Draft Order laid before Parliament under sections 141(3) and 190(1)(a) of the Social Security Administration Act 1992 and section 166(10A) of the Social Security Administration (Northern Ireland) Act 1992, section 2(8) of the Social Security Act 1993 and article 4(8) of the Social Security (Northern Ireland) Order 1993 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

2015 No. 0000

SOCIAL SECURITY

The Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2015

Made - - - -	***
Coming into force - -	*6th April 2015*

This Order is made by the Treasury in exercise of the powers conferred by sections 141(4) and (5) and 142(2) and (3) of the Social Security Administration Act 1992(**a**) ("the Administration Act"), section 129 of the Social Security Administration (Northern Ireland) Act 1992(**b**) ("the Northern Ireland Administration Act"), section 2(2) and (3) of the Social Security Act 1993(**c**) ("the 1993 Act") and article 4 of the Social Security (Northern Ireland) Order 1993(**d**) ("the 1993 Order").

This Order is made as a result of the Treasury carrying out in the tax year 2014-15 a review of the general level of earnings in Great Britain in accordance with section 141(1) and (2) of the Administration Act(**e**).

The Treasury have determined that an Order should be made under section 141 of the Administration Act, amending Part 1 of the Social Security Contributions and Benefits Act 1992(**f**) by altering the rate of Class 3 contributions and the lower and upper limits of profits to be taken into account for Class 4 contributions.

This Order makes provision for Northern Ireland, which corresponds to that mentioned in relation to Great Britain in the preceding recital, in accordance with section 129 of the Northern Ireland Administration Act.

With a view to adjusting the level at which the National Insurance Fund stands for the time being, and having regard to estimated benefit expenditure for the financial year ending with 31st March

(**a**) 1992 c. 5; subsections (4) and (5) of section 141 were amended by paragraph 16 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19) ("the Contributions Act 2002"). Section 142(2) was amended by paragraph 45(3) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) ("the Transfer Act").
(**b**) 1992 c. 8; the relevant amendment to section 129 is that made by paragraph 43 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671) ("the Transfer Order").
(**c**) 1993 c. 3; section 2 was amended by paragraph 60 of Schedule 3 to the Transfer Act.
(**d**) S.I. 1993/592 (N.I. 2); article 4 was amended by paragraph 52 of Schedule 3 to the Transfer Order.
(**e**) Subsections (1) and (2) of section 141 were amended by paragraph 44(2) and (3) of Schedule 3 to the Transfer Act.
(**f**) 1992 c. 4.

2016, the Treasury think it expedient that an Order should be made under section 2(2) of the 1993 Act.

With a view to adjusting the level at which the Northern Ireland National Insurance Fund stands for the time being, and having regard to estimated benefit expenditure for the financial year ending with 31st March 2016, the Treasury think it expedient that an Order should be made under article 4(3) of the 1993 Order.

A draft of this Order was laid before Parliament in accordance with the provisions of sections 141(3) and 190(1)(a) of the Administration Act(**a**), section 166(10A) of the Northern Ireland Administration Act(**b**), section 2(8) of the 1993 Act and article 4(8) of the 1993 Order(**c**) and approved by a resolution of each House of Parliament.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2015 and comes into force on 6th April 2015.

(2) In this Order—

"the Act" means the Social Security Contributions and Benefits Act 1992; and

"the Northern Ireland Act" means the Social Security Contributions and Benefits (Northern Ireland) Act 1992(**d**).

Amount of Class 3 contributions

2. In section 13(1) of the Act(**e**) and the Northern Ireland Act(**f**) (Class 3 contributions) for "£13.90" substitute "£14.10".

Lower and upper limits for Class 4 contributions

3. In sections 15(3) and 18(1) and (1A) of the Act(**g**) and the Northern Ireland Act(**h**) (Class 4 contributions recoverable under the Income Tax Acts and under regulations)—

(a) for "£7,956" (lower limit) in each place where it appears substitute "£8,060"; and

(b) for "£41,865" (upper limit) in each place where it appears substitute "£42,385".

Prescribed percentage of estimated benefit expenditure – Great Britain

4. Section 2(2) of the Social Security Act 1993 (payments into the National Insurance Fund out of money provided by Parliament) shall have effect with respect to the tax year 2015-16 and the

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(**a**) Subsection (3) of section 141 was amended by paragraph 44(4) of Schedule 3 to the Transfer Act. Section 190(1)(a) was amended by paragraph 110 of Schedule 7 to the Social Security Act 1998 (c. 14), Part 6 of Schedule 13 to the Welfare Reform and Pensions Act 1999 (c. 30) and paragraph 30 of Part 5 of Schedule 1 to the Pensions Act 2007 (c. 22).

(**b**) Section 166(10A) was inserted by paragraph 50(4) of Schedule 3 to the Transfer Order.

(**c**) Article 4(8) was substituted by paragraph 52(5) of Schedule 3 to the Transfer Order.

(**d**) 1992 c. 7.

(**e**) Section 13 was amended by paragraph 14 of Schedule 3 to the Transfer Act. The figure in subsection (1) was last substituted by article 3 of S.I. 2014/475.

(**f**) Section 13 was amended by paragraph 15 of Schedule 3 to the Transfer Order. The figure in subsection (1) was last substituted by article 3 of S.I. 2014/475.

(**g**) Section 15(3) was substituted by section 3(1) of the Contributions Act 2002 and was amended by paragraph 420(3) of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c. 5) ("ITTOIA 2005"). Section 18(1) was amended by paragraph 18 of Schedule 3 to the Transfer Act and by Schedule 2 to the Contributions Act 2002. Section 18(1A) was inserted by section 3(3) of the Contributions Act 2002. The amount of the lower and upper limits in each of these provisions was last substituted by article 4 of S.I. 2014/475.

(**h**) Section 15(3) was substituted by section 3(2) of the Contributions Act 2002 and was amended by paragraph 424 of Schedule 1 to ITTOIA 2005. Section 18(1) was amended by paragraph 18 of Schedule 3 to the Transfer Order and by Schedule 2 to the Contributions Act 2002. Section 18(1A) was inserted by section 3(4) of the Contributions Act 2002. The amount of the lower and upper limits in each of these provisions was last substituted by article 4 of S.I. 2014/475.

prescribed percentage of estimated benefit expenditure for the financial year ending with 31st March in that tax year shall be 10 per cent.

Prescribed percentage of estimated benefit expenditure – Northern Ireland

5. Article 4(3) of the Social Security (Northern Ireland) Order 1993 (payments into the Northern Ireland National Insurance Fund out of appropriated money) shall have effect with respect to the tax year 2015-16 and the prescribed percentage of estimated benefit expenditure for the financial year ending with 31st March in that tax year shall be 10 per cent.

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

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 6th April 2015, amends sections 13, 15 and 18 of the Social Security Contributions and Benefits Act 1992 (c. 4) and makes corresponding amendments to the same-numbered sections in the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7). In this note "the Acts" is a reference to both Acts.

Article 2 increases the rate of Class 3 voluntary contributions, specified in section 13(1) of the Acts, from £13.90 to £14.10.

Article 3 increases the lower and upper limits of profits, specified in sections 15 and 18 of the Acts, between which Class 4 contributions are payable at the main Class 4 percentage rate. The lower limit increases from £7,956 to £8,060 and the upper limit from £41,865 to £42,385.

Article 4 provides for section 2(2) of the Social Security Act 1993 (c. 3) to have effect for the tax year 2015-16. This allows money provided by Parliament to be paid into the National Insurance Fund up to a limit of 10 per cent of the estimated benefit expenditure for the financial year ending with 31st March 2016. Article 5 of the Order makes corresponding provision for Northern Ireland, by giving effect to article 4(3) of the Social Security (Northern Ireland) Order 1993 (S.I. 1993/592 (N.I. 2)).

In accordance with section 142(1) of the Social Security Administration Act 1992 (c. 5) a copy of the report by the Government Actuary, giving the Actuary's opinion on the likely effect on the National Insurance Fund of the making of the Order, was laid before Parliament with the draft of this Order. A copy of the report can be found on the Government Actuary's Department website at https://www.gov.uk/government/collections/uk-social-security-short-term-and-long-term-reports.

A Tax Information and Impact Note has not been prepared for this instrument as it gives effect to previously announced policy and it relates to routine changes to rates, limits and thresholds to a predetermined indexation formula.

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