondary Class 1 contributions which has been transferred from the secondary contributor to the employed earner by election made jointly by them for the purposes of paragraph 3B(1) of Schedule 1 to the Contributions and Benefits Act (elections about contribution liability in respect of share option gains)(**213**).

Payments by way of incidental expenses

4.—(1) A payment by way of incidental expenses, in whatever form, which by virtue of section 200A of the Taxes Act(**214**) is not regarded as an emolument of the employment chargeable to tax under Schedule E.

(2) If a payment is made by way of incidental expenses in connection with a qualifying absence from home, but the amount of that payment (calculated in accordance with section 200A of the Taxes Act) exceeds the authorised maximum, sub-paragraphs (3) to (6) apply.

(3) So much of the payment as is made by way of cash shall be included in the calculation of earnings.

(4) The amount of cash for which a cash voucher can be exchanged shall be included in the calculation of earnings.

(5) The cost of provision of any non-cash voucher shall be included in the calculation of earnings and anything for which the voucher can be exchanged shall be disregarded in that calculation.

(213) Paragraph 3B was inserted by section 77(2) of the Child Support, Pensions and Social Security Act 2000 (c. 19).

(214) Section 200A was inserted by section 93(4) of the Finance Act 1995 (c. 4).

(6) Any payment by way of a benefit in kind shall be disregarded in the calculation of earnings.

(7) In this paragraph—

“the authorised maximum” has the meaning given in section 200A(4) of the Taxes Act;

“the cost of provision” in relation to a non-cash voucher is the cost incurred by the person at whose expense the non-cash voucher is provided; and

“qualifying absence from home” has the meaning given in section 200A(3) of the Taxes Act.

Gratuities and offerings

5.—(1) A payment of, or in respect of, a gratuity or offering which satisfies either of the conditions in this paragraph.

(2) The first condition is that the payment—

(a) is not made, directly or indirectly, by the secondary contributor; and

(b) does not comprise or represent sums previously paid to the secondary contributor.

(3) The alternative condition is that the secondary contributor does not allocate the payment, directly or indirectly, to the earner.

Redundancy payments

6. For the avoidance of doubt, in calculating the earnings paid to or for the benefit of an earner in respect of an employed earner’s employment, any payment by way of a redundancy payment shall be disregarded.

Sickness payments attributable to contributions made by employed earner

7. If the funds for making a sickness payment under arrangements of the kind mentioned in section 4(1)(b) of the Contributions and Benefits Act are attributable in part to contributions to those funds made by the employed earner, for the purposes of section 4(1) of that Act the part of that payment which is attributable to those contributions shall be disregarded.

Expenses and other payments not charged to tax under Extra-Statutory Concessions

8. A payment which is not charged to tax under Schedule E by virtue of the following Inland Revenue Extra-Statutory Concessions as published at 1st September 2000—

(a) A57 (staff suggestion schemes);

(b) A58 (travelling and subsistence allowance when public transport disrupted);

(c) A59 (disabled persons' home to work travel);

(d) A66 (employees' journeys home: late night travel and breakdown in car sharing arrangements).

VAT on the supply of goods and services by employed earner

9. If—

(a) goods or services are supplied by an earner in employed earner’s employment;

(b) earnings paid to or for the benefit of the earner in respect of that employment include the remuneration for the supply of those goods or services; and

(c) value added tax is chargeable on that supply;

an amount equal to the value added tax chargeable on that supply shall be excluded from the calculation of those earnings.

Employee's indemnity insurance

10. A payment which by virtue of section 201AA of the Taxes Act (employee liabilities and indemnity insurance)(215) is deductible from the emoluments of the employment chargeable to tax under Schedule E.

Fees and subscriptions to professional bodies, learned societies etc

11. A payment of, or a contribution towards any fee, contribution or annual subscription which, under section 201(1) of the Taxes Act (fees and subscriptions to professional bodies, learned societies etc) is deductible from the emoluments of any office or employment.

Holiday pay

- 12.** A payment in respect of a period of holiday entitlement where—
- (a) the sum paid is derived directly or indirectly from a fund—
 - (i) to which more than one secondary contributor contributes, and
 - (ii) the management and control of which are not vested in those secondary contributors;or
 - (b) the person making the payment is entitled to be reimbursed from such a fund.

Payments to ministers of religion

13. A payment of a fee in respect of employment as a minister of religion which does not form part of the stipend or salary paid in respect of that employment.

Payments in lieu of coal

14.—(1) A payment in lieu of coal made to a miner, which he is entitled to receive by virtue of his employment as such.

Here “miner” means any person employed in or about a colliery, whether on the surface or below ground, except a person employed—

- (a) in a clerical, technical or administrative capacity; or
 - (b) at a coke oven, brick works or other activity not ancillary to coal mining.
- (2) This paragraph does not apply to Northern Ireland.

(215) Section 201AA was inserted by section 91(1) of the Finance Act 1995.

SCHEDULE 4

Regulation 67(2)

PROVISIONS DERIVED FROM THE INCOME TAX ACTS AND
THE INCOME TAX (EMPLOYMENTS) REGULATIONS 1993

PART I
GENERAL

Interpretation

1.—(1) In this Schedule, unless the context otherwise requires the “Income Tax Regulations” means the Income Tax (Employments) Regulations 1993**(216)**.

(2) In this Schedule, unless the context otherwise requires—

“aggregated” means aggregated and treated as a single payment under paragraph 1(1) of Schedule 1 to the Act**(217)**;

“allowable superannuation contributions” means any sum paid by an employee by way of contribution towards a superannuation fund or scheme which is allowed to be deducted as an expense under Schedule E;

“Collector” means a Collector of Taxes;

“Compensation of Employers Regulations” means the Statutory Maternity Pay (Compensation of Employers) and Miscellaneous Amendment Regulations 1994**(218)** and the Statutory Sick Pay Percentage Threshold Order 1995**(219)**;

“deductions working sheet” means any form of record on or in which are to be kept the matters required by this Schedule in connection with an employee’s emoluments and earnings-related contributions or the form issued by the Inspector under paragraph 31 or regulation 20 of the Income Tax Regulations (employee on fixed pay) for the purpose of keeping this record;

“emoluments” means so much of a person’s remuneration or profit derived from employed earner’s employment as constitutes earnings for the purposes of the Act;

“employed earner” and “employed earner’s employment” have the same meaning as in the Act;

“employee” means any person in receipt of emoluments;

“employer” means any person paying emoluments;

“earnings-related contributions” means contributions payable under the Act by or in respect of an employed earner in respect of employed earner’s employment;

“income tax month” means the period beginning on the 6th day of any calendar month and ending on the 5th day of the following calendar month;

“income tax period” means income tax quarter where paragraph 11 has effect, but otherwise means income tax month;

“income tax quarter” means the period beginning on 6th April and ending on 5th July, or beginning on 6th July and ending on 5th October, or beginning on 6th October and ending on 5th January, or beginning on 6th January and ending on 5th April;

(216) S.I. 1993/744.

(217) Paragraph 1(1) was amended by section 148(2) to (4) of the Pensions Act 1995 (c. 26), paragraph 77(2) to (4) of Schedule 7 to the Social Security Act 1998 (c. 14), paragraph 31 of Schedule 3 to the Transfer Act and paragraph 78(2) to (5) of Schedule 12 to the Welfare Reform Act.

(218) S.I. 1994/1882.

(219) S.I. 1995/512.

Status: This is the original version (as it was originally made).

“Inspector” means an Inspector of Taxes;

“mariner” has the same meaning as in regulation 115;

“the Reimbursement Regulations” means the Employer’s Contributions Re-imbusement Regulations 1996(220);

“statutory maternity pay” and “statutory sick pay” means any sum treated as remuneration by virtue of section 4(1)(a) of the Act;

“voyage period” has the same meaning as in regulation 115;

“year” means income tax year;

and other expressions have the same meaning as in the Income Tax Acts.

(3) For the purposes of paragraphs 7(13), 9, 10, 11 and 22, “primary Class 1 contributions” and “earnings-related contributions” shall, unless the context otherwise requires, include any amount paid on account of earnings-related contributions in accordance with the provisions of regulation 8(6).

Multiple employers

2. Where an employer has made a election under regulation 3 of Income Tax Regulations to be treated as a different employer in respect of each group of employees specified in the election, he shall be treated as having made an identical election for the purposes of this Schedule.

Intermediate employers

3.—(1) Where an employee works for a person who is not his immediate employer, that person shall be treated as the employer for the purpose of this Schedule, and the immediate employer shall furnish the principal employer with such particulars of the employee’s emoluments as may be necessary to enable the principal employer to comply with the provisions of this Schedule.

This is subject to the qualification in sub-paragraph (4).

(2) In this paragraph—

“the principal employer” means the person specified as the relevant person in the direction referred to in sub-paragraph (4), and

“the immediate employer” means the person specified as the contractor in that direction.

(3) If the employee’s emoluments are actually paid to him by the immediate employer—

(a) the immediate employer shall be notified by the principal employer of the amount of earnings-related contributions which may be deducted when the emoluments are paid to the employee, and may deduct the amount so notified to him accordingly; and

(b) the principal employer may make a corresponding deduction on making to the immediate employer the payment out of which the said emoluments will be paid.

(4) This paragraph only applies if a direction has been given by the Board under section 203E of the Taxes Act (PAYE: mobile UK workforce)(221).

(5) Where an employee is paid a sickness payment which by virtue of regulation 23 is not made through the secondary contributor in relation to the employment—

(a) the person making that payment shall furnish the secondary contributor with such particulars of that payment as may be necessary to enable the secondary contributor to comply with this Schedule; and

(220) S.I. 1996/195: these Regulations were amended by Part II of Schedule 10 to the Transfer Act and regulation 2 of S.I. 1999/286.

(221) Section 203E was inserted by section 126 of the Finance Act 1994 (c. 9).

- (b) for the purposes only of this Schedule the secondary contributor shall be deemed to have made the sickness payment.

Employer's earnings-related contributions

4. If, under this Schedule, a person is required to pay any earnings-related contributions which, under section 6(4) of the Act(222), another person is liable to pay, his payment of those contributions shall be made as agent for that other person.

Inspectors and Collectors

5. Any legal proceedings or administrative act authorised by or done for the purposes of this Schedule and begun by one Inspector or Collector may be continued by another Inspector or, another Collector; and any Inspector or Collector may act for any division or other area.

PART II

DEDUCTION OF EARNINGS-RELATED CONTRIBUTIONS

Deduction of earnings-related contributions

6.—(1) Every employer, on making during any year to any employee any payment of emoluments in respect of which earnings-related contributions are payable, or are treated as payable, or on making any payment of statutory maternity pay—

- (a) shall, if he has not already done so, prepare, or in the case of an employee to whom regulation 20 of the Income Tax Regulations (employee on fixed pay) applies, maintain a deductions working sheet for that employee, and

- (b) may deduct earnings-related contributions in accordance with this Schedule.

(2) Subject to sub-paragraph (3), an employer shall not be entitled to recover any earnings-related contributions paid or to be paid by him on behalf of any employee otherwise than by deduction in accordance with this Schedule.

(3) Sub-paragraph (2) does not apply to secondary Class 1 contributions in respect of which an election has been made jointly by the secondary contributor and the employed earner for the purposes of paragraph 3B(1) of Schedule 1 to the Act (election in respect of transfer of secondary contribution liability on share option gains)(223) if the election provides for the collection of the amount in respect of which liability is transferred.

Calculation of deduction

7.—(1) Subject to sub-paragraph (2), on making any payment of emoluments to the employee, the employer may deduct from those emoluments the amount of the earnings-related contributions based on those emoluments thereon which the employee is liable to pay under section 6(4) of the Act.

(2) Where two or more payments of emoluments fall to be aggregated, the employer may deduct the amount of the earnings-related contributions based on those emoluments, which are payable by the employee, either wholly from one such payment or partly from one and partly from the other or any one or more of the others.

(3) If the employer, on making any payment of emoluments to an employee, does not deduct from those emoluments the full amount of earnings-related contributions which by virtue of this Schedule

(222) This section was substituted by paragraph 2 of Part I of Schedule 9 to the Welfare Reform Act.

(223) Paragraph 3B was inserted by section 77(2) of the Child Support, Pensions and Social Security Act 2000 (c. 19).

Status: This is the original version (as it was originally made).

he is entitled to deduct, he may, subject to sub-paragraphs (4) and (5), recover the amount so under-deducted by deduction from any subsequent payment of emoluments to that employee during the same year.

(4) Sub-paragraph (3) applies only where—

- (a) the under-deduction occurred by reason of an error made by the employer in good faith;
- (b) the emoluments in respect of which the under-deduction occurred are treated as earnings by virtue of regulations made under section 112 of the Act (certain sums to be earnings)⁽²²⁴⁾;
- (c) the under-deduction occurred as a result of the cancellation, variation or surrender of the contracting-out certificate issued in respect of the employment in respect of which the payment of emoluments is made; or
- (d) the emoluments in respect of which the under-deduction occurred are, by virtue of regulation 23, not paid through the secondary contributor in relation to the employment.

(5) For the purposes of sub-paragraphs (3), (4), (8) and (11)—

- (a) the amount which by virtue of those sub-paragraphs may be deducted from any payment, or from any payments which fall to be aggregated, shall be an amount in addition to, but not in excess of, the amount deductible from those payments under the other provisions of this Schedule; and
- (b) for the purposes of Part III of this Schedule an additional amount which may be deducted by virtue of those sub-paragraphs shall be treated as an amount deductible under this Schedule only in so far as the amount of the corresponding under-deduction has not been so treated.

(6) Sub-paragraph (8) applies where an employer makes a payment consisting either solely of non-monetary earnings, or a combination of monetary and non-monetary earnings, to—

- (a) an employee;
- (b) an ex-employee,

and at the time of the payment of those earnings there are no, or insufficient, monetary earnings from which the employer could deduct the amount of earnings-related contributions which the employee or ex-employee is liable to pay under section 6(4)(a) of the Act.

(7) In sub-paragraph (6)(b) “ex-employee” means a person who—

- (a) ceases to be employed by the employer in a particular year (“the cessation year”); and
- (b) receives such earnings from the employer after the cessation of employment but in the cessation year.

(8) Where, in the circumstances specified in sub-paragraph (6), the employer does not deduct from the earnings referred to in that sub-paragraph the full amount of earnings-related contributions which by virtue of this Schedule he is entitled to deduct, he may, subject to sub-paragraph (5), recover the amount so under-deducted by deduction from any subsequent payment of monetary earnings to that employee, or ex-employee (as the case may be) during the same year.

(9) Sub-paragraph (11) applies if—

- (a) a person (“the ex-employee”) ceases in a particular tax year (“the cessation year”) to be employed by a particular employer (“the employer”); and
- (b) the ex-employee receives from the employer in the cessation year, after the cessation of employment, earnings in the form of—

⁽²²⁴⁾Section 112 was amended by paragraph 51(4) of Schedule 1 to the Employment Rights Act 1996 (c. 18) and paragraph 21 of Schedule 3 to the Transfer Act.

- (i) a beneficial interest in shares,
 - (ii) a conditional interest in shares or a beneficial interest in convertible shares treated as earnings under regulation 22(3),
 - (iii) any gain on which the ex-employee is chargeable to tax by virtue of section 135 of the Taxes Act 1988 (gains by directors and employees from share options)**(225)**; and
- (c) at the time of the payment of those earnings there are no monetary earnings, or insufficient monetary earnings, from which the employer could deduct the amount of earnings-related contributions which the employee is liable to pay under section 6(4)(a) of the Act.
- (10) For the purposes of sub-paragraph (9)—
- “conditional shares” means shares within the meaning given for the purposes of sections 140A and 140B of the Taxes Act in section 140C of that Act**(226)** and, by virtue of section 140A(9) of that Act, includes securities issued by a company; and
- “convertible shares” means shares which are convertible within the meaning of section 140D of the Taxes Act**(227)**.
- (11) Where, in the circumstances specified in sub-paragraph (9), the employer has not deducted, from the earnings referred to in sub-paragraph (9)(b), the full amount of earnings-related contributions which by virtue of this Schedule he is entitled to deduct, he may, without prejudice to sub-paragraph (8) but subject to sub-paragraph (12)(b), recover the amount so under-deducted by deduction from the proceeds of sale of some, or all, of—
- (a) the shares referred to in of sub-paragraph 9(b)(i) and (ii); or
 - (b) the shares which form the subject matter of the option referred to in sub-paragraph (9)(b)(iii).
- (12) For the purposes of sub-paragraph (11)—
- (a) the whole of the amount under-deducted may be recovered from the proceeds of sale of some, or all, of the shares referred to in that sub-paragraph; and
 - (b) the employee’s prior written consent to that sale and the recovery of all or part of the under-deduction from the proceeds thereof, shall be required.
- (13) Subject to sub-paragraph (14), the employer shall record on the deductions working sheet for that employee the name and national insurance number of the employee, the year to which the working sheet relates, the appropriate category letter in relation to the employee (being the appropriate category letter indicated by the Board) and, in so far as relevant to that category letter, the following particulars regarding every payment of emoluments which he makes to the employee namely—
- (a) the date of payment;
 - (b) the amount of—
 - (i) earnings up to and including the current lower earnings limit where earnings equal or exceed that figure,
 - (ii) earnings which exceed the current lower earnings limit but do not exceed the current primary threshold and the current secondary threshold,
 - (iii) earnings which exceed the current primary threshold and the current secondary threshold but do not exceed the current upper earnings limit,
 - (iv) the primary Class 1 contributions payable on the amounts recorded under heads (i) to (iii) together with the secondary Class 1 contributions payable on all earnings in

(225)Section 135 was amended by section 49(1) of the Finance Act 1998 (c. 36).

(226)Sections 140A to 140C were inserted by section 50(1) of the Finance Act 1998.

(227)Section 140D was inserted by section 51(1) of the Finance Act 1998.

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respect of which such contributions are payable; but this head shall not apply to such contributions payable on emoluments under sub-paragraph (3);

(v) the primary Class 1 contributions included in the amount recorded under head (iv); and

(vi) any statutory maternity pay;

(c) when the employment is contracted-out employment the amount of—

(i) any reduction calculated in accordance with section 41(1) and (1A) or 42A(1) and (2) of the Pensions Act(228) on the amount of a Class 1 contribution in respect of earnings recorded under paragraph (b)(ii) which is available for set-off against (and does not exceed) the amount recorded under paragraph (b)(v), and

(ii) any reduction calculated in accordance with sections 41(1) to (1B) or 42A(1) to (2A) of the Pensions Act on the amount of a secondary Class 1 contribution in respect of earnings recorded under paragraph (b)(ii) aggregated with any balance of the reduction in respect of earnings referred to in head (i) which exceeds the amount which may be set off as mentioned in that head.

(14) Where 2 or more payments of emoluments fall to be aggregated, the employer, instead of recording under heads (iv) and (v) of sub-paragraph (13)(b) separate amounts in respect of each such payment, shall under each head record a single amount, being the total of the contributions appropriate to the description specified in that head, in respect of the aggregated payments.

(15) When an employer pays emoluments he shall record under the name of the employee to whom he pays the emoluments—

(a) the date of payment;

(b) the amount of the emoluments, excluding any allowable superannuation contributions; and

(c) any allowable superannuation contributions;

and retain the record for a period of three years after the end of the tax year in which the emoluments were paid.

Records where liability transferred from secondary contributor to employed earner: share option gains

8.—(1) Where an election has been made for the purposes of paragraphs 3B(1) of Schedule 1 to the Act (elections about transfer of liability for secondary contributions in respect of share option gains), the secondary contributor shall maintain records containing—

(a) a copy of any such election;

(b) a copy of the notice of approval issued by the Board under paragraph 3B(1)(b) of that Schedule; and

(c) the information set out—

(i) in sub-paragraph (2) in respect of the company in respect of whose shares the share option to which the election relates is to be exercisable;

(ii) in sub-paragraph (3) in respect of the employed earner.

(2) The information referred to in sub-paragraph (1)(c)(i) is the name and address of the company.

(3) The information referred to in sub-paragraph (1)(c)(ii) is—

(228) Section 41 was substituted by paragraph 127 of Schedule 7 to the Social Security Act 1998 (c. 14) and amended by paragraph 6 of Schedule 9 to the Welfare Reform Act. Section 42A was inserted by section 137(5) of the Pensions Act 1995 (c. 26); relevant amendments were made by paragraph 128 of Schedule 7 to the Social Security Act 1998 and paragraph 7 of Schedule 9 to the Welfare Reform Act.

- (a) the name of the employed earner; and
- (b) the national insurance number allocated to the employed earner.

Certificate of contributions paid

9.—(1) Where the employer is required to give the employee a certificate in accordance with regulation 39 of the Income Tax Regulations (certificate of tax deducted), the employer shall enter on the certificate, in respect of the year to which the certificate relates—

- (a) the amount of any earnings up to and including the current lower earnings limit where earnings equal or exceed that figure;
- (b) the amount of any earnings in respect of which primary Class 1 contributions were, by virtue of section 6A of the Act(229), treated as having been paid, which exceed the current lower earnings limit but do not exceed the current primary threshold, other than earnings from non-contracted-out employment in respect of which primary Class 1 contributions were, by virtue of that section and regulation 127, treated as having been paid at the reduced rate;
- (c) the amount of any earnings in respect of which primary Class 1 contributions were payable which exceed the current primary threshold but do not exceed the current upper earnings limit, other than earnings from non-contracted-out employment in respect of which primary Class 1 contributions were payable at the reduced rate;
- (d) the amount of the earnings, if any, recorded under paragraphs (b) and (c), above the current lower earnings limit, in respect of which primary Class 1 contributions were payable or, where section 6A of the Act and regulation 127 applies, were treated as having been paid, at the reduced rate;
- (e) the amount of primary Class 1 contributions paid by the employee;

and shall enter the amounts under head (e) under the appropriate category letter indicated by the Board.

(2) Where the employer is not required to give the employee a certificate in accordance with regulation 39 of the Income Tax Regulations, because no tax has been deducted from the employee's emoluments during the year concerned, but the employee has paid primary Class 1 contributions in that year, the employer shall nevertheless give the employee such a certificate showing the information referred to in sub-paragraph (1).

PART III

PAYMENT AND RECOVERY OF EARNINGS-RELATED CONTRIBUTIONS, CLASS 1A CONTRIBUTIONS AND CLASS 1B CONTRIBUTIONS, ETC.

Payment of earnings-related contributions monthly by employer

10.—(1) Subject to paragraph 11 and 15(8), the employer shall pay the amount specified in sub-paragraph (2) to the Collector within 14 days of the end of every income tax month.

(2) The amount specified in this sub-paragraph is the total amount of earnings-related contributions due in respect of emoluments paid by the employer in that income tax month, other than amounts deductible under paragraph 7(2) which he did not deduct and amounts which he deducted under the Compensation of Employers Regulations and the Reimbursement Regulations.

(229) Section 6A was inserted by paragraph 3 of Part I of Schedule 9 to the Welfare Reform Act.

Status: This is the original version (as it was originally made).

(3) For the purposes of sub-paragraph (2), if two or more payments of emoluments fall to be aggregated, the employer shall be treated as having deducted from the last of those payments the amount of any earnings-related contributions deductible from those payments which he did not deduct from the earlier payments.

Payments of earnings-related contributions quarterly by employer

11.—(1) Subject to paragraph 15(8), the employer shall pay the amount specified in sub-paragraph (2) to the Collector within 14 days of the end of every income tax quarter where—

- (a) the employer has reasonable grounds for believing that the condition specified in sub-paragraph (4) applies and chooses to pay the amount specified in sub-paragraph (2) quarterly; or
- (b) in the case of an employee who receives a fixed salary or wage, the Inspector has authorised the employer to deduct income tax from each payment of emoluments which he makes to the employee by reference only to the amount of that payment, without regard to the cumulative emoluments and cumulative tax in respect of the employee.

(2) The amount specified in this sub-paragraph is the total amount of earnings-related contributions due in respect of emoluments paid by the employer in that income tax quarter, other than amounts deductible under paragraph 7(2) which he did not deduct and amounts which he deducted under the Compensation of Employers Regulations and Reimbursement Regulations.

(3) For the purposes of sub-paragraph (2), where two or more payments or emoluments fall to be aggregated, the employer shall be deemed to have deducted from the last of those payments the amount of any earnings-related contributions deductible from those payments which he did not deduct from the earlier payments.

(4) The condition specified in this sub-paragraph is that, for income tax months falling with the current year, the average monthly amount found by the formula—

$$N + P + L + S - T$$

will be less than £1,500.

Here—

N is the amount which would be payable to the Collector under the Act and the provisions of these Regulations other than this Schedule disregarding—

- (a) any amount of secondary Class 1 contributions in respect of which liability has been transferred to the employed earner by virtue of an election made jointly by the employed earner and the secondary contributor for the purposes of paragraph 3B(1) of Schedule 1 to the Act (election to transfer liability for secondary contributions in respect of share option gains to earner)(**230**); and
- (b) any adjustment to the amount so payable to the Collector under regulation 7(3) of the Tax Credits (Payments by Employers) Regulations 1999 (funding of payment by relevant employer or relevant subsequent employer of tax credit)(**231**);

P is the amount which would be payable to the Collector under regulation 40 of the Income Tax Regulations (payment of tax monthly by employer) if any adjustment to that amount under regulation 7(1) of the Tax Credits (Payments by Employers) Regulations 1999 were disregarded;

L is the amount which would be payable to the Collector under regulation 39(1) of the Education (Student Loans) (Repayment) Regulations 2000 (payment of repayments deducted

(230) Paragraph 3B was inserted into Schedule 1 to the Act by section 77(2) of the Child Support, Pensions and Social Security Act 2000 (c. 19).

(231) S.I. 1999/3219.

to the Board)(232) if the reduction of that amount which is referred to in paragraph (3) of that regulation and in regulation 7(2) of the Tax Credits (Payments by Employers) Regulations 1999 were disregarded;

S is the amount payable to the Collector under section 559 of the Taxes Act and the Income Tax (Sub-contractors in the Construction Industry) Regulations 1993(233); and

T is the amount which the employer is required to pay by way of tax credit in accordance with regulation 6(2) of the Tax Credits (Payment by Employers) Regulations 1999 (relevant employer's or relevant subsequent employer's obligation to pay tax credits).

Payment of earnings-related contributions by employer (further provisions)

12.—(1) The Collector shall give a receipt to the employer for the total amount paid under paragraph 10 or 11 if so requested, but if he gives a receipt for the total amount of earnings-related contributions and any tax paid at the same time, he need not give a separate receipt for earnings-related contributions.

(2) Subject to sub-paragraph (3), if the employer has paid to the Collector on account of earnings-related contributions under paragraph 10 or 11 an amount which he was not liable to pay, or which has been refunded in accordance with regulation 2 of the Social Security (Refunds) (Repayment of Contractual Maternity Pay) Regulations 1990 (refunds of contributions)(234), the amounts which he is liable to pay subsequently in respect of other payments of emoluments made by him during the same year shall be reduced by the amount overpaid, so however that if there was a corresponding over-deduction from any payment of emoluments to an employee, this paragraph shall apply only in so far as the employer has reimbursed the employee for that over-deduction.

(3) Sub-paragraph (2) applies only if—

- (a) the over-deduction occurred by reason of an error by the employer in good faith;
- (b) the over-deduction occurred as a result of the employment in respect of which the payment on account of earnings-related contributions is made being or, as the case may be, becoming contracted-out employment; or
- (c) a refund has been made under regulation 2 of the Social Security (Refunds) (Repayment of Contractual Maternity Pay) Regulations 1990.

Payment of Class 1B contributions

13.—(1) A person who is liable to pay a Class 1B contribution (“the employer”), shall pay that Class 1B contribution to the Collector not later than 19th October in the year immediately following the end of the year in respect of which that contribution is payable.

(2) If the employer has paid to the Collector under this paragraph an amount in respect of Class 1B contributions which he was not liable to pay, he shall be entitled to deduct the amount overpaid from any payment in respect of secondary earnings-related contributions which he is liable to pay subsequently to the Collector under paragraph 10 or 11 for any income tax period in the same year.

Employer failing to pay earnings-related contributions

14.—(1) If within 14 days of the end of any income tax period the employer has paid no amount of earnings-related contributions to the Collector under paragraph 10 or 11 for that income tax period and the Collector is unaware of the amount, if any, which the employer is liable so to pay, the Collector may give notice to the employer requiring him to render, within 14 days, a return in the

(232)S.I. 2000/944.

(233)S.I. 1993/743.

(234)S.I. 1990/536.

Status: This is the original version (as it was originally made).

prescribed form showing the amount of earnings-related contributions which the employer is liable to pay to the Collector under that paragraph in respect of the income tax period in question.

(2) Where a notice given by the Collector under sub-paragraph (1) extends to two or more consequent income tax periods, the provisions of this Schedule shall have effect as if those income tax periods were one income tax period.

(3) If the Collector is not satisfied that an amount of earnings-related contributions paid to him under paragraph 10 or 11 for any income tax period is the full amount which the employer is liable to pay to him, the Collector may give a notice under sub-paragraph (1) despite the payment of that amount.

Specified amount of earnings-related contributions payable by the employer

15.—(1) If after 14 days following the end of any income tax period the employer has paid no amount of earnings-related contributions to the Collector under paragraph 10 or 11 for that income tax period and there is reason to believe that the employer is liable to pay such contributions, the Collector, upon consideration of the employer's record of past payments, may to the best of his judgement specify the amount of earnings-related contributions which he considers the employer is liable to pay and give notice to him of that amount.

(2) If, on the expiration of the period of 7 days allowed in the notice, the specified amount of earnings-related contributions or any part thereof is unpaid, the amount so unpaid—

- (a) shall be treated for the purposes of this Schedule as an amount of earnings-related contributions which the employer was liable to pay for that income tax period in accordance with paragraph 10 or 11; and
- (b) may be certified by the Collector.

(3) The provisions of sub-paragraph (2) shall not apply if, during the period allowed in the notice, the employer pays to the Collector the full amount of earnings-related contributions which the employer is liable to pay under paragraph 10 or 11 for that income tax period, or the employer satisfies the Collector that no amount of such contributions is due.

(4) The production of a certificate such as is mentioned in sub-paragraph (2) shall, until the contrary is established, be sufficient evidence that the employer is liable to pay to the Collector the amount shown in it; and any document purporting to be such a certificate as aforesaid shall be deemed to be such a certificate until the contrary is proved.

Paragraph 16 shall apply, with any necessary modifications, to the amount shown in the certificate.

(5) Where the employer has paid no amount of earnings-related contributions under paragraph 10 or 11 for any income tax periods, a notice may be given by the Collector under sub-paragraph (1) which extends to two or more consecutive income tax periods, and this Schedule shall have effect as if those income tax periods were the latest income tax period specified in the notice.

(6) A notice may be given by the Collector under sub-paragraph (1) notwithstanding that an amount of earnings-related contributions has been paid to him by the employer under paragraph 10 or 11 for any income tax period, if, after seeking the employer's explanation as to the amount of earnings-related contributions paid, the Collector is not satisfied that the amount so paid is the full amount which the employer is liable to pay to him for that period, and this paragraph shall have effect accordingly, save that sub-paragraph (2) shall not apply if, during the period allowed in the notice, the employer satisfies the Collector that no further amount of earnings-related contributions is due for the relevant income tax period.

(7) Where, during the period allowed in a notice given by the Collector under sub-paragraph (1), the employer claims, but does not satisfy the Collector, that the payment of earnings-related contributions made in respect of any income tax period specified in the notice is the full amount of

earnings-related contributions he is liable to pay to the Collector for that period, the employer may require the Collector to inspect the employer's documents and records as if the Collector had called upon the employer to produce those documents and records in accordance with paragraph 26(1) and the provisions of paragraph 26 shall apply in relation to that inspection, and the notice given by the Collector under sub-paragraph (1) shall be disregarded in relation to any subsequent time.

(8) Notwithstanding anything in this paragraph, if the employer pays any amount of earnings-related contributions certified by the Collector under it and that amount exceeds the amount which he would have been liable to pay in respect of that income tax period apart from this paragraph, he shall be entitled to set off such excess against any amount which he is liable to pay to the Collector under paragraph 10 or 11 for any subsequent income tax period.

(9) If, after the end of the year, the employer renders the return required by paragraph 22(1) and the total earnings-related contributions he has paid in respect of that year in accordance with this Schedule exceeds the total amount of such contributions due for that year, any excess not otherwise recovered by set-off shall be repaid.

Recovery of earnings-related contributions or Class 1B contributions

16.—(1) The Income Tax Acts and any regulations under section 203 of the Taxes Act (pay as you earn)(**235**) relating to the recovery of tax shall apply to the recovery of—

- (a) any amount of earnings-related contributions which an employer is liable to pay the Collector for any income tax period in accordance with paragraph 10 or 11 or which he is treated as liable to the Collector for any income tax period under paragraph 15; or
- (b) any amount of Class 1B contributions which an employer is liable to pay to the Collector in respect of any year in accordance with paragraph 13(1),

as if each of those amounts had been charged to tax by way of an assessment on the employer under Schedule E.

(2) Sub-paragraph (1) is subject to the qualification that, in the application to any proceedings taken, by virtue of this paragraph, of any of the relevant provisions limiting the amount which is recoverable in those proceedings, there shall be disregarded any amount of tax which may, by virtue of sub-paragraphs (3) to (5), be included as part of the cause of action or matter of complaint in those proceedings.

(3) Proceedings may be brought for the recovery of the total amount of—

- (a) earnings-related contributions which the employer is liable to pay to the Collector for any income tax period;
- (b) Class 1B contributions which the employer is liable to pay to the Collector in respect of any year;
- (c) a combination of those classes of contributions as specified in heads (a) and (b); or
- (d) any of the contributions as specified in heads (a), (b), or (c) in addition to any tax which the employer is liable to pay to the Collector for any income tax period,

without specifying the respective amount of those contributions and of tax, or distinguishing the amounts which the employer is liable to pay in respect of each employee and without specifying the employees in question.

(4) For the purposes of—

(235) Section 203 was amended by section 128 of, and paragraph 4 of Schedule 3 to, the Finance Act 1988 (c. 39), section 45(3) of the Finance Act 1989 (c. 26), paragraph 38 of Part II of Schedule 19 and item (23) of Part V of Schedule 26 to, the Finance Act 1994 (c. 9) and section 119 of the Finance Act 1998 (c. 36).

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- (a) proceedings under section 66 of the Taxes Management Act 1970(236) (including proceedings under that section as applied by the provisions of this paragraph);
- (b) summary proceedings (including in Scotland proceedings in the sheriff court or in the sheriff's small debt court),

the total amount of contributions, in addition to any tax which the employer is liable to pay to the Collector for any income tax period, referred to in sub-paragraph (3) shall, subject to sub-paragraph (2), be one cause of action or one matter of complaint.

(5) Nothing in sub-paragraph (3) or (4) shall prevent the bringing of separate proceedings for the recovery of each of the several amounts of—

- (a) earnings-related contributions which the employer is liable to pay for any income tax period in respect of each of his several employees;
- (b) Class 1B contributions which the employer is liable to pay in respect of any year in respect of each of his several employees; or
- (c) tax which the employer is liable to pay for any income tax period in respect of each of his several employees.

Interest on overdue earnings-related contributions or Class 1B contributions

17.—(1) Subsequent to paragraph 21, where, in relation to the year ended 5th April 1993 or any subsequent year, an employer has not—

- (a) within 14 days of the end of the year paid an earnings-related contribution which he is liable to pay in respect of that year; or
- (b) paid a Class 1B contribution by 19th October next following the year in respect of which it was due,

any contribution not so paid shall carry interest at the rate applicable under paragraph 6(3) of Schedule 1 to the Act from the reckonable date until payment.

(2) Interest payable under this paragraph shall be recoverable as if it were an earnings-related contribution or a Class 1B contribution, as the case may be, in respect of which an employer is liable under paragraph 10, 11, or 13 to pay to the Collector.

(3) For the purposes of this paragraph—

- (a) “employer” means, in relation to a Class 1B contribution, the person liable to pay such a contribution in accordance with section 10A of the Act(237);
- (b) “the reckonable date” means, in relation to—
 - (i) an earnings-related contribution, the 14th day after the end of the year in respect of which it was due;
 - (ii) a Class 1B contribution, the 19th October next following the year in respect of which it was due.

(4) A contribution to which sub-paragraph (1) applies shall carry interest from the reckonable date even if the date is a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882(238).

(5) A certificate of the Collector that any amount of the interest payable under this paragraph has not been paid to him, or, to the best of his knowledge and belief, to any other Collector or to any

(236) 1970 c. 9. Section 66 was amended by Part II of the Schedule 1 to the County Courts (Northern Ireland) Order 1980 (S.I. 1980/397 (N.I. 3)), section 57(2) of the Finance Act 1984 (c. 43) and the Schedule to the High Court and County Courts Jurisdiction Order 1991 (S.I. 1991/724).

(237) Section 10A was inserted by section 53 of the Social Security Act 1998 (c. 14).

(238) 1882 c. 61. Section 92 was amended by sections 3(1) and (3) and 4(4) of the Banking and Financial Dealings Act 1971 (c. 80).

person acting on his behalf or on behalf of another Collector, shall be sufficient evidence that the employer is liable to pay to the Collector the amount of interest shown on the certificate and that the sum is unpaid and due to be paid, and any document purporting to be such a certificate shall be presumed to be a certificate until the contrary is proved.

Payment of interest on repaid earnings-related contributions or Class 1B contributions

18.—(1) Where an earnings-related contribution paid by an employer in respect of the year ended 5th April 1993 or any subsequent year not later than the year ended 5th April 1999 is repaid to him and that repayment is made after the relevant date, any such repaid contribution shall carry interest at the rate applicable under paragraph 6(3) of Schedule 1 to the Act from the relevant date until the order for the repayment is issued.

(2) For the purposes of sub-paragraph (1) “the relevant date” is—

- (a) in the case of an earnings-related contribution overpaid more than 12 months after the end of the year in respect of which the payment was made, the last day of the year in which it was paid; and
- (b) in any other case, the last day of the year after the year in respect of which the contribution in question was paid.

(3) Where an earnings-related contribution or a Class 1B contribution paid by an employer in respect of the year ended 5th April 2000 or any subsequent year is repaid to him and that repayment is made after the relevant date, any such repaid contribution shall carry interest at the rate applicable under paragraph 6(3) of Schedule 1 to the Act from the relevant date until the order for the repayment is issued.

(4) For the purpose of sub-paragraph (3) “the relevant date” is—

- (a) in the case of—
 - (i) an earnings-related contribution, the 14th day after the end of the year in respect of which that contribution was paid; or
 - (ii) a Class 1B contribution, the 19th October next following the year in respect of which that contribution was paid; or
- (b) the date on which the earnings-related contribution or Class 1B contribution was paid if that date is later than the date referred to in paragraph (a).

Repayment of interest

19. Where a secondary contributor or a person liable to pay a Class 1B contribution has paid interest on an earnings-related contribution or a Class 1B contribution, that interest shall be repaid to him—

- (a) the interest paid is found not to have been due to be paid, although the contribution in respect of which it was paid was due to be paid;
- (b) the earnings-related contribution or Class 1B contribution in respect of which interest was paid is returned or repaid to him in accordance with the provisions of regulation 52 or 55.

Remission of interest for official error

20.—(1) Where interest is payable in accordance with paragraph 17 it shall be remitted for the period commencing on the first relevant date and ending on the second relevant date in the circumstances specified in sub-paragraph (2).

Status: This is the original version (as it was originally made).

(2) For the purposes of sub-paragraph (1), the circumstances are that the liability, or a greater liability, to pay interest in respect of an earnings-related contribution or a Class 1B contribution arises as the result of an official error being made.

(3) In this paragraph—

- (a) “an official error” means a mistake made, or something omitted to be done, by an officer of the Board, where the employer or any person acting on his behalf has not caused, or materially contributed to, that mistake or omission;
- (b) “the first relevant date” means the reckonable date as defined in paragraph 17(3) or, if later, the date on which the official error occurs;
- (c) “the second relevant date” means the date 14 days after the date on which the official error has been rectified and the employer is advised of its rectification.

Application of paragraphs 10, 12, 16, 17, 18, 19 and 20

21.—(1) This paragraph applies where—

- (a) secondary Class 1 contributions are payable in respect of a gain which is treated by section 4(4)(a) of the Act(**239**) as remuneration derived from an employed earner’s employment; and
- (b) an amount or proportion (as the case may be) of the liability of the secondary contributor to those contributions is transferred to the employed earner by an election made jointly by them for the purposes of paragraph 3B(1) of Schedule 1 to the Act(**240**).

(2) Paragraphs 10, 12, 16, 17, 18, 19 and 20 shall apply to the employed earner to the extent of the liability transferred by the election and, to that extent, those paragraphs shall not apply to the employer.

(3) For the purposes of sub-paragraph (2)—

- (a) any reference in paragraphs 10, 12, 16, 17, 18 and 20 to an employer; and
- (b) the reference in paragraph 19 to a secondary contributor,

shall be construed as a reference to the employed earner to whom the liability is transferred by the election.

Return by employer at end of year

22.—(1) Not later than 44 days after the end of the year the employer shall render to the Inspector or, if so required, to the Collector in such form as the Board may approve or prescribe, a return showing in respect of each employee, in respect of whom he was required at any time during the year to prepare or maintain a deductions working sheet in accordance with this Schedule—

- (a) such particulars as the Board may require for the identification of the employee,
- (b) the year to which the return relates,
- (c) in respect of each and under each of the category letters, the total amounts for the year shown under—
 - (i) each of heads (i) to (iv) severally of paragraph 7(13)(b) (such amounts being rounded down to the next whole pound if not already whole pounds) in the case of paragraphs (i) to (iii)),
 - (ii) paragraph 7(13)(c)(i), and
 - (iii) paragraph 7(13)(c)(i) and (ii) added together;

(239) Section 4(4) was substituted by section 50(1) of the Social Security Act 1998.

(240) Paragraph 3B was inserted into Schedule 1 by section 77(2) of the Child Support, Pensions and Social Security Act 2000.

- (d) the total amount of any statutory maternity pay paid during the year; and
- (e) the total amounts he is entitled to deduct under regulation 5 of the Reimbursement Regulations.

(2) The return required by sub-paragraph (1) shall include a statement and declaration in the form approved or prescribed by the Board containing a list of all deductions working sheets on which the employer was obliged to keep records in accordance with this Schedule in respect of that year, and shall also include a certificate showing—

- (a) the total amount of earnings-related contributions payable by him in respect of each employee during that year;
- (b) the total amount of earnings-related contributions payable in respect of all his employees during that year;
- (c) in relation to any contracted-out employment the number notified by the Board on the relevant contracting-out certificate as the employer's number;
- (d) in respect of statutory maternity pay paid during that year to all his employees, the total of amounts determined under regulation 3 of the Compensation of Employers Regulations and deducted by virtue of regulation 4 of those Regulations; and
- (e) the total amount deducted under regulation 8 of the Reimbursement Regulations in respect of all his qualifying employees in that year.

(3) If paragraph 25 applies, the return required by sub-paragraph (1) and the certificate required by sub-paragraph (2) shall include the information specified in that paragraph.

(4) If the employer is a body corporate, the declaration and the certificate referred to in sub-paragraph (2) shall be signed by the secretary or by a director of the body corporate.

(5) If, within 14 days of the end of any year, an employer has failed to pay to the Collector the total amount of earnings-related contributions which he is liable so to pay, the Collector may prepare a certificate showing the amount of such contributions remaining unpaid for the year in question, excluding any amount deducted by the employer by virtue of the Compensation of Employers Regulations.

The provisions of paragraph 17 shall apply with any necessary modifications to the amount shown in that certificate.

(6) Notwithstanding sub-paragraphs (2) to (5), the return referred to in sub-paragraph (1) may be made in such other form as the Board and the employer approve, and in that case—

- (a) sub-paragraphs (2) to (5) shall not apply; and
- (b) the making of the return shall be subject to such conditions as the Board may direct as to the method of making it.

(7) Section 98A of the Taxes Management Act 1970 (penalties for late, fraudulent or negligent returns)(241) as modified by the provisions of paragraph 7 of Schedule 1 to the Act shall apply in relation to the requirement to make a return contained in sub-paragraph (1).

Additional return by employer at end of year where liability transferred to employed earner: share option gains

23.—(1) This paragraph applies where—

- (a) secondary Class 1 contributions are payable in respect of a gain which is treated by section 4(4)(a) of the Act as remuneration derived from an employed earner's employment; and

(241) Section 98A was inserted by section 165(1) of the Finance Act 1989 (c. 26).

Status: This is the original version (as it was originally made).

- (b) an amount or proportion (as the case may be) of the liability of the secondary contributor for those contributions is transferred to the employed earner by an election made jointly by them for the purposes of paragraph 3B(1) of Schedule 1 to the Act.
- (2) Not later than 92 days after the end of the year the employer shall deliver to the Inspector, in respect of each employed earner to whom any liability is transferred by the election, written particulars of the matters set out in sub-paragraph (3).
- (3) The matters set out in this paragraph are—
 - (a) the amount of the contributions referred to in sub-paragraph (1)(a);
 - (b) the amount of the transferred liability; and
 - (c) the date on which payment of the amount of the transferred liability was made to the Collector.

Special return by employer at end of voyage period

24.—(1) This paragraph applies where earnings-related contributions are assessed in accordance with regulation 120(4) or (5) (earnings periods for mariners and apportionment of earnings).

(2) Not later than 14 days after the end of the voyage period the employer shall render to the Board in such form as the Board may authorise a return in respect of each mariner showing—

- (a) his name, discharge book number and national insurance number;
- (b) the earnings periods and the amounts of emoluments apportioned to each such period in the voyage period;
- (c) the appropriate category letter for each apportionment of emoluments;
- (d) the amounts of all the earnings-related contributions payable on each apportionment of emoluments otherwise than under paragraph 7(3);
- (e) the amounts of primary Class 1 contributions included in the amounts shown under paragraph (d) for each apportionment of emoluments;
- (f) where the employment is contracted-out employment for any part of the voyage period—
 - (i) the amounts of that part of the contributions shown under paragraph (e) which were payable on earnings above the primary threshold, if primary Class 1 contributions were payable at the reduced rate, and
 - (ii) the number notified by the Board on the relevant contracting-out certificate as the employer's number;
- (g) the total amount of any earnings in respect of which primary Class 1 contributions were payable, other than earnings from non-contracted-out employment in respect of which primary Class 1 contributions were payable at the reduced rate; and
- (h) the total amounts he is entitled to deduct under regulation 5 or 6 of the Reimbursement Regulations in relation to each apportionment of emoluments.

Return by employer of recovery under the Statutory Sick Pay Percentage Threshold Order

25.—(1) This paragraph applies where an employer recovers any amount in respect of statutory sick pay payments made by him in any income tax month in accordance with article 2 of the Statutory Sick Pay Percentage Threshold Order 1995(**242**) (right of employer to recover statutory sick pay).

- (2) The information required pursuant to paragraph 23(3) to be included—

- (a) in the return, is, in respect of each employee, the total amount of statutory sick pay the employer paid in each income tax month in respect of which he made that recovery; and
- (b) in the certificate, is the total amount of statutory sick pay the employer recovered in the income tax year.

Inspection of employer's records

26.—(1) Every employer, whenever requested to do so by an officer authorised by the Board, shall produce to that officer for inspection, at such time as the officer may reasonably require, at the specified place—

- (a) all wages sheets, deductions working sheets, and other documents and records of any kind or description relating to the calculation of payment of the emoluments of his employees in respect of the years or income tax periods specified by the officer or to the amount of the earnings-related contributions payable in respect of those emoluments;
 - (b) all wages sheets, deductions working sheets, and other documents and records of any kind or description relating to the amount of any Class 1A contributions or Class 1B contributions payable by the employer in respect of the years specified by the officer; or
 - (c) such of those wage sheets, deductions working sheets, or other documents and records as may be specified by the officer.
- (2) In sub-paragraph (1) “the specified place” means—
- (a) such place in Great Britain, or, in the case of a request made in Northern Ireland, in Northern Ireland, as the employer and the officer may agree upon;
 - (b) in default of such agreement, the place in Great Britain, or, in the case of a request made in Northern Ireland, in Northern Ireland, at which the documents and records referred to in sub-paragraph (1)(a) or (b) are normally kept; or
 - (c) in default of such agreement and if there is no such place as is referred to in paragraph (b), the employer's principal place of business in Great Britain, or, in the case of a request made in Northern Ireland, in Northern Ireland.
- (3) The officer may—
- (a) take copies of, or make extracts from, any documents produced to him for inspection in accordance with sub-paragraph (1); and
 - (b) if it appears to him to be necessary to do so, at a reasonable time and for a reasonable period, remove any documents so produced, and, if he does so, shall provide a receipt for any documents so removed; and where a lien is claimed on a document produced in accordance with sub-paragraph (1), the removal of the document under this sub-paragraph shall not be regarded as breaking the lien;

and where a document removed in accordance with paragraph (b) is reasonably required for the proper conduct of a business the authorised officer shall, within seven days, provide a copy of the document, free of charge, to the person who produced it or caused it to be produced.

(4) The Collector may, on the occasion of each inspection, prepare a certificate, by reference to the information obtained from an inspection of the documents and records produced under sub-paragraph (1), showing—

- (a) the amount of earnings-related contributions which it appears from the documents and records so produced that the employer is liable to pay to the Collector, excluding any amount deducted by the employer by virtue of the Compensation of Employers Regulations for the years or income tax periods covered by the inspection; or

Status: This is the original version (as it was originally made).

- (b) the amount of any Class 1B contributions which it appears from the documents and records so produced that the employer is liable to pay to the Collector for the years covered by the inspection, or such an amount in addition to an amount referred to in paragraph (a);

together with any amount of earnings-related contributions or Class 1B contributions or a combination of those classes of contributions, which has not been paid to him or, to the best of his knowledge and belief, to any other person to whom it might lawfully be paid.

(5) The production of a certificate mentioned in sub-paragraph (4) shall, unless the contrary is proved, be sufficient evidence that the employer is liable to pay to the Collector in respect of the years or, as the case may be, income tax periods mentioned in the certificate, the amount shown in the certificate as unpaid; and any document purporting to be such a certificate shall be treated as such a certificate until the contrary is proved.

The provisions of paragraph 16 shall apply with any necessary modifications to the amount shown in such a certificate.

(6) For the purposes of sub-paragraph (1), the wages sheets, deductions working sheets (other than deductions working sheets issued under regulation 20 of the Income Tax Regulations) and other documents and records mentioned in that sub-paragraph shall be retained by the employer for not less than three years after the end of the year to which they relate; and, in the case of any of those documents or records which contains any information relating to the amount of any Class 1A contribution or Class 1B contribution, for not less than three years after the end of the year in which that contribution became payable.

(7) Where an election has been made jointly by the secondary contributor and the employed earner for the purposes of paragraph 3B(1) of Schedule 1 to the Act, sub-paragraphs (1) to (3) shall apply to the records which the secondary contributor is obliged by paragraph 8 to maintain and, for the purposes of paragraph 3B of Schedule 1 to the Act, those records shall be retained by him throughout the period for which the election is in force and for six years after the end of that period.

(8) For the purposes of this paragraph, “employer”—

- (a) includes, in relation to a Class 1A contribution, the person liable to pay such a contribution in accordance with section 10ZA of the Act (liability of third party provider of benefits in kind)⁽²⁴³⁾; and
- (b) means, in relation to a Class 1B contribution, the person liable to pay such a contribution in accordance with section 10A of the Act⁽²⁴⁴⁾.

Death of an employer

27. If an employer dies, anything which he would have been liable to do under this Schedule shall be done by his personal representatives, or, in the case of an employer who paid emoluments on behalf of another person, by the person succeeding him or, if no person succeeds him, the person on whose behalf he paid emoluments.

Succession to a business, etc

28.—(1) This paragraph applies where there has been a change in the employer from whom an employee receives emoluments in respect of his employment in any trade, business, concern or undertaking, or in connection with any property, or from whom an employee receives any annuity other than a pension.

⁽²⁴³⁾Section 10ZA was inserted, as respects Great Britain by section 75 of the Child Support, Pensions and Social Security Act 2000.

⁽²⁴⁴⁾See regulation 35(4) of S.I. 2000/2207.

(2) Where this paragraph applies, in relation to any matter arising after the change, the employer after the change shall be liable to do anything which the employer before the change would have been liable to do under this Schedule if the change had not taken place.

(3) Sub-paragraph (2) is subject to the qualification that the employer after the change shall not be liable for the payment of any earnings-related contributions which were deductible from emoluments paid to the employee before, unless they are also deductible from emoluments paid to the employer after, the change took place, or of any corresponding employer's earnings-related contributions.

Payments by cheque

29.—(1) Sub-paragraph (2) applies for the purposes of paragraphs 10, 11, 13, 15, 17 and 18.

(2) If any payment to the Collector is made by cheque, and the cheque is paid on its first presentation to the banker on whom it is drawn, the payment shall be treated as made on the day on which the cheque was received by the Collector, and “pay”, “paid”, “unpaid” and “overpaid” shall be construed accordingly.

PART IV

ASSESSMENT AND DIRECT COLLECTION

Provisions for direct payment

30. In cases of employed earner's employment, where the employer does not fulfil the conditions prescribed in regulation 145(1)(b) as to residence or presence in Great Britain or Northern Ireland or is a person who, by reason of any international treaty to which the United Kingdom is a party or of any international convention binding on the United Kingdom, is exempt from the provisions of the Act or is a person against whom, for a similar reason, the provisions of the Act are not enforceable, the provisions of paragraph 31 shall apply to the employee, unless the employer, being a person entitled to pay the primary contributions due in respect of the earnings from the said employment, is willing to pay those contributions.

Direct collection involving deductions working sheets

31.—(1) In any case falling within paragraph 30, the Inspector may issue a deductions working sheet to the employee (and, if no such working sheet has been issued, the employee shall obtain one from the Inspector), and sub-paragraphs (2) to (8) shall apply.

(2) The employee to whom a deductions working sheet has been issued under sub-paragraph (1) shall record on that working sheet his name, national insurance number and category letter indicated by the Board, and whenever, in respect of an employment such as is specified in paragraph 30, the employee receives any emoluments during the year for which the deductions working sheet was issued, he shall also record on that working sheet the amount of the emoluments, the date on which he received them, and the earnings-related contributions payable by him in respect of those emoluments.

(3) Not later than the time for the payment of income tax, if any, the employee shall pay to the Collector the amount of the earnings-related contributions payable by the employee in respect of the emoluments which have been received by him and for which the income tax is or would have been payable.

(4) If, by the time specified in sub-paragraph (3), the employee has paid no amount of earnings-related contributions to the Collector in respect of the emoluments mentioned in that sub-paragraph, and the Collector is unaware of the amount, if any, which the employee is liable so to pay, or if an amount has been paid but the Collector is not satisfied that it is the full amount which the employee is liable to pay to him in respect of those emoluments, sub-paragraph (5) applies.

Status: This is the original version (as it was originally made).

(5) If this sub-paragraph applies, the Collector may give notice to the employee requiring him to render, within the time limited in the notice, a return in the prescribed form containing particulars of all emoluments received by him during the period specified in the notice and such other particulars affecting the calculations of the earnings-related contributions payable in respect of the emoluments in question as may be specified in the notice, and in such a case the provisions of—

- (a) paragraph 14 regarding the ascertaining and certifying by the Collector of earnings-related contributions payable by an employer, and
- (b) paragraph 16 regarding the recovery of those contributions.

shall apply with the necessary modifications for the purposes of ascertaining, certifying and recovering the earnings-related contributions payable by the employee.

(6) If the employee ceases to receive emoluments falling within sub-paragraph (2), he shall immediately render to the Inspector or, if so required to the Collector, in such form as the Board may prescribe, a return showing such particulars as they may require for the identification of the employee, the year to which the return relates, the appropriate category letter, the last date on which he received any such emoluments, the total of those emoluments and the earnings-related contributions payable from the beginning of the year to that date.

(7) Not later than 44 days after the end of the year, the employee shall (unless sub-paragraph (6) has applied) render to the Inspector or, if so required to the Collector, in such form as the Board may prescribe, a return showing such particulars as they may require for the identification of the employee, the year to which the return relates, the total of the emoluments and earnings-related contributions payable during the year, together with the appropriate category letter, and the provisions of paragraph 22(5) regarding the certification and recovery of earnings-related contributions remaining unpaid by an employer for any year shall apply in the case of any earnings-related contributions remaining unpaid by the employee.

(8) The employee shall retain deductions working sheets issued under sub-paragraph (1) for not less than three years after the end of the year to which they relate.

(9) Section 98A of the Taxes Management Act 1970 (special penalties for certain returns) as modified by the provisions of paragraph 7 to Schedule 1 to the Act, shall apply in relation to the requirement to make a return contained in sub-paragraphs (6) and (7).

SCHEDULE 5

Regulation 69

ELECTIONS ABOUT SHARE OPTION GAINS

- 1.—(1) An election for the purposes of paragraph 3B(1) of Schedule 1 to the Act shall contain—
- (a) details of the share options to which it relates, or of the period within which the share options to which it relates are intended to be granted;
 - (b) a statement that the election relates to any gain on which the employed earner is liable to pay secondary Class 1 contributions under section 4(4)(a) of the Act and an explanation of the effect of that paragraph;
 - (c) the amount or proportion (as the case may be) of the liability for secondary Class 1 contributions to be transferred;
 - (d) a statement that its purpose is to transfer the liability for the secondary Class 1 contributions referred to in paragraph (c) from the secondary contributor to the employed earner;
 - (e) a statement as to the method by which the secondary contributor will secure that the liability for amounts of contributions, transferred under the election, is met;

- (f) a statement as to the circumstances in which it shall cease to have effect;
- (g) a declaration by the employed earner that he agrees to be bound by its terms; and
- (h) evidence sufficient to show that the secondary contributor agrees to be bound by its terms.

(2) The declaration referred to in sub-paragraph (1)(g) must either be signed by the employed earner or, if it is made by electronic communications, made by him in such electronic form and by such means of electronic communications as may be authorised by the Board.

2.—(1) An election to which this Schedule applies shall be made either in writing or in such electronic form and by such means of electronic communications as may be authorised by the Board.

(2) An election to which this Schedule applies may be contained in two documents, one made by the employed earner and the other by the secondary contributor, in which case—

- (a) the document made by the employed earner shall contain the matters listed in paragraph 1(1)(a) to (g); and
- (b) the document made by the secondary contributor shall contain the matters listed in paragraph 1(1)(a) to (f) and (h).

3.—(1) Where an election to which this Schedule applies has been made, the secondary contributor shall notify the employed earner to whom any of his liabilities are transferred by the election of—

- (a) any transferred liability that arises;
- (b) the amount of any transferred liability that arises; and
- (c) the contents of any notice of withdrawal by the Board of any approval that relates to the election.

(2) The secondary contributor shall notify the employed earner of the matters set out in sub-paragraph (1)(a) and (b) as soon as reasonably practicable.

(3) The secondary contributor shall notify the employed earner of the matters set out in sub-paragraph (1)(c) within 14 days of receipt of the notice of withdrawal in question.

SCHEDULE 6

Regulation 140

PART I

PRESCRIBED ESTABLISHMENTS AND ORGANISATIONS FOR THE PURPOSES OF SECTION 116(3) OF THE ACT

1. Any of the regular naval, military or air forces of the Crown.
2. Royal Fleet Reserve.
3. Royal Naval Reserve.
4. Royal Marines Reserve.
5. Army Reserve.
6. Territorial Army.
7. Royal Air Force Reserve.
8. Royal Auxiliary Air Force.

9. The Royal Irish Regiment, to the extent that its members are not members of any force falling within paragraph 1.

PART II

ESTABLISHMENTS AND ORGANISATIONS OF WHICH HER MAJESTY'S FORCES SHALL NOT CONSIST

10. By virtue of regulation 140, Her Majesty's forces shall not be taken to consist of any of the establishments or organisations specified in Part I of this Schedule by virtue only of the employment in such establishment or organisation of the following persons—

- (a) any person who is serving as a member of any naval force of Her Majesty's forces and who (not having been an insured person under the National Insurance Act 1965⁽²⁴⁵⁾ and not being a contributor under the Social Security Act 1975⁽²⁴⁶⁾ or the Act) locally entered that force at an overseas base;
- (b) any person who is serving as a member of any military force of Her Majesty's forces and who entered that force, or was recruited for that force outside the United Kingdom, and the depot of whose unit is situated outside the United Kingdom;
- (c) any person who is serving as a member of any air force of Her Majesty's forces and who entered that force, or was recruited for that force, outside the United Kingdom, and is liable under the terms of his engagement to serve only in a specified part of the world outside the United Kingdom.

SCHEDULE 7

Regulation 156(4)

Corresponding Northern Ireland Enactments

1. In this Schedule—

“the 1998 Order” means the Social Security (Northern Ireland) Order 1998⁽²⁴⁷⁾;

“the 2000 Act” means the Child Support, Pensions and Social Security Act 2000;

“the Transfer Order” means the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999⁽²⁴⁸⁾;

“the Welfare Reform Act” means the Welfare Reform and Pensions Act 1999; and

“the Welfare Reform Order” means the Welfare Reform and Pensions (Northern Ireland) Order 1999⁽²⁴⁹⁾.

⁽²⁴⁵⁾1965 c. 51.

⁽²⁴⁶⁾1975 c. 14.

⁽²⁴⁷⁾S.I. 1998/1506 (N.I. 10).

⁽²⁴⁸⁾S.I. 1999/671.

⁽²⁴⁹⁾S.I. 1993/3147 (N.I. 11).

PART I

**ENACTMENTS CORRESPONDING TO PRIMARY
LEGISLATION APPLICABLE TO GREAT BRITAIN**

<i>Enactment applying in Great Britain</i>	<i>Corresponding enactment applying in Northern Ireland</i>	<i>Relevant Northern Ireland amendment</i>
National Insurance Act 1965	National Insurance Act (Northern Ireland) 1996(250)	
Section 3	Section 3	
Employment and Training Act 1973	Employment and Training Act (Northern Ireland) 1950(251)	
Section 2(2)	Section 1	Article 3 of the Employment and Training (Amendment) (Northern Ireland) Order 1988(252) and Article 5 of the Industrial Training (Northern Ireland) Order 1990(253).
Social Security Act 1975(254)	Social Security (Northern Ireland) Act 1975(255)	
Section 4	Section 4	
Section 5(3)	Section 5(3)(256)	
Section 7	Section 7	
Section 8	Section 8	
Section 39(4)	Section 39(4)	
Section 130(2)	Section 125(2)(257)	
Social Security Pensions Act 1975	Social Security Pensions (Northern Ireland) Order 1975	
Section 3(1)	Article 5(1)	
Section 6(1)(a)	Article 8(1)(a)	
Companies Act 1985(258)	Companies (Northern Ireland) Order 1986(259)	
Section 718	Article 667	Amended by paragraph 8 of Schedule 8 to S.R. 1997 No. 251 .

(250) 1966 c. 6 (N.I.).**(251)** 1950 c. 29 (N.I.).**(252)** S.I. 1988/1087 (N.I. 10).**(253)** S.I. 1990/1200 (N.I. 8).**(254)** 1975 c. 14.**(255)** 1975 c. 15.**(256)** Repealed by Article 5(1) of the Social Security Pensions (Northern Ireland) Order 1975 (S.I. 1975/1503 (N.I. 15)).**(257)** Repealed by Article 5(1) of the Social Security Pensions (Northern Ireland) Order 1975.**(258)** 1985 c. 6.**(259)** S.I. 1986/1032 (N.I. 6).

Status: This is the original version (as it was originally made).

<i>Enactment applying in Great Britain</i>	<i>Corresponding enactment applying in Northern Ireland</i>	<i>Relevant Northern Ireland amendment</i>
Section 735 (definition of “company”)	Article 3(1)	
Social Security Act 1986	Social Security (Northern Ireland) Order 1986 (260)	
Section 7	Article 9 (261)	
Children Act 1989	Children (Northern Ireland) Order 1995 (294)	
Part X	Part XI	
Section 71(13) (definition of “nanny”)	Article 119(6)	
Section 105(1) (definition of “relative”)	Article 2(2)	
Social Security Contributions and Benefits Act 1992	Social Security Contributions and Benefits (Northern Ireland) Act 1992 (262)	
Section 1(6)	Section 1(6)	Paragraph 38(3) of Schedule 6 to the 1998 Order and paragraph 2 of Schedule 3 to the Transfer Order.
Section 2(1) and (2)	Section 2(1) and (2)	
Section 3	Section 3	Articles 45 and 46 of the 1998 Order and paragraph 4 of Schedule 3 to the Transfer Order.
Section 4(1) and (4)	Section 4(1) and (4)	Subsection (4) was substituted by Article 47(1) of the 1998 Order.
Section 5(1)	Section 5(1)	Substituted by paragraph 1 of Part I of Schedule 10 to the Welfare Reform Act.
Section 6	Section 6	Substituted by paragraph 2 of Part I of Schedule 10 to the Welfare Reform Act and amended by section 81(3) of the 2000 Act.
Section 6A	Section 6A (263)	

(260) S.I. 1986/1888 (N.I. 18).

(261) Repealed by Schedule 4 to the Pensions Schemes (Northern Ireland) Act 1993 (c. 49), but continues to have effect by virtue of paragraph 21 of Schedule 5 to that Act. See also paragraph 1 of Schedule 1 to the Transfer Order.

(294) S.I. 1995/755

(262) 1992 c. 7.

(263) Inserted by paragraph 3 of Part I of Schedule 10 to the Welfare Reform Act.

<i>Enactment applying in Great Britain</i>	<i>Corresponding enactment applying in Northern Ireland</i>	<i>Relevant Northern Ireland amendment</i>
Section 8(1) and (2)	Section 8(1) and (2)	Section 8 was substituted by paragraph 4 of Part I of Schedule 10 to the Welfare Reform Act.
Section 9	Section 9	Substituted by paragraph 5 of Part I of Schedule 10 to the Welfare Reform Act.
Section 10	Section 10	Substituted by section 78(2) of the 2000 Act.
Section 10ZA	Section 10ZA(264)	
Section 10A	Section 10A(265)	Paragraph 12 of Schedule 3 to the Transfer Order and section 78 of the Welfare Reform Act.
Section 11	Section 11	Paragraph 13 of Schedule 3 to Transfer Order and article 3 of S.I. 2001/477 .
Section 12	Section 12	Paragraph 14 of Schedule 3, and paragraph 1 of Schedule 8 to the Transfer Order.
Section 13	Section 13	Paragraph 15 of Schedule 3 to the Transfer Order and article 4 of S.I. 2001/477 .
Section 14(1)	Section 14(1)	
Section 15	Section 15	Article 4 of S.I. 2000/755 and article 5 of S.I. 2001/477 .
Section 16	Section 16	Paragraph 6 of Schedule 1 to the Transfer Order.
Section 17	Section 17	Paragraph 7 of Schedule 1, paragraph 17 of Schedule 3 and Schedule 9 to the Transfer Order.
Section 18	Section 18	Paragraph 8 of Schedule 1, paragraph 18 of Schedule 3 to the Transfer Order, article 4 of S.I. 2000/755 and article 5 of S.I. 2001/477 .
Section 19(1), (2) and (4)	Section 19(1), (2) and (4) respectively	

(264) Inserted by section 79(1) of the 2000 Act.

(265) Inserted by Article 50 of the 1998 Order.

Status: This is the original version (as it was originally made).

<i>Enactment applying in Great Britain</i>	<i>Corresponding enactment applying in Northern Ireland</i>	<i>Relevant Northern Ireland amendment</i>
Section 19A	Section 19A (266)	Paragraph 20 of Schedule 3 and paragraph 2 of Schedule 8 to the Transfer Order.
Section 20(1)	Section 20(1)	Paragraph 2(2) of Schedule 1 to the Social Security (Incapacity for Work) (Northern Ireland) Order 1994 (267) , Schedule 3 to the Jobseekers (Northern Ireland) Order 1995 (268) , paragraph 18(1) of Schedule 2 to the Pensions (Northern Ireland) Order 1995 (269) and paragraph 2(2) of Schedule 8, paragraph 5(2) of Schedule 9 and Part V of Schedule 10 to the Welfare Reform Order.
Section 112	Section 112	Schedule 1 to the Employment Rights (Northern Ireland) Order 1996 (270) and paragraph 21 of Schedule 3 to the Transfer Order.
Section 122(1) (definition of “pensionable age”)	Section 121(1) (definition of “pensionable age”)	Paragraph 9 of Schedule 2 to the Pensions (Northern Ireland) Order 1995.
Section 151(6)	Section 147(6)	Paragraph 10 of Schedule 1 to the Transfer Order.
Section 164(9)(b)	Section 160(9)(b)	Paragraph 14(2) of Schedule 1 to the Transfer Order.
Schedule 1	Schedule 1	
Paragraph 1(1)	Paragraph 1(1)	
Paragraph 1(7)	Paragraph 1(7)	
Paragraph 1(8)	Paragraph 1(8)	
Paragraph 3(1)	Paragraph 3(1)	Paragraph 58(5) of Schedule 6 to the 1998 Order.
Paragraph 3B	Paragraph 3B (271)	

(266) Inserted by Article 51 of the 1998 Order.

(267) S.I. 1994/1898 (N.I. 12).

(268) S.I. 1995/2705 (N.I. 15).

(269) S.I. 1995/3213 (N.I. 22).

(270) S.I. 1996/1919 (N.I. 16).

(271) Inserted by section 81(2) of the Child Support, Pensions and Social Security Act 2000.

<i>Enactment applying in Great Britain</i>	<i>Corresponding enactment applying in Northern Ireland</i>	<i>Relevant Northern Ireland amendment</i>
Paragraph 6(3) and (4A)	Paragraph 6(3) and (4A)(272)	Amended by paragraph 3 of Schedule 8 to the Transfer Order.
Schedule 2	Schedule 2(273)	
Social Security Administration Act 1992	Social Security Administration (Northern Ireland) Act 1992(274)	
Section 17	Section 15	
Section 18	Section 16	
Section 73	Section 71	Paragraph 32 of Schedule 2 to the Jobseekers (Northern Ireland) Order 1995.
Section 162(5)	Section 142(5)	Article 4(1) of the Social Security (Contributions) (Northern Ireland) Order 1994(275), Article 61(2) of the 1998 Order, paragraph 9(2) of Part III of Schedule 10 to the Welfare Reform Act and section 78(7) of the 2000 Act.
Section 179	Section 155	Paragraph 48 of Schedule 2 to the Jobseekers (Northern Ireland) Order 1995, paragraph 84 of Schedule 6 to the 1998 Order and paragraph 5 of Schedule 1 to the Tax Credits Act 1999(276).
Trade Union and Labour Relations (Consolidation) Act 1992	Employment Rights (Northern Ireland) Order 1996.(277)	
Section 189	Article 217	Regulation 10 of S.R. 1999 No. 432 .
Pension Schemes Act 1993	Pension Schemes (Northern Ireland) Act 1993.(278)	
Section 8(1)	Section 4(1)	Article 133(2) of, and paragraph 14 of Schedule 3 to the Pensions (Northern Ireland) Order 1995 and

(**272**) Paragraph 4(A) was inserted by paragraph 58(11) of Schedule 6 to the 1998 Order.

(**273**) Schedule 2 to 1992 c. 7 sets out Schedule 2 to 1992 c. 4 and section 15(3) of 1992 c. 7 expressly cross-refers to Schedule 2 in 1992 c. 4.

(**274**) 1992 c. 8.

(**275**) S.I. 1994/765 (N.I. 14).

(**276**) 1999 c. 10.

(**277**) S.I. 1996/1919 (N.I. 6).

(**278**) 1993 c. 49.

Status: This is the original version (as it was originally made).

<i>Enactment applying in Great Britain</i>	<i>Corresponding enactment applying in Northern Ireland</i>	<i>Relevant Northern Ireland amendment</i>
		paragraph 37(a) of Schedule 1 to the Transfer Order.
Section 9(2)	Section 5(2)	Article 133(3) of the Pensions (Northern Ireland) Order 1995.
Section 9(3)	Section 5(3)	Article 133(4) of, and paragraph 17 of Schedule 3 to the Pensions (Northern Ireland) Order 1995, and paragraph 38(3) of Schedule 3 to the Transfer Order.
Section 41(1) to (1B)	Section 37(1) to (1B)	Subsection (1) was amended by paragraph 95 of Schedule 6 to the 1998 Order and further amended by paragraph 6(2), and subsections (1A) and (1B) were substituted by paragraph 6(3), of Part II of Schedule 10 to the Welfare Reform Act.
Section 42A(1) to (2A)	Section 38A(1) to (2A)	Section 38A was inserted by Article 134(4) of the Pensions (Northern Ireland) Order 1995, subsections (1) to (2A) were substituted by paragraph 96 of Schedule 6 to the 1998 Order and subsections (2) and (2A) were further substituted by paragraph 7(3) of Part I of Schedule 10 to the Welfare Reform Act.
Section 43	Section 39	Paragraph 34 of Schedule 3 to the Pensions (Northern Ireland) Order 1995 and paragraph 54 of Schedule 1 to the Transfer Order.
Section 44(1)	Section 40(1)	Article 160(a) of the Pensions (Northern Ireland) Order 1995 and paragraph 55(2) and (3) of Schedule 1 to the Transfer Order.
Section 55(2)	Section 51(2)	Substituted by Article 138 of the Pensions (Northern Ireland) Order 1995 and amended by paragraph 7(2) of Schedule 2 to the Welfare Reform Act.

<i>Enactment applying in Great Britain</i>	<i>Corresponding enactment applying in Northern Ireland</i>	<i>Relevant Northern Ireland amendment</i>
Jobseekers Act 1995	Jobseekers (Northern Ireland) Order 1995	
Section 2(1)(a)	Article 4(1)(a)	
Social Security Contributions (Transfer of Functions, etc.) Act 1999	The Transfer Order	
Section 8(1)(a) and (k)(ii)	Article 7(1)(a) and (k)(ii)	

PART II

ENACTMENTS CORRESPONDING TO SUBORDINATE LEGISLATION APPLICABLE TO GREAT BRITAIN

<i>Subordinate legislation applying in Great Britain</i>	<i>Subordinate legislation applying in Northern Ireland</i>	<i>Relevant amendment to the Northern Ireland provision</i>
National Insurance (Contributions) Regulations 1969	National Insurance (Contributions) Regulations (Northern Ireland) 1962(279)	S.R. & O. (N.I.) 1963 No. 59 and 1970 No. 295 .
Regulation 9(3) and (4A)	Regulation 10(3) and (4A) respectively	
National Insurance (Married Women) Regulations 1973(280)—	National Insurance (Married Women) Regulations (Northern Ireland) 1973(281)	
Regulation 2(1)(a)	Regulation 2(1)(a)	
Regulation 2(2)	Regulation 2(2)	
Regulation 3(1)(a)	Regulation 3(1)(a)	
Regulation 3(2)	Regulation 3(2)	
Regulation 4(2)	Regulation 4(2)	
Regulation 16	Regulation 16	
Social Security (Contributions) Regulations 1975	Social Security (Contributions) Regulations (Northern Ireland) 1975(282)	
Regulation 91	Regulation 89	
Regulation 94	Regulation 92	

(279) [S.R. & O. \(N.I.\) 1962 No. 65](#).

(280) [S.I. 1973/693](#).

(281) [S.R. & O. \(N.I.\) 1973 No. 146](#).

(282) [S.R. 1975 No. 319](#).

Status: This is the original version (as it was originally made).

<i>Subordinate legislation applying in Great Britain</i>	<i>Subordinate legislation applying in Northern Ireland</i>	<i>Relevant amendment to the Northern Ireland provision</i>
Social Security (Categorisation of Earners) Regulations 1978	Social Security (Categorisation of Earners) Regulations (Northern Ireland) 1978 (283)	
Schedule 3	Schedule 3	Regulation 4 of S.R. 1984 No. 81 , regulation 3 of S.R. 1990 No. 339 , regulation 4 of S.R. 1994 No. 92 and regulation 4 of S.R. 1998 No. 250 . See also S.R. 1999 No. 2 .
Social Security (Payments on account, Overpayments and Recovery) Regulations 1988	Social Security (Payments on account, Overpayments and Recovery) Regulations (Northern Ireland) 1988 (284)	
Regulation 13	Regulation 13	Regulation 15(3) of S.R. 1996 No. 289 and regulation 11 of S.I. 1999/2573 .
Social Security (Refunds) (Repayment of Contractual Maternity Pay) Regulations 1990	Social Security (Refunds) (Repayment of Contractual Maternity Pay) Regulations (Northern Ireland) 1990 (285)	
Regulation 2	Regulation 2	
Statutory Maternity Pay (Compensation of Employers) and Miscellaneous Amendments Regulations 1994	Statutory Maternity Pay (Compensation of Employers) and Miscellaneous Amendments Regulations (Northern Ireland) 1994 (286)	
Regulation 3	Regulation 3	
Regulation 4	Regulation 4	
Statutory Sick Pay Percentage Threshold Order 1995	Statutory Sick Pay Percentage Threshold Order (Northern Ireland) 1995 (287)	
Article 2	Article 2	
Social Security (Adjudication) Regulations 1995	Social Security (Adjudication) Regulations (Northern Ireland) 1995 (288)	
Regulation 13	Regulation 13 (289)	

(283) [S.R. 1978 No. 401](#).

(284) [S.R. 1988 No. 142](#).

(285) [S.R. 1990 No. 90](#).

(286) [S.R. 1994 No. 271](#).

(287) [S.R. 1995 No. 69](#).

(288) [S.R. 1995 No. 293](#).

(289) Revoked by regulation 59 of, and Schedule 3 to [S.R. 1999 No. 162](#). Article 4 of [S.R. 1999 No. 371](#) contains relevant savings.

<i>Subordinate legislation applying in Great Britain</i>	<i>Subordinate legislation applying in Northern Ireland</i>	<i>Relevant amendment to the Northern Ireland provision</i>
Social Security (Additional Pension) (Contributions Paid in Error) Regulations 1996	Social Security (Additional Pension) (Contributions Paid in Error) Regulations (Northern Ireland) 1996 (290)	
Regulation 3	Regulation 3	
Employer's Contributions Re-imbursalment Regulations 1996	Employer's Contributions Re-imbursalment Regulations (Northern Ireland) 1996 (291)	
Regulations 5, 6 and 8	Regulations 5, 6 and 8 respectively	
Education (Student Loans) (Repayment) Regulations 2000	Education (Student Loans) (Repayment) Regulations (Northern Ireland) 2000 (292)	
Regulation 39(1)	Regulation 39(1)	
Social Security (Crediting and Treatment of Contributions, and National Insurance Numbers) Regulations 2001	Social Security (Crediting and Treatment of Contributions, and National Insurance Numbers) Regulations (Northern Ireland) 2001 (293)	
Regulation 4	Regulation 4	
Regulation 9	Regulation 9	

SCHEDULE 8

Regulation 157

REVOCATIONS

PART I

REVOCATIONS APPLICABLE TO GREAT BRITAIN OR TO THE UNITED KINGDOM

<i>Column (1) Regulations revoked</i>	<i>Column (2) References</i>	<i>Column (3) Extent of revocation</i>
The Social Security (Contributions) Regulation 1979	S.I. 1979/591	The whole of the Regulations

(290) S.R. 1996 No. 188.**(291)** S.R. 1996 No. 30.**(292)** S.R. 2000 No. 121.**(293)** S.R. 2001 No. 102.

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions) Amendment Regulations 1980	S.I. 1980/1975	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1981	S.I. 1981/82	The whole of the Regulations
The Social Security (Contributions) (Mariners) Amendment Regulations 1982	S.I. 1982/206	The whole of the Regulations
The Contracting-out (Recovery of Class 1 Contributions) Regulations 1982	S.I. 1982/1033	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1982	S.I. 1982/1573	The whole of the Regulations
The Social Security and Statutory Sick Pay (Oil and Gas (Enterprise) Act 1982) (Consequential) Regulations 1982	S.I. 1982/1738	Regulation 4
The Social Security (Contributions) Amendment (No. 2) Regulations 1982	S.I. 1982/1739	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1983	S.I. 1983/10	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1983	S.I. 1983/53	The whole of the Regulations
The Social Security (Contributions, Re-rating) Consequential Amendment Regulations 1983	S.I. 1983/73	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1983	S.I. 1983/395	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1983	S.I. 1983/496	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 5) Regulations 1983	S.I. 1983/1689	The whole of the Regulations

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions) Amendment Regulations 1984	S.I. 1984/77	The whole of the Regulations
The Social Security (Contributions, Re-rating) Consequential Amendment Regulations 1984	S.I. 1984/146	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1984	S.I. 1984/1756	The whole of the Regulations
The Social Security (Contributions, Re-rating) Consequential Amendment Regulations 1985	S.I. 1985/143	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1985	S.I. 1985/396	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1985	S.I. 1985/397	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1985	S.I. 1985/398	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1985	S.I. 1985/399	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 5) Regulations 1985	S.I. 1985/400	The whole of the Regulations
The Social Security (Contributions and Credits) (Transitional and Consequential Provisions) Regulations 1985	S.I. 1985/1398	Regulations 2, 4, 5 and 6
The Social Security (Contributions) Amendment (No. 6) Regulations 1985	S.I. 1985/1726	The whole of the Regulations
The Social Security (Contributions, Re-rating) Consequential Amendment Regulations 1986	S.I. 1986/198	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1986	S.I. 1986/485	The whole of the Regulations

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions) Amendment (No. 2) Regulations 1987	S.I. 1987/413	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1987	S.I. 1987/1590	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1987	S.I. 1987/2111	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1988	S.I. 1988/299	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1988	S.I. 1988/674	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1988	S.I. 1988/860	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1988	S.I. 1988/992	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1989	S.I. 1989/345	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1989	S.I. 1989/571	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1989	S.I. 1989/572	The whole of the Regulations
The Social Security (Contributions) (Transitional and Consequential Provisions) Regulations 1989	S.I. 1989/1677	The whole of the Regulations
The Social Security (Refunds) (Repayment of Contractual Maternity Pay) Regulations 1990	S.I. 1990/536	Regulation 4
The Social Security (Contributions) Amendment Regulations 1990	S.I. 1990/604	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1990	S.I. 1990/605	The whole of the Regulations

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions) (Re-rating) Consequential Amendment Regulations 1990	S.I. 1990/906	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1990	S.I. 1990/1779	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1990	S.I. 1990/1935	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1991	S.I. 1991/504	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1991	S.I. 1991/639	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1991	S.I. 1991/640	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1991	S.I. 1991/1632	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 5) Regulations 1991	S.I. 1991/1935	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 6) Regulations 1991	S.I. 1991/2505	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1992	S.I. 1992/97	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1992	S.I. 1992/318	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1992	S.I. 1992/667	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1992	S.I. 1992/668	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 5) Regulations 1992	S.I. 1992/669	The whole of the Regulations

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions) Amendment (No. 6) Regulations 1992	S.I. 1992/1440	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1993	S.I. 1993/260	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1993	S.I. 1993/281	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1993	S.I. 1993/282	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1993	S.I. 1993/583	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 5) Regulations 1993	S.I. 1993/821	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 6) Regulations 1993	S.I. 1993/2094	The whole of the Regulations
The Social Security (Miscellaneous Amendments) Regulations 1993	S.I. 1993/2736	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 7) Regulations 1993	S.I. 1993/2925	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1994	S.I. 1994/563	The whole of the Regulations
The Social Security (Contributions) (Miscellaneous Amendments) Regulations 1994	S.I. 1994/667	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1994	S.I. 1994/1553	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1994	S.I. 1994/2194	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1994	S.I. 1994/2299	The whole of the Regulations

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Statutory Sick Pay Percentage Threshold Order 1995	S.I. 1995/512	Article 6(3)
The Social Security (Contributions) Amendment Regulations 1995	S.I. 1995/514	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1995	S.I. 1995/714	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1995	S.I. 1995/730	The whole of the Regulations
The Social Security (Incapacity Benefit) (Consequential and Transitional Amendments and Savings) Regulations 1995	S.I. 1995/829	Regulation 13
The Social Security (Contributions) Amendment (No. 4) Regulations 1995	S.I. 1995/1003	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 5) Regulations 1995	S.I. 1995/1570	The whole of the Regulations
The Employer's Contributions Reimbursement Regulations 1996	S.I. 1996/195	Regulation 13
The Social Security (Contributions) Amendment Regulations 1996	S.I. 1996/486	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1996	S.I. 1996/663	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1996	S.I. 1996/700	The whole of the Regulations
The Social Security Contributions, Statutory Maternity Pay and Statutory Sick Pay (Miscellaneous Amendments) Regulations 1996	S.I. 1996/777	Regulation 5
The Social Security (Contributions) Amendment (No. 4) Regulations 1996	S.I. 1996/1047	The whole of the Regulations

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Additional Pension) (Contributions Paid in Error) Regulations 1996	S.I. 1996/1245	Regulation 4
The Social Security (Credits and Contributions) (Jobseeker's Allowance Consequential and Miscellaneous Amendments) Regulations 1996	S.I. 1996/2367	Regulation 3
The Social Security (Contributions) Amendment (No. 5) Regulations 1996	S.I. 1996/2407	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 6) Regulations 1996	S.I. 1996/3031	The whole of the Regulations
The Social Security (Contributions) Amendments Regulations 1997	S.I. 1997/545	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1997	S.I. 1997/575	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1997	S.I. 1997/820	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1997	S.I. 1997/1045	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1998	S.I. 1998/523	The whole of the Regulations
The Social Security (Contributions) (Re-rating) Consequential Amendment Regulations 1998	S.I. 1998/524	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 2) Regulations 1998	S.I. 1998/680	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1998	S.I. 1998/2211	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 4) Regulations 1998	S.I. 1998/2320	The whole of the Regulations

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions) Amendment (No. 5) Regulations 1998	S.I. 1998/2894	The whole of the Regulations
The Social Security (Contributions) (Re-rating) Consequential Amendment Regulations 1999	S.I. 1999/361	The whole of the Regulations
The Social Security (Contributions) Amendment Regulations 1999	S.I. 1999/561	The whole of the Regulations
The Social Security Contributions, Statutory Maternity Pay and Statutory Sick Pay (Miscellaneous Amendments) Regulations 1999	S.I. 1999/567	Regulations 2 to 6 and 8 to 11
The Social Security (Contributions and Credits) (Miscellaneous Amendments) Regulations 1999	S.I. 1999/568	Regulations 2 to 12 and 14 to 19
The Social Security (Contributions) Amendment (No. 2) Regulations 1999	S.I. 1999/827	The whole of the Regulations
The Social Security (Contributions) Amendment (No. 3) Regulations 1999	S.I. 1999/975	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 4) Regulations 1999	S.I. 1999/1965	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 5) Regulations 1999	S.I. 1999/2736	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations 2000	S.I. 2000/175	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations 2000	S.I. 2000/723	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations 2000	S.I. 2000/736	The whole of the Regulations
The Social Security Contributions (Notional Payment of Primary Class 1	S.I. 2000/747	Regulations 7 to 9

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
Contribution) Regulations 2000		
The Social Security (Contributions) (Re-rating) Consequential Amendment Regulations 2000	S.I. 2000/760	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 4) Regulations 2000	S.I. 2000/761	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 5) Regulations 2000	S.I. 2000/1149	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 6) Regulations 2000	S.I. 2000/2084	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 7) Regulations 2000	S.I. 2000/2077	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 8) Regulations 2000	S.I. 2000/2207	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 9) Regulations 2000	S.I. 2000/2343	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 10) Regulations 2000	S.I. 2000/2744	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations 2001	S.I. 2001/45	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations 2001	S.I. 2001/313	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations 2001	S.I. 2001/596	The whole of the Regulations
The Social Security (Crediting and Treatment of National Insurance Contributions) Regulations 2001	S.I. 2001/769	Regulation 11

PART II
REVOCATIONS APPLICABLE TO NORTHERN IRELAND

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions) Regulations (Northern Ireland) 1979	S.R. 1979 No. 186	The whole of the Regulations
The Social Security (Contributions Re-rating) Consequential Amendment Regulations (Northern Ireland) 1980	S.R. 1980 No. 93	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1980	S.R. 1980 No. 463	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1981	S.R. 1981 No. 30	The whole of the Regulations
The Social Security (Contributions) (Mariners) (Amendment) Regulations (Northern Ireland) 1982	S.R. 1982 No. 69	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1982	S.R. 1982 No. 375	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1982	S.R. 1982 No. 408	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1983	S.R. 1983 No. 8	The whole of the Regulations
The Social Security (Contributions, Re-rating) Consequential Amendment Regulations (Northern Ireland) 1983	S.R. 1983 No. 9	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1983	S.R. 1983 No. 64	The whole of the Regulations

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1983	S.R. 1983 No. 70	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 5) Regulations (Northern Ireland) 1983	S.R. 1983 No. 412	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1984	S.R. 1984 No. 43	The whole of the Regulations
The Social Security (Contributions, Re-rating) Consequential Amendment Regulations (Northern Ireland) 1984	S.R. 1984 No. 46	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1984	S.R. 1984 No. 403	The whole of the Regulations
The Social Security (Contributions, Re-rating) Consequential Amendment Regulations (Northern Ireland) 1985	S.R. 1985 No. 25	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1985	S.R. 1985 No. 59	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1985	S.R. 1985 No. 61	The whole of the Regulations
The Social Security (Contributions and Credits) (Transitional and Consequential Provisions) Regulations (Northern Ireland) 1985	S.R. 1985 No. 260	Regulations 2, 4, 5 and 6
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1985	S.R. 1985 No. 334	The whole of the Regulations

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions, Re-rating) Consequential Amendment Regulations (Northern Ireland) 1986	S.R. 1986 No. 45	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1986	S.R. 1986 No. 71	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1987	S.R. 1987 No. 143	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1987	S.R. 1987 No. 348	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1987	S.R. 1987 No. 468	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1988	S.R. 1988 No. 121	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1988	S.R. 1988 No. 204	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1989	S.R. 1989 No. 70	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1989	S.R. 1989 No. 104	The whole of the Regulations
The Social Security (Contributions) (Transitional and Consequential Provisions) Regulations (Northern Ireland) 1989	S.R. 1989 No. 384	The whole of the Regulations
The Social Security (Contributions) (Amendment)	S.R. 1990 No. 97	The whole of the Regulations

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
Regulations (Northern Ireland) 1990		
The Social Security (Contributions) (Re-rating) Consequential Amendment Regulations (Northern Ireland) 1990	S.R. 1990 No. 101	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1990	S.R. 1990 No. 110	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1990	S.R. 1990 No. 320	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1990	S.R. 1990 No. 350	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1991	S.R. 1991 No. 68	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1991	S.R. 1991 No. 106	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1991	S.R. 1991 No. 310	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 5) Regulations (Northern Ireland) 1991	S.R. 1991 No. 404	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 6) Regulations (Northern Ireland) 1991	S.R. 1991 No. 490	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1992	S.R. 1992 No. 41	The whole of the Regulations
The Social Security (Contributions) (Amendment	S.R. 1992 No. 126	The whole of the Regulations

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
No. 3) Regulations (Northern Ireland) 1992		
The Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1992	S.R. 1992 No. 127	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 5) Regulations (Northern Ireland) 1992	S.R. 1992 No. 138	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1993	S.R. 1993 No. 59	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1993	S.R. 1993 No. 71	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1993	S.R. 1993 No. 114	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 5) Regulations (Northern Ireland) 1993	S.R. 1993 No. 130	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 6) Regulations (Northern Ireland) 1993	S.R. 1993 No. 368	The whole of the Regulations
The Social Security (Contributions) (Miscellaneous Amendments) Regulations (Northern Ireland) 1993	S.R. 1993 No. 437	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 7) Regulations (Northern Ireland) 1993	S.R. 1993 No. 463	The whole of the Regulations
The Social Security (Contributions) (Miscellaneous Amendments) Regulations (Northern Ireland) 1994	S.R. 1994 No. 94	The whole of the Regulations
The Social Security (Contributions) (Amendment	S.R. 1994 No. 219	The whole of the Regulations

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
No. 2) Regulations (Northern Ireland) 1994		
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1994	S.R. 1994 No. 328	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1994	S.R. 1994 No. 343	The whole of the Regulations
The Statutory Sick Pay Percentage Threshold Order (Northern Ireland) 1995	S.R. 1995 No. 69	Article 6(3)
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1995	S.R. 1995 No. 61	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1995	S.R. 1995 No. 88	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1995	S.R. 1995 No. 91	The whole of the Regulations
The Social Security (Incapacity Benefit) (Consequential and Transitional Amendments and Savings) Regulations (Northern Ireland) 1995	S.R. 1995 No. 150	Regulation 13
The Social Security (Contributions) (Amendment No. 5) Regulations (Northern Ireland) 1995	S.R. 1995 No. 257	The whole of the Regulations
The Employer's Contributions Reimbursement Regulations (Northern Ireland) 1996	S.R. 1996 No. 30	Regulation 13
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1996	S.R. 1996 No. 58	The whole of the Regulations
The Social Security (Contributions) (Amendment	S.R. 1996 No. 79	The whole of the Regulations

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
No. 2) Regulations (Northern Ireland) 1996		
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1996	S.R. 1996 No. 89	The whole of the Regulations
The Social Security (Contributions) Statutory Maternity Pay and Statutory Sick Pay (Miscellaneous Amendments) Regulations (Northern Ireland) 1996	S.R. 1996 No. 108	Regulation 2
The Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1996	S.R. 1996 No. 152	The whole of the Regulations
The Social Security (Additional Pension) (Contributions Paid in Error) Regulations (Northern Ireland) 1996	S.R. 1996 No. 188	Regulation 4
The Social Security (Credits and Contributions) (Jobseeker's Allowance Consequential and Miscellaneous Amendments) Regulations (Northern Ireland) 1996	S.R. 1996 No. 430	Regulation 3
The Social Security (Contributions) (Amendment No. 5) Regulations (Northern Ireland) 1996	S.R. 1996 No. 433	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 6) Regulations (Northern Ireland) 1996	S.R. 1996 No. 566	The whole of the Regulations
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1997	S.R. 1997 No. 100	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1997	S.R. 1997 No. 163	The whole of the Regulations
The Social Security (Contributions) (Amendment	S.R. 1997 No. 180	The whole of the Regulations

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
No. 4) Regulations (Northern Ireland) 1997		
The Social Security (Contributions) (Re-rating) Consequential Amendment Regulations (Northern Ireland) 1998	S.R. 1998 No. 71	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1998	S.R. 1998 No. 103	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1998	S.R. 1998 No. 317	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 5) Regulations (Northern Ireland) 1998	S.R. 1998 No. 416	The whole of the Regulations
The Social Security (Contributions) (Re-rating) Consequential Amendment Regulations (Northern Ireland) 1999	S.R. 1999 No. 64	The whole of the Regulations
The Social Security (Contributions) Statutory Maternity Pay and Statutory Sick Pay (Miscellaneous Amendments) Regulations (Northern Ireland) 1999	S.R. 1999 No. 117	Regulations 2 to 10
The Social Security (Contributions and Credits) (Miscellaneous Amendments) Regulations (Northern Ireland) 1999	S.R. 1999 No. 118	Regulations 3 to 13 and 15 to 21
The Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1999	S.R. 1999 No. 119	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) Regulations (Northern Ireland) 1999	S.R. 1999 No. 151	The whole of the Regulations
The Social Security (Contributions) (Amendment	S.R. 1999 No. 171	The whole of the Regulations

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
No. 3) Regulations (Northern Ireland) 1999		
The Social Security (Contributions) (Amendment No. 4) (Northern Ireland) Regulations 1999	S.I. 1999/1966	The whole of the Regulations
The Social Security (Contributions) (Amendment) (Northern Ireland) Regulations 2000	S.I. 2000/176	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) (Northern Ireland) Regulations 2000	S.I. 2000/346	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 3) (Northern Ireland) Regulations 2000	S.I. 2000/737	The whole of the Regulations
The Social Security Contributions (Notional Payment of Primary Class 1 Contribution) (Northern Ireland) Regulations 2000	S.I. 2000/748	Regulations 7 to 9
The Social Security (Contributions) (Re-rating) Consequential Amendment (Northern Ireland) Regulations 2000	S.I. 2000/757	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 4) (Northern Ireland) Regulations 2000	S.I. 2000/758	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 5) (Northern Ireland) Regulations 2000	S.I. 2000/1150	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 6) (Northern Ireland) Regulations 2000	S.I. 2000/2086	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 7) (Northern Ireland) Regulations 2000	S.I. 2000/2078	The whole of the Regulations

Status: This is the original version (as it was originally made).

<i>Column (1)</i> <i>Regulations revoked</i>	<i>Column (2)</i> <i>References</i>	<i>Column (3)</i> <i>Extent of revocation</i>
The Social Security (Contributions) (Amendment No. 8) (Northern Ireland) Regulations 2000	S.I. 2000/2208	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 9) (Northern Ireland) Regulations 2000	S.I. 2000/2344	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 10) (Northern Ireland) Regulations 2000	S.I. 2000/2743	The whole of the Regulations
The Social Security (Contributions) (Amendment) (Northern Ireland) Regulations 2001	S.I. 2001/46	The whole of the Regulations
The Social Security (Contributions) (Amendment No. 2) (Northern Ireland) Regulations 2001	S.I. 2001/314	The whole of the Regulations
The Social Security (Crediting and Treatment of National Insurance Contributions) Regulations (Northern Ireland) 2001	S.R. 2001 No. 102	Regulation 10

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations consolidate the regulations relating to Social Security contributions. The principal instruments consolidated are the Social Security (Contributions) Regulations 1979 ([S.I. 1979/591](#)) and the Social Security (Contributions) Regulations (Northern Ireland) 1979 ([S.R. 1979 No. 186](#)).

These Regulations do not impose any new costs on business.