Draft Order laid before Parliament under sections 141(3) and 190(1) of the Social Security Administration Act 1992 and section 166(10A) of the Social Security Administration (Northern Ireland) Act 1992, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2008 No. xxxx

SOCIAL SECURITY

The Social Security (Contributions) (Re-rating) Order 2008

Made - - - -

Coming into force - - 6th April 2008

As a result of carrying out in the tax year 2007-08 a review of the general level of earnings in Great Britain in accordance with section 141(1) and (2) of the Social Security Administration Act 1992 ("the Administration Act")(**a**), the Treasury have determined that an Order should be made under that section amending Part 1 of the Social Security Contributions and Benefits Act 1992(**b**) by altering the rates of Class 2 and Class 3 contributions, the amount of earnings below which an earner may be excepted from liability for Class 2 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 Social Security Administration (Northern Ireland) Act 1992 ("the Northern Ireland Administration Act")(**c**).

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(**d**) and section 166(10A) of the Northern Ireland Administration Act(**e**) and approved by resolution of each House of Parliament.

Accordingly the Treasury make the following Order in exercise of the powers conferred by sections 141(4) and (5) and 142(2) and (3) of the Administration Act(**f**) and sections 129 and 165(11A) of the Northern Ireland Administration Act(**g**) and now exercisable by them(**h**).

(**a**) 1992 c. 5; subsections (1) and (2) of section 141 were amended by paragraph 44(2) and (3) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) ("the Transfer Act").
(**b**) 1992 c. 4.
(**c**) 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").
(**d**) Section 141(3) was amended by paragraph 44(4) of Schedule 3 to the Transfer Act.
(**e**) Section 166(10A) was inserted by paragraph 50(4) of Schedule 3 to the Transfer Order. (Subsection (11A) of section 165 of the Administration Act provides that regulations and orders made by the Treasury under the Act are statutory instruments.)
(**f**) Section 141(4) and (5) was amended by paragraph 16 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19). Section 142(2) was amended by paragraph 45(3) of Schedule 3 to the Transfer Act.
(**g**) Section 165(11A) was inserted by paragraph 49(4) of Schedule 3 to the Transfer Order.
(**h**) *See* paragraphs 44 to 46, 48, 57 and 60 of Schedule 3 to the Transfer Act and paragraphs 43, 49, 50 and 52 of Schedule 3 to the Transfer Order.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating) Order 2008 and shall come into force on 6th April 2008.

(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(**a**).

Rate of and small earnings exception from Class 2 contributions

2. In both section 11 of the Act(**b**) and section 11 of the Northern Ireland Act(**c**) (Class 2 contributions)—

(a) in subsection (1) for "£2.20" substitute "£2.30"; and

(b) in subsection (4) (small earnings exception) for "£4,635" substitute "£4,825".

Amount of Class 3 contributions

3. In both section 13(1) of the Act(**d**) and section 13(1) of the Northern Ireland Act (amount of Class 3 contributions)(**e**) for "£7.80" substitute "£8.10".

Lower and upper limits for Class 4 contributions

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

(a) for "£5,225" (lower limit) in each place where it appears, substitute "£5,435"; and

(b) for "£34,840" (upper limit) in each place where it appears, substitute "£40,040".

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

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(**a**) 1992 c. 7.
(**b**) Section 11 was amended by paragraph 12 of Schedule 3 to the Transfer Act. The figure in subsection (1) was last substituted by article 2(a) of S.I. 2007/1052. The figure in subsection (4) was last substituted by article 2(b) of S.I. 2007/1052.
(**c**) Section 11 was amended by paragraph 13 of Schedule 3 to the Transfer Order. The figure in subsection (1) was last substituted by article 2(a) of S.I. 2007/1052. The figure in subsection (4) was last substituted by article 2(b) of S.I. 2007/1052.
(**d**) Section 13 was amended by paragraph 14 of Schedule 3 to the Transfer Act and the figure in subsection (1) was last substituted by article 3 of S.I. 2007/1052.
(**e**) Section 13 was amended by paragraph 15 of Schedule 3 to the Transfer Order and the figure in subsection (1) was last substituted by article 3 of S.I. 2007/1052.
(**f**) Section 15(3) was amended by section 3(1) of the National Insurance Contributions Act 2002 and by paragraph 420 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c. 5). Section 18(1) was amended by paragraph 18(2) of Schedule 3 to the Transfer Act and Schedule 2 to the National Insurance Contributions Act 2002. Section 18(1A) was inserted by section 3(3) of the National Insurance Contributions Act 2002. The amounts in each of these provisions were last substituted by article 4 of S.I. 2007/1052.
(**g**) Section 15(3) was amended by section 3(2) of the National Insurance Contributions Act 2002 and by paragraph 424 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005. Section 18(1) was amended by paragraph 18(2) of Schedule 3 to the Transfer Order and Schedule 2 to the National Insurance Contributions Act 2002. Section 18(1A) was inserted by section 3(4) of the National Insurance Contributions Act 2002. The amounts in each of those provisions were last substituted by article 4 of S.I. 2007/1052.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order increases the rates of Class 2 and Class 3 contributions specified in sections 11(1) and 13(1) of the Social Security Contributions and Benefits Act 1992 ("the Act") from £2.20 to £2.30 and from £7.80 to £8.10. It also increases the amount of earnings specified in section 11(4) of the Act, below which an earner may be excepted from liability for Class 2 contributions from £4,635 to £4,825 (Articles 2 and 3).

The Order also increases, from £5,225 to £5,435 and from £34,840 to £40,040 respectively, the lower and upper limits of profits specified in sections 15 and 18, between which Class 4 contributions are payable at the main Class 4 percentage rate (Article 4).

Articles 2 to 4 of the Order also make provision for Northern Ireland corresponding to that in the preceding two paragraphs (the section numbers of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 are the same as those in the Act).

In accordance with section 142(1) of the Social Security Administration Act 1992, a copy of the report by the Government Actuary (Cm. 7312), giving his opinion on the likely effect on the National Insurance Fund of the making of the Order, insofar as it amends sections 11(1), 11(4), 13(1), 15(3), 18(1) and 18(1A) of the Act, was laid before Parliament with the draft of this Order.

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

Draft Order laid before Parliament under sections 141(3) and 190(1) of the Social Security Administration Act 1992 and section 166(10A) of the Social Security Administration (Northern Ireland) Act 1992, for approval by resolution of each House of Parliament.

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SOCIAL SECURITY

The Social Security (Contributions) (Re-rating) Order 2008

£3.00

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under the authority and superintendence of Carol Tullo, Controller of Her Majesty's
Stationery Office and Queen's Printer of Acts of Parliament.

E1877 1/2008 171877T 19585