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

DRAFT STATUTORY INSTRUMENTS

2011 No. 0000

SOCIAL SECURITY

The Social Security (Contributions) (Amendment No. 2) Regulations 2011

Made - - - -	***
Coming into force - -	*6th April 2011*

These Regulations are made by the Treasury in exercise of the powers conferred by sections 5(1) and 5(4) to (6), 19(4)(a) and (5A) and 175(3) of the Social Security Contributions and Benefits Act 1992 ("the Contributions Act")(**a**) and sections 5(1) and 5(4) to 5(6), 19(4)(a) and (5A) and 171(3) and (10) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 ("the Northern Ireland Contributions Act")(**b**).

A draft of this instrument was laid before Parliament in accordance with section 176(1)(za) to (a)(**c**) of the Contributions Act and section 172(11ZA) to (11A)(**d**) of the Northern Ireland Contributions Act and approved by a resolution of each House of Parliament.

(**a**) 1992 c. 4. Section 5 was substituted by paragraph 1 of Part 1 of Schedule 9 to the Welfare Reform and Pensions Act 1999 (c. 30). Section 5(1) was amended by section 1(1)(a) of, and Schedule 2 to, the National Insurance Contributions Act 2008 (c. 16) ("the Contributions Act 2008"). Section 19(4) was amended by paragraph 5(4) of Schedule 1 to the National Insurance Contributions Act 2002 (c.19). Section 19(5A) was inserted by paragraph 19(2) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c. 2).

(**b**) 1992 c. 7. Section 5 was substituted by paragraph 1 of Part 1 of Schedule 10 to the Welfare Reform and Pensions Act 1999. Section 5(1) was amended by section 2(1)(a) of, and Schedule 2 to, the Contributions Act 2008. Section 171(10) was substituted by paragraph 28(3) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671).

(**c**) Section 176(1)(za) was inserted by section 7(5) of the Pensions Act 2007 (c.22). Section 176(1)(za) provides that a statutory instrument containing regulations under section 5 of the Contributions Act specifying the lower earnings limit for the tax year following the designated tax year (for the purposes of section 5 of the Pensions Act 2007) or any subsequent tax year shall not be made unless a draft of the instrument has been laid before Parliament and has been approved by a resolution of each House. S.I. 2010/2650 provides that the designated tax year for the purposes of section 5 of the Pensions Act 2007 is the tax year 2010-11. Further, section 7(3) of the Pensions Act 2007 provides that section 5(2) (link between lower earnings limit and weekly rate of basic pension) of the Contributions Act is omitted and section 7(4) of the Pensions Act provides that the omission has effect in relation to the tax year following the designated tax year and any subsequent tax year. Section 176(1)(zb) was inserted by section 1(2) of the Contributions Act 2008. Section 176(1)(a) has been amended but these amendments are not relevant to these Regulations.

(**d**) Section 172(11ZA) was inserted by section 8(5) of the Pensions Act 2007. The designated tax year for these purposes is the tax year 2010-11 – see footnote (c) above. Section 172(11ZB) was inserted by section 2(2) of the Contributions Act 2008. Section 172(11A) was inserted by paragraph 29(5) of Schedule 3 to S.I. 1999/671.

Citation and commencement

1.—(1) These Regulations may be cited as the Social Security (Contributions) (Amendment No. 2) Regulations 2011.

(2) These Regulations shall come into force on 6th April 2011.

Amendments to the Social Security (Contributions) Regulations 2001

2. The Social Security (Contributions) Regulations 2001(**a**) are amended as follows.

3. Amend regulation 10 (earnings limits and thresholds) as follows—

(a) for "2010" substitute "2011";

(b) in paragraph (a)(lower earnings limit: primary Class 1 contributions) for "£97" substitute "£102";

(c) in paragraph (b)(upper earnings limit: primary Class 1 contributions) for "£844" substitute "£817";

(d) in paragraph (c)(primary threshold: primary Class 1 contributions) for "£110" substitute "£139"; and

(e) in paragraph (d)(secondary threshold: secondary Class 1 contributions) for "£110" substitute "£136".

4.—(1) Amend regulation 11 (prescribed equivalents) as follows.

(2) Amend paragraph (2A) as follows—

(a) in sub-paragraph (a) for "£3,656" substitute "£3,540"; and

(b) in sub-paragraph (b) for "£43,875" substitute "£42,475".

(3) Amend paragraph (3) as follows—

(a) in the introductory words for "the prescribed equivalents of the primary and secondary thresholds" substitute "the prescribed equivalents of the primary threshold";

(b) in sub-paragraph (a) for "£476" substitute "£602"; and

(c) in sub-paragraph (b) for "£5,715" substitute "£7,225".

(4) After paragraph (3) insert—

"(3A) Subject to paragraphs (4) and (5), the prescribed equivalents of the secondary threshold shall be—

(a) where the earnings period is a month, £589;

(b) where the earnings period is a year, £7,072;

(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."

(5) In paragraph (4) for "and paragraph (3)(c) and (d)" substitute ", paragraph (3)(c) and (d) and paragraph (3A)(c) and (d)".

(6) In paragraph (5) for "and paragraph (3)(e)" substitute ", paragraph (3)(e) and paragraph (3A)(e)".

(**a**) S.I. 2001/1004; the relevant amending instruments are S.I. 2010/834, S.I. 2009/591, S.I. 2009/111 and S.I. 2003/964.

5. Amend regulation 131 (Married women and widows: reduced rate of primary Class 1 contributions otherwise payable at the main primary percentage) as follows—

(a) for "6th April 2003" substitute "6th April 2011"; and

(b) for "4.85" substitute "5.85".

Name
Name
Date Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security (Contributions) Regulations 2001 ("the principal Regulations").

Regulation 3 amends regulation 10 of the principal Regulations to specify the levels of the lower and upper earnings limits for primary Class 1 contributions and the primary and secondary thresholds for primary and secondary Class 1 contributions for the tax year beginning 6th April 2011.

Regulation 4 amends regulation 11 of the principal Regulations so as to provide for equivalents of the primary threshold and upper earnings limit where the earnings period is a month or a year. Regulation 4 also removes references in paragraph (3) of regulation 11 to prescribed equivalents of the secondary threshold, and sets out new prescribed equivalents of the secondary threshold in a new paragraph (3A).

Regulation 5 amends regulation 131 of the principal Regulations, and increases the married women's reduced rate contribution from 4.85 per cent to 5.85 per cent from the tax year beginning 6th April 2011.

A full impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

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