

EXPLANATORY MEMORANDUM TO
THE SOCIAL SECURITY (CONTRIBUTIONS) (RE-RATING)
CONSEQUENTIAL AMENDMENT REGULATIONS 2008

2008 No. 703

1. This explanatory memorandum has been prepared by the HM Revenue and Customs and is laid before Parliament by Command of Her Majesty. This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

The purpose of this Statutory Instrument is to make a consequential amendment to the special rate of Class 2 National Insurance Contributions (NICs) payable by share fishermen from 6th April 2008.

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

None

4. Legislative Background

4.1 The Social Security (Contributions) (Re-rating) Order 2008 (“the Re-rating Order”), approved by the House of Commons and House of Lords on the 20th and 26th February 2008 respectively, increased the rate of Class 2 NICs to £2.30 per week. A consequence of this is that the special rate payable by share fishermen is increased from £2.85 to £2.95 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(3) of the Social Security Contributions and Benefits Act 1992, and the corresponding powers for Northern Ireland.

5. Extent

These Regulations apply throughout the United Kingdom.

6. European Convention on Human Rights

6.1. As this instrument is subject to the negative resolution procedure and does not amend primary legislation no statement 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.

- 7.2. These amendments will make only a small amendment to the Social Security (Contributions) Regulations 2001 which are very large and complex (the printed text ran to around 150 pages in 2001). HM Revenue and Customs has no current plans to consolidate these Regulations. On the last occasion it was a task involving 18 months work and contributions from four different Government departments.

8. Impact

An impact assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

9. Contact

Kevin Rice at H.M.Revenue and Customs, Tel: 020 7147 2514 or e-mail: kevin.rice@hmrc.gsi.gov.uk can answer any queries regarding the instrument.