

National Insurance Contributions (Employer Pensions Contributions) Act 2026

CHAPTER 15

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National Insurance Contributions (Employer Pensions Contributions) Act 2026

2026 CHAPTER 15

An Act to make provision to amend section 4 of the Social Security Contributions and Benefits Act 1992, and section 4 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992, so that amounts of salary sacrificed for employer pensions contributions pursuant to optional remuneration arrangements are liable to national insurance contributions.

[29th April 2026]

BE IT ENACTED by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Employer pensions contributions pursuant to optional remuneration arrangements: Great Britain

(1) In section 4 of the Social Security Contributions and Benefits Act 1992 (payments treated as remuneration and earnings), after subsection (6) insert—

"(6A) In any case where—

(a) a benefit of a kind mentioned in section 308 or 308A of ITEPA 2003 (contributions to pensions schemes) is provided to or for the benefit of an employed earner pursuant to optional remuneration arrangements, and

(b) the employed earner would be chargeable to income tax in respect of the benefit if section 228A(5) of that Act had effect with the omission of paragraphs (f) and (g) (which refer to sections 308 and 308A),

regulations may make provision for the purposes of this Part for treating the amount foregone in relation to the benefit as remuneration derived from the earner's employment.

(6B) Regulations made under subsection (6A) must make provision for amounts not exceeding the contributions limit for a tax year not to be so treated.

(6C) The contributions limit is the amount specified by regulations made under subsection (6A) as the contributions limit for the whole of a tax year; but—

(a) the regulations may make other provision about that limit, including provision prescribing an equivalent of that limit for earners paid weekly or at other intervals; and

(b) if an equivalent is prescribed, the regulations may prescribe an amount which exceeds by not more than £1 the amount which is the arithmetical equivalent of that limit.

(6D) Regulations made under subsection (6A)—

(a) may make provision for any amount treated as remuneration to be treated as an amount of remuneration paid, at such time as may be determined in accordance with the regulations, to or for the benefit of the earner in respect of the earner's employment;

(b) may provide, in prescribed cases, for the amount treated as remuneration to be an amount other than the amount foregone in relation to the benefit; and

(c) may provide for that other amount to be calculated in such manner and on such basis as may be prescribed.

(6E) Expressions which are used in subsection (6A) and the benefits code have the same meaning in that subsection as they have in that code."

(2) In section 176 of that Act (Parliamentary control), in subsection (1), before paragraph (za) insert—

"(zza) regulations under section 4(6A) making provision for a reduction in the amount of the contributions limit for a tax year;".

(3) The amendments made by this section have effect for the tax year 2029-30 and subsequent tax years.

(4) The first regulations made under subsection (6A) of section 4 of the Social Security Contributions and Benefits Act 1992, as inserted by subsection (1), must specify the contributions limit as £2,000 for a tax year (but subject to any provision made in reliance on subsection (6C)(a) or (b) of that section).

2 Employer pensions contributions pursuant to optional remuneration arrangements: Northern Ireland

(1) In section 4 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (payments treated as remuneration and earnings), after subsection (6) insert—

"(6A) In any case where—

(a) a benefit of a kind mentioned in section 308 or 308A of ITEPA 2003 (contributions to pensions schemes) is provided to or for the benefit of an employed earner pursuant to optional remuneration arrangements, and

(b) the employed earner would be chargeable to income tax in respect of benefit if section 228A(5) of that Act had effect with the omission of paragraphs (f) and (g) (which refer to sections 308 and 308A),

regulations may make provision for the purposes of this Part for treating the amount foregone in relation to the benefit as remuneration derived from the earner's employment.

(6B) Regulations made under subsection (6A) must make provision for amounts not exceeding the contributions limit for a tax year not to be so treated.

(6C) The contributions limit is the amount specified by regulations made under subsection (6A) as the contributions limit for the whole of a tax year; but—

(a) the regulations may make other provision about that limit, including provision prescribing an equivalent of that limit for earners paid weekly or at other intervals; and

(b) if an equivalent is prescribed, the regulations may prescribe an amount which exceeds by not more than £1 the amount which is the arithmetical equivalent of that limit.

(6D) Regulations made under subsection (6A)—

(a) may make provision for any amount treated as remuneration to be treated as an amount of remuneration paid, at such time as may be determined in accordance with the regulations, to or for the benefit of the earner in respect of the earner's employment;

(b) may provide, in prescribed cases, for the amount treated as remuneration to be an amount other than the amount foregone in relation to the benefit; and

(c) may provide for that other amount to be calculated in such manner and on such basis as may be prescribed.

(6E) Expressions which are used in subsection (6A) and the benefits code have the same meaning in that subsection as they have in that code."

(2) In section 172 of that Act (Assembly etc control), after subsection (11) insert—

"(11ZZA) A statutory instrument containing (whether alone or with other provisions) regulations under section 4(6A) making provision for a reduction in the amount of the contributions limit for a tax year shall not be made unless a draft of the instrument has been laid before and approved by resolution of each House of Parliament."

(3) The amendments made by this section have effect for the tax year 2029-30 and subsequent tax years.

(4) The first regulations made under subsection (6A) of section 4 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992, as inserted by subsection (1), must specify the contributions limit as £2,000 for a tax year (but subject to any provision made in reliance on subsection (6C)(a) or (b) of that section).

3 Extent, commencement and short title

(1) In this Act—

(a) section 1 extends to England and Wales and Scotland,

(b) section 2 extends to Northern Ireland, and

(c) this section extends to England and Wales, Scotland and Northern Ireland.

(2) This Act comes into force on the day on which it is passed.

(3) This Act may be cited as the National Insurance Contributions (Employer Pensions Contributions) Act 2026.

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