This draft supersedes that laid on 19th February 2007.

Draft Regulations laid before Parliament under section 176(1)(a) of the Social Security Contributions and Benefits Act 1992 and section 172(11A) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 for approval by resolution of each House of Parliament.

D R A F T S T A T U T O R Y I N S T R U M E N T S

2007 No.

SOCIAL SECURITY

The Social Security (Contributions) (Amendment No. 2) Regulations 2007

Made - - - -	*2007*
Coming into force - -	*6th April 2007*

The Treasury make these Regulations in exercise of the powers conferred by sections 4(6), 4B(1)(b) and (2) to (6) and 175(3) and (4) of the Social Security Contributions and Benefits Act 1992(**a**) and sections 4(6), 4B(1)(b) and (2) to (6) and 171(3) and (4) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(**b**), and now vested in them(**c**).

A draft of this instrument has been laid before Parliament in accordance with section 176(1)(a) of the former Act and section 172(11A) of the latter Act and approved by a resolution of each House of Parliament.

It appears to the Treasury appropriate to make these Regulations for the purpose of reflecting the provision made by Schedule 2 to the Finance (No. 2) Act 2005(**d**) and section 92 of the Finance Act 2006(**e**); and expedient, in consequence of those provisions, for these Regulations to have retrospective effect.

Accordingly, the Treasury make the following Regulations with the concurrence of the Secretary of State for Work and Pensions and the Department for Social Development:

(**a**) 1992 c. 4. Section 4(6) was last substituted by section 74(3) of the Child Support, Pensions and Social Security Act 2000 (c.19: "the 2000 Act") and amended by paragraph 172(4) of Part 2 of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003 (c.1: "ITEPA 2003"). Section 4B was inserted by section 1(1) of the National Insurance Contributions Act 2006 (c. 10: "the 2006 Act").

(**b**) 1992 c. 7. Section 4(6) was last substituted by section 78(3) of the 2000 Act and amended by paragraph 193(4) of Part 2 of Schedule 6 to ITEPA 2003. Section 4B was inserted by section 2(1) of the 2006 Act.

(**c**) *See* paragraph 4 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) and paragraph 5 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671).

(**d**) 2005 c. 22.

(**e**) 2006 c. 25.

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Social Security (Contributions) (Amendment No. 2) Regulations 2007 and shall come into force on 6th April 2007.

(2) These Regulations, other than regulation 2(3)(b), have effect in relation to times on and after 2nd December 2004.

(3) Regulation 2(3)(b) has effect in relation to times on and after 20th July 2005.

Amendment of the Social Security (Contributions) Regulations 2001

2.—(1) Regulation 22 of the Social Security (Contributions) Regulations 2001(**a**) is amended as follows.

(2) In paragraph (1) for "(8)" substitute "(10)".

(3) In paragraph (7), in the words after sub-paragraph (b)—

(a) after "this paragraph" insert "and paragraphs (9) and (10)"; and

(b) omit "by Schedule 22" to the end.

(4) After paragraph (8) add—

"(9) The amount specified in this paragraph is any amount—

(a) which, by reason of the operation of Schedule 2 to the Finance (No. 2) Act 2005, counts as employment income of the employed earner under any of Chapters 2 to 4 of Part 7 of ITEPA 2003; and

(b) where the relevant date for that income determined under section 698(6) of ITEPA 2003 (whether or not the PAYE Regulations apply to that income) is on or after 2nd December 2004 and before 20th July 2005.

(10) The amount specified in this paragraph is any amount—

(a) which by virtue of the operation of section 92 of the Finance Act 2006 counts as employment income of the employed earner under any of Chapters 2 to 4 of Part 7 of ITEPA 2003; and

(b) where the relevant date for that income determined under section 698(6) of ITEPA 2003 (whether or not the PAYE Regulations apply to that income) is on or after 2nd December 2004 and before 19th July 2006.".

Two of the Lords Commissioners of Her Majesty's Treasury

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

Parliamentary Under-Secretary of State
Department for Work and Pensions

The Department for Social Development concurs.

L.S.

A Senior Officer of the Department for Social Development

(**a**) S.I. 2001/1004; regulation 22(1) was amended by regulation 4(2) of S.I. 2002/307 and regulation 5(3) of S.I. 2003/2085, and regulation 22(7) and (8) were substituted by regulation 5(4) of S.I. 2003/2085.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend regulation 22 of the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004: "the 2001 Regulations") to secure parity of treatment for income tax and national insurance contributions purposes in respect of sums of earnings which are retrospectively taxed by virtue of Schedule 2 to the Finance (No. 2) Act 2005 (c. 22) and section 92 of the Finance Act 2006 (c. 25).

Regulation 1 provides for the citation, commencement and effect of the Regulations.

Regulation 2 effects the amendments to regulation 22 of the 2001 Regulations.

A regulatory impact assessment in respect of the measures contained in the Bill which became the National Insurance Contributions Act 2006, in consequence of the enactment of which these Regulations are made, was published by HM Revenue and Customs at www.hmrc.gov.uk/ria/ria-nicbill05.pdf. The assessment was that the impact of the Act would be minimal.

Authority for the retrospective provision made by these Regulations is conferred by section 4B(1)(b) of each of the Social Security Contributions and Benefits Act 1992 (c. 4) and the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7). Those sections were inserted by sections 1 and 2 respectively of the National Insurance Contributions Act 2006 (c. 10).

This draft supersedes that laid on 19th February 2007.

Draft Regulations laid before Parliament under section 176(1)(a) of the Social Security Contributions and Benefits Act 1992 and section 172(11A) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2007 No.

SOCIAL SECURITY

The Social Security (Contributions) (Amendment No. 2) Regulations 2007

£3.00

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E0214 2/2007 170214T 19585