

**EXPLANATORY MEMORANDUM TO
THE SOCIAL SECURITY (CONTRIBUTIONS) (RE-RATING) CONSEQUENTIAL
AMENDMENT REGULATIONS 2005**

2005 No. 915

1. This explanatory memorandum has been prepared by the Treasury and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

- 2.1. The purpose of this Statutory Instrument (SI) is to make a consequential amendment to the special rate of Class 2 National Insurance Contributions (NICs) payable by share fishermen.

3. Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1. It is very much regretted that this Statutory Instrument is in breach of the rule requiring laying of an instrument 21 days before its provisions take effect.
- 3.2. The timing of these regulations is dependent on the approval of the Social Security (Contributions) (Re-rating and National Insurance Fund Payments) Order 2005 by both houses of Parliament. This took place on 10 March 2005 in Committee in the Commons and on the 23 March 2005 in the House of Lords. Unfortunately the timing means that it has not been possible to lay the amending Statutory Instrument 21 days before its provisions take effect.
- 3.3. The amendment needs to take effect from the beginning of the 2005-06 tax year and accordingly it is not possible in the circumstances to allow 21 days to elapse between the laying of the instrument and its coming into force.

4. Legislative Background

- 4.1 The Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2004 ("the Re-rating Order"), approved by the House of Commons and House of Lords on the 10 of March and 23 March respectively, increased the rate of Class 2 NICs to £2.10 per week. A consequence of this is that the special rate payable by share fishermen is increased from £2.70 to £2.75 per week.
- 4.2 This requires an amendment to regulation 125 (c) of the Social Security (Contributions) Regulation 2001 (modification of provisions of the Social Security Contributions and Benefits Act 1992 in relation to share fishermen). These amendments are made under powers contained in sections 117(1) and 175(1) to (3) of the Social Security Contributions and Benefits Act 1992, and the corresponding powers for Northern Ireland.

5. Extent

- 5.1. These Regulations apply throughout the United Kingdom.

6. European Convention on Human Rights

6.1. This instrument is subject to the negative resolution procedure and does not amend primary legislation. Accordingly, no statement of compliance with the European Convention on Human Rights is required.

7. Policy background

7.1. Share Fishermen pay a special rate of Class 2 NICs that entitles them to receive Contribution-based Jobseeker's Allowance for periods of inactivity (normally in the winter months). It is based on the ordinary rate of Class 2 NICs with a loading to cover Contribution-based Jobseeker's Allowance. Payment of ordinary Class 2 NICs does not give entitlement to this.

8. Impact

8.1. A regulatory impact assessment has not been prepared for this instrument as it does not impose any new costs on business.

9. Contact

9.1. Julia Vinall at the Inland Revenue, Tel: 01760 339730 or e-mail: Julia.Vinall@ir.gsi.gov.uk can answer any queries regarding the instrument.