1960 No. 921

The National Insurance (Assessment of Graduated Contributions) Regulations, 1960

Made - - - - - *25th May*, 1960
Laid before Parliament - *1st June*, 1960
Coming into Operation in accordance with Regulation 1 (1)

The Minister of Pensions and National Insurance, in exercise of powers conferred by section 2 of the National Insurance Act, 1959(a), and of all other powers enabling him in that behalf, after considering the report of the National Insurance Advisory Committee on the preliminary draft submitted to them, hereby makes the following regulations :—

Citation, commencement and interpretation

1.—(1) These regulations, which may be cited as the National Insurance (Assessment of Graduated Contributions) Regulations, 1960, shall come into operation on the first day of the income tax week appointed under the provisions of paragraph (*b*) of sub-section (1) of section 1 of the Act (by which liability for the payment of graduated contributions is to begin with such week as may be appointed by order of the Minister).

(2) In these regulations, unless the context otherwise requires—

" the Act " means the National Insurance Act, 1959 ;

" aggregation " means the aggregating and treating as a single payment, under sub-section (2) of section 2 of the Act, of two or more payments, and " aggregated " shall be construed accordingly ;

" apportionment " means the apportioning and treating as two or more separate payments, under sub-section (2) of section 2 of the Act, of any single payment ;

" cumulative emoluments " has the same meaning as in the Income Tax (Employments) Regulations, 1950(b) ;

" the employer " means, in relation to any payment, the employer in the employment in which that payment is made or is payable ;

" graduated contribution period " has the meaning assigned to it in paragraph (3) of this regulation ;

" payment " means a payment on account of a person's remuneration in any employment, except any employment such that graduated contributions are not payable in respect of it, and includes any part of a payment which is calculated separately from the remainder thereof ;

" regular payment " means any payment made, or falling under these regulations to be treated for the purpose of graduated contributions as made, at regular intervals ;

and other expressions have the same meaning as in the Act.

(a) 7 & 8 Eliz. 2. c. 47. (b) S.I. 1950/453 (1950 I, p. 1069).

(3) "Graduated contribution period" in relation to any person means a period—

(*a*) the length of which is—

(i) in the case of a person any part of whose remuneration is paid in regular payments at intervals of a week or more, the length of the shortest interval at which any such part is paid or treated as paid; and

(ii) in the case of any other person, one week; and

(*b*) which is one of a succession of periods of the same length beginning in the case of the first such period in any income tax year on the first day of that year, and in the case of each subsequent period immediately upon the ending of the period which last precedes it:

Provided that in any income tax year the period, if any, between the end of the last graduated contribution period of normal length and the beginning of the next income tax year shall itself be treated as a graduated contribution period of normal length.

(4) References in these regulations to any enactments or regulations shall include references to such enactments or regulations as amended by any subsequent enactment, order or regulations, and to any enactments, orders or regulations which replace them by provisions which deal with the same subject matter and are (so far as material) to the like effect.

(5) The rules for the construction of Acts of Parliament contained in the Interpretation Act, 1889(a), shall apply to the interpretation of these regulations as they apply to the interpretation of an Act of Parliament.

Equivalent amounts

2.—(1) The equivalent amounts for the purposes of paragraph (*b*) of subsection (1) of section 1 of the Act (under which in respect of any payment exceeding nine pounds, or the equivalent amount for remuneration not paid weekly, the graduated contributions payable are calculated on the amount, up to six pounds, by which the payment exceeds nine pounds, or on the equivalent amount for remuneration not paid weekly) shall be determined in accordance with the provisions of this regulation.

(2) The respective equivalent amounts shall be—

(*a*) where the graduated contribution period is a week, nine pounds and the amount, up to six pounds, by which the payment exceeds nine pounds;

(*b*) where the graduated contribution period is a multiple of a week, the corresponding multiple of the amounts prescribed in sub-paragraph (*a*) of this paragraph;

(*c*) where the graduated contribution period is a month, thirty-nine pounds and the amount, up to twenty-six pounds, by which the payment exceeds thirty-nine pounds;

(*d*) where the graduated contribution period is a multiple of a month, the corresponding multiple of the amounts prescribed in sub-paragraph (*c*) of this paragraph; and

(*e*) in any other case, one-seventh of the amounts calculated by multiplying the amounts prescribed in sub-paragraph (*a*) of this paragraph by the number of days in the graduated contribution period in question.

(a) 52 & 53 Vict. c. 63.

Calculation of graduated contributions

3.—(1) Subject to the provisions of paragraph (3) of this regulation, where the graduated contribution period is a week or a month the graduated contributions payable by the employer and the employed person respectively, in respect of any payment of an amount shown in the first column of Part I or, as the case may be, Part II of the Schedule to these regulations, shall be the amount opposite thereto in the second column and, in respect of any payment of an amount not so shown, shall be the amount in the second column opposite to the next smaller amount, if any, which is so shown.

(2) Where the graduated contribution period is a multiple of a week or of a month, paragraph (1) of this regulation shall apply subject to the substitution for the references to the amounts in the respective columns of the said Schedule of references to the corresponding multiples of those amounts.

(3) Where, in the case of any payments to which the provisions of paragraph (1) or paragraph (2) of this regulation apply, it would, having regard to the means by which the net sums payable are to be calculated, be unduly difficult or inconvenient to calculate the graduated contributions payable in respect of those payments in accordance with those provisions, the amounts of those contributions may be calculated as if those provisions did not apply; and in any case in which the amount of any graduated contribution payable is not calculated in accordance with those provisions, whether by virtue of the foregoing provisions of this paragraph or because the graduated contribution period is not a week or a month or a multiple of either a week or a month, that amount shall be calculated to the nearest penny (any amount of a halfpenny being disregarded).

Payments treated as made at regular intervals

4.—(1) If on any occasion a payment which would normally fall to be made at a regular interval is made otherwise than at that regular interval, it shall for the purpose of graduated contributions be treated, subject to the provisions of regulations 7 and 8, as if it were a payment made at that regular interval.

(2) Where payments are made at irregular intervals of the amounts due for regular intervals, the payments shall for the purpose of graduated contributions be treated, subject to the provisions of regulations 7 and 8, as if they were payments made at those regular intervals.

(3) Where payments are normally made at intervals which secure that one and only one payment is made in each of a succession of periods consisting of the same number of days, weeks or months, those payments shall for the purpose of graduated contributions be treated, subject to the provisions of regulations 7 and 8, as if they were payments made at the regular interval of one of those periods; and where the intervals for which payments are normally due are such as to secure that one and only one such interval ends in each of a succession of like periods, those intervals shall be treated as regular intervals of the length of those periods for the purpose of paragraph (2) of this regulation.

General provisions as to aggregation and apportionment

5.—(1) Where on one or more occasions the whole or any part of a person's remuneration is not paid weekly (whether or not it is treated for the purpose of graduated contributions as paid weekly), sub-section (2) of section 2 of the Act (which makes provision for the determination of

the graduated contributions payable in any income tax week by the aggregation of separate payments and the apportionment of single payments in certain cases) shall apply subject to the modifications prescribed in this regulation.

(2) In every case to which this regulation applies the said sub-section (2) of section 2 shall have effect as if for the references therein to "income tax week" and "week" there were substituted references to "graduated contribution period".

(3) Where a regular payment is made in a graduated contribution period other than that in which it would normally have fallen to be made, the said sub-section (2) of section 2 shall, subject to the provisions of this regulation, have effect as if that payment (together with any other payment which on that occasion is, and which normally falls to be, made on the same day as that regular payment) had been made in the graduated contribution period in which it would normally have fallen to be made:

Provided that where the graduated contribution period in which it is made and the graduated contribution period in which it would normally have fallen to be made are in different income tax years, the preceding provisions of this paragraph shall not apply and that regular payment shall not be aggregated with any payment other than one which on that occasion is, and which normally falls to be, made on the same day as that regular payment.

(4) For the purposes of paragraph (3) of this regulation—

(*a*) if a payment is one of a series of regular payments and if the intervals at which payments of that series are made are such that the graduated contribution period in which that payment would normally have fallen to be made cannot be otherwise identified, that graduated contribution period shall be determined in the following manner, namely—

(i) by ascertaining the graduated contribution period in which the first payment of that series in the same income tax year was made or, alternatively, in which the first payment of the corresponding series in that income tax year was made on account of the remuneration of other persons employed by the same employer on account of whose remuneration regular payments are normally made at the same intervals and on the same days; and

(ii) by treating all other payments of that series made in the same income tax year as normally falling to be made in the respective graduated contribution periods in which they would have been made if they had in fact all been made at the regular interval at which under the provisions of regulation 4 they fall to be treated as made; and

(*b*) in the application of sub-paragraph (*a*) of this paragraph—

(i) for the purposes of head (i) thereof, where the said first payment comprised two or more parts being payments of that series separately calculated, the part attributable to the latest interval to which any such part related shall alone be treated as the first payment of that series; and

(ii) for the purposes of head (ii) thereof, any payment (whether or not due to be made) which has been wholly omitted from a series shall be treated as if it had been made.

Aggregation of payments in separate employments under the same employer

6. Payments in any employment shall not be aggregated with payments in any other employment under the same employer if—

(*a*) such aggregation is not reasonably practicable because—

(i) any of the employments is of a casual nature, or

(ii) the remuneration in the respective employments is calculated at different places ; or

(*b*) having regard to the arrangements which are or might reasonably be made for the calculation and payment of the remuneration in the respective employments, it is not reasonably practicable at or before the time of payment for any of the persons calculating or making the payments in any one such employment to have such information about the other employment or employments and the payments made or to be made therein as would be required for the calculation of the graduated contributions payable if the payments made in the respective employments fell to be aggregated.

Change of graduated contribution period

7.—(1) The provisions of this regulation apply where, by reason of a change in the shortest regular interval at which any part of a person's remuneration is paid or treated as paid (hereinafter referred to as " the shortest regular interval of payment "), that person's graduated contribution period in any employment or employments under the same employer is, or is in process of being, changed.

(2) In this regulation—

(*a*) the shortest regular interval of payment which has been, or is to be, discontinued is referred to as " the old interval " and the interval which has, or is to, become the shortest regular interval of payment is referred to as " the new interval " ; and

(*b*) the graduated contribution period determined according to the old interval is referred to as " the old period ", that determined according to the new interval is referred to as " the new period ", and whichever of those two periods is the longer is referred to as " the longer period ".

(3) During the first longer period, if any, in which payments are made at both the old and the new intervals, the provisions of these regulations shall apply subject to the following modifications, namely—

(*a*) the graduated contribution period shall be determined according to the interval of the first regular payment, being a payment at either the old or the new interval, made in that first longer period or, if the first such regular payment at the old interval and the first such regular payment at the new interval are made on the same day, according to the old or the new interval whichever is the longer ;

(*b*) any payment made, or which but for this provision would be treated for the purpose of graduated contributions as made, at a regular interval shorter than the interval of the graduated contribution period determined in accordance with the provisions of sub-paragraph (*a*) of this paragraph, shall for the purpose aforesaid be treated as not being a regular payment ;

(*c*) any interval between the beginning of the said first longer period and the beginning of the first graduated contribution period determined in accordance with the provisions of sub-paragraph (*a*) of this paragraph shall be combined with the interval, if any, between the end of the last complete old period and the beginning of the said first longer period,

and the first-mentioned interval or, as the case may be, the intervals so combined shall be treated as a complete old period or a complete new period, whichever is the shorter ; and

(*d*) any interval between the end of the last complete graduated contribution period determined in accordance with the provisions of sub-paragraph (*a*) of this paragraph and the end of the said first longer period shall, subject to the provisions of sub-paragraph (*b*) of paragraph (4) of this regulation, be treated as a complete graduated contribution period of the same length as that last complete one:

Provided that if in any case where the new period is the longer period it would, having regard to the means by which the net sums payable are to be calculated, be unduly difficult or inconvenient to give effect to the foregoing modifications, there shall be substituted therefor the following modifications, namely—

(i) the graduated contribution period shall be determined according to the new interval ; and

(ii) any payment made, or which but for this provision would be treated for the purpose of graduated contributions as made, at the old interval shall for the purpose aforesaid be treated as not being a regular payment.

(4) After the end of the said first longer period, the provisions of these regulations shall apply subject to the following modifications, namely—

(*a*) any payment made, or which but for this provision would be treated for the purpose of graduated contributions as made, at the old interval, shall for the purpose aforesaid be treated as not being a regular payment ; and

(*b*) any interval between the end of the said first longer period and the beginning of the next new period shall, if there was no such interval as is specified in sub-paragraph (*d*) of paragraph (3) of this regulation, be treated as a complete new period, and if there was any such interval shall be treated as if it formed part thereof.

Holiday payments

8.—(1) For the purposes only of regulation 5, where a payment in respect of a period of holiday of a week or more is made in any case in which the graduated contribution period is a week or a multiple of a week, such payment—

(*a*) if it is a regular payment may be treated as if the graduated contribution period in which it is made were that in which it would normally have fallen to be made ; and

(*b*) if it is not a regular payment shall be treated as if it were a regular payment and as if the graduated contribution period in which it is made were that in which it would normally have fallen to be made.

(2) In determining the graduated contributions payable in respect of any payment treated in accordance with the provisions of paragraph (1) of this regulation (together with any payment required to be aggregated therewith), regulations 2 and 3 shall apply as if the graduated contribution period were—

(*a*) if the payment is required to be aggregated with any regular payment according to the interval of which the graduated contribution period is determined, the sum of the number of weeks in that graduated contribution period and the number of complete weeks in the said period of holiday ; and

(*b*) in any other case, the number of complete weeks in the said period of holiday.

Annual maximum

9. For the purposes of sub-section (3) of section 2 of the Act (by which where the graduated contributions paid by a person in respect of his remuneration from two or more employments in any income tax year exceed a prescribed amount the excess shall, for certain purposes, be treated as contributions of the wrong class paid in error and as not properly payable) the prescribed amount shall, if the graduated contributions so paid amount to fourteen pounds or more, be thirteen pounds and ten shillings.

Remuneration to be disregarded

10.—(1) A sum deducted from any payment on account of a person's remuneration which is or would but for the deduction be made shall not be treated for the purpose of graduated contributions as paid on account of that person's remuneration unless it is included in that person's cumulative emoluments.

(2) In so far as any payment on account of a person's remuneration comprises or represents, and does not exceed in amount, sums deducted from any previous payments on account of his remuneration (whether or not remuneration in an employment such that graduated contributions were payable in respect of it), that payment shall be treated for the purposes of sub-section (4) of section 2 of the Act (which provides that for the purpose of graduated contributions any payment directed by regulations to be so treated shall be disregarded) as coming from sums comprised in a previous payment:

Provided that the provisions of this paragraph shall apply only in so far as—

(*a*) the payment comprising or representing the sums deducted is not included in that person's cumulative emoluments; and

(*b*) those sums have not been comprised in or represented by any previous payment to or to the order or for the benefit of that person (whether or not a payment on account of remuneration in an employment such that graduated contributions were payable in respect of it).

(3) There shall be excluded from the computation of a person's remuneration any payment in so far as it is—

(*a*) a payment in respect of a period of holiday, where the sum paid is derived directly or indirectly from a fund to which more than one employer contributes and the management and control of which are not vested in those employers, or where the person making the payment is entitled to be reimbursed from such a fund;

(*b*) a payment of or in respect of a gratuity, where the payment is not made directly or indirectly by the employer and the sum paid does not comprise or represent sums previously paid to the employer;

(*c*) a payment made before it is due, where the sum paid is to be deducted from a subsequent regular payment made or treated as made at an interval not exceeding one week (including such a regular payment which but for any deduction would be made) and for the purpose of graduated contributions the sum so deducted will fall to be treated as paid;

(*d*) a payment made solely to adjust to a more convenient amount the sum paid on any occasion, and in so far as a compensating deduction has been or is to be made from a payment (whether or not a payment on account of remuneration in an employment such that graduated contributions are or were payable in respect of it) made on another occasion; or

(*e*) a payment made to or by trustees, where—

(i) in the case of a payment made to trustees, the share thereof which that person is entitled to have paid to him; or

(ii) in the case of a payment made by trustees, the amount to be so paid;

is or may be dependent upon the exercise by the trustees of a discretion or the performance by them of a duty arising under the trust, and where not more than two payments under the trust are ordinarily made by the trustees to any one person in any income tax year.

Abnormal pay practices

11.—(1) The provisions of this regulation shall not apply for the purpose of any decision of the Minister in so far as that decision relates to contributions based on payments made more than one year before the beginning of the income tax year in which that decision is given.

(2) With a view to securing that liability for the payment of graduated contributions is not avoided or reduced by an employer's following in the payment of persons employed any practice which is abnormal for their employments (hereinafter referred to as an "abnormal pay practice"), the Minister may, if he thinks fit, determine any question relating to a person's graduated contributions where any such practice has been or is being followed, as if the employer concerned had not followed any abnormal pay practice but had followed a practice or practices normal for the employment or employments in question.

(3) With the view aforesaid the Minister, in any case in which he has reason to believe that any abnormal pay practice has been or is being followed, may determine any such question, if he is satisfied that it ought properly to be so determined, as if application had been duly made to him for the determination thereof.

Dated this twenty-fifth day of May, 1960.

John Boyd-Carpenter,
Minister of Pensions
and National Insurance.

SCHEDULE

Regulation 3

PART I

WEEKLY SCALE

Amount of payment	Amount of contribution
£ s. d.	s. d.
9 0 1	1
9 5 0	4
9 10 0	6
9 15 0	9
10 0 0	11
10 5 0	1 2
10 10 0	1 5
10 15 0	1 7
11 0 0	1 10
11 5 0	2 0
11 10 0	2 3
11 15 0	2 5
12 0 0	2 8
12 5 0	2 10
12 10 0	3 1
12 15 0	3 4
13 0 0	3 6
13 5 0	3 9
13 10 0	3 11
13 15 0	4 2
14 0 0	4 4
14 5 0	4 7
14 10 0	4 9
14 15 0	5 0
15 0 0	5 1

PART II

MONTHLY SCALE

Amount of payment	Amount of contribution
£ s. d.	£ s. d.
39 0 5	5
40 0 0	1 3
41 0 0	2 1
42 0 0	3 0
43 0 0	3 10
44 0 0	4 8
45 0 0	5 6
46 0 0	6 4
47 0 0	7 3
48 0 0	8 1
49 0 0	8 11
50 0 0	9 9
51 0 0	10 7
52 0 0	11 6
53 0 0	12 4
54 0 0	13 2
55 0 0	14 0
56 0 0	14 10
57 0 0	15 9
58 0 0	16 7
59 0 0	17 5
60 0 0	18 3
61 0 0	19 1
62 0 0	1 0 0
63 0 0	1 0 10
64 0 0	1 1 8
65 0 0	1 2 1

EXPLANATORY NOTE

(This Note is not part of the Regulations, but is intended to indicate their general purport.)

The provisions of these Regulations supplement those in sections 1 and 2 of the National Insurance Act, 1959, determining the liability for graduated contributions. They prescribe the manner in which the contributions payable are to be calculated and the treatment of remuneration not paid weekly. They make provision as to the contributions properly payable where an employed person has two or more employments and specify the payments which are not to be taken into account in deciding, for graduated contribution purposes, the amount of a person's remuneration. The Regulations include provision for securing that contribution liability is not avoided or reduced by the use of abnormal pay practices.

The report of the National Insurance Advisory Committee on the preliminary draft of these Regulations, dated the 13th May, 1960, is contained in the House of Commons Paper No. 213 (Session 1959–60) published by Her Majesty's Stationery Office.