STATUTORY INSTRUMENTS

2025 No. 325

SOCIAL SECURITY

The Social Security (Contributions) (Amendment No. 3) Regulations 2025

Made - - - -	*11th March 2025*
Laid before Parliament	*12th March 2025*
Coming into force - -	*6th April 2025*

The Treasury make these Regulations in exercise of the powers conferred by section 3(2) and (3) of the Social Security Contributions and Benefits Act 1992(**a**) and section 3(2) and (3) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(**b**) and now exercisable by them.

The Secretary of State and the Department for Communities concur in the making of these Regulations.

Citation and commencement

1. These Regulations may be cited as the Social Security (Contributions) (Amendment No. 3) Regulations 2025 and come into force on 6th April 2025.

Amendment of the Social Security (Contributions) Regulations 2001

2. In Part 6 of Schedule 3 to the Social Security (Contributions) Regulations 2001 (payments to be disregarded in the calculation of earnings for the purposes of earnings-related contributions)(**c**), after paragraph 15 insert—

> **"The qualifying amount of a tax redress payment in respect of an MPs', Senedd or Assembly pension scheme**
>
> **16.** —(1) The qualifying amount of a tax redress payment.
>
> (2) For the purposes of this paragraph—

(**a**) 1992 c. 4. Section 3(2) was amended by paragraph 3 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2), so that the power to make regulations became exercisable by the Treasury with the concurrence of the Secretary of State.

(**b**) 1992 c. 7 ("the 1992 NI Act"). Section 3(2) was amended by paragraph 4 of Schedule 3 to S.I. 1999/671 so that the power to make regulations became exercisable by the Treasury with the concurrence of the Department which is defined in section 170 of the 1992 NI Act as the Department of Health and Social Services for Northern Ireland. The functions of the Department of Health and Social Services for Northern Ireland under the 1992 NI Act were transferred to the Department for Social Development by article 8(b) of, and Part 2 of Schedule 6 to, the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (S.R. 1999 No. 481). The Department for Social Development was renamed the Department for Communities by section 1(7) of the Departments Act (Northern Ireland) 2016 (c. 5 (N.I.)).

(**c**) S.I. 2001/1004; relevant amending instruments are S.I. 2006/576, 2015/543, 2017/307, 2023/823, 1172.

(a) "qualifying amount", in relation to a tax redress payment, has the meaning given in regulation 7(3) of the MPs', Senedd and Assembly Pension Schemes (Tax) Regulations 2025(**a**);

(b) "tax redress payment" has the meaning given in section 15(4) of the Finance Act 2024(**b**).".

Jeff Smith
Vicky Foxcroft
11th March 2025 — Two of the Lords Commissioners of His Majesty's Treasury

The Secretary of State concurs.
Signed by the authority of the Secretary of State for Work and Pensions.

Stephen Timms
Minister of State
6th March 2025 — Department for Work and Pensions

The Department for Communities concurs.
Sealed with the Official Seal of the Department for Communities on 6th March 2025.

L.S.

David Tarr
A senior officer of the Department for Communities

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) to provide that the qualifying amount of a tax redress payment, as defined in section 15(4) of the Finance Act 2024 (c. 3), will be disregarded in the calculation of earnings for the purpose of establishing liability to Class 1 National Insurance contributions.

Tax redress payments are made to members of affected pension schemes for Members of Parliament, Members of the Senedd and members of the Northern Ireland Assembly as a result of a rectification exercise conducted in connection with the transfer of members' pension benefits from a final salary to a career average method of calculation, as compensation for an amount paid in respect of an income tax liability for any tax year that would not have arisen if the rectification exercise had been retrospective. The MPs', Senedd and Assembly Pension Schemes (Tax) Regulations 2025 (S.I. 2025/52) exempt the qualifying amount of a tax redress payment from income tax and specify how the qualifying amount is to be calculated.

A Tax Information and Impact Note covering this instrument was published on 22nd November 2023 alongside the Autumn Statement and is available on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins. It remains an accurate summary of the impacts that apply to this instrument.

(**a**) S.I. 2025/52.
(**b**) 2024 c. 3.

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