STATUTORY INSTRUMENTS

2025 No. 429

SOCIAL SECURITY

The Social Security (Contributions) (Amendment No. 5) Regulations 2025

Made - - - -	*2nd April 2025*
Laid before Parliament	*3rd April 2025*
Coming into force - -	*28th April 2025*

The Treasury make the following 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. 5) Regulations 2025 and come into force on 28th April 2025.

Amendment of the Social Security (Contributions) Regulations 2001

2. In Part 10 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 31 insert—

"*Horizon Shortfall Scheme Appeals compensation payments*

32.—(1) A payment made by the Department for Business and Trade to a person or a nominated individual under the Horizon Shortfall Scheme Appeals.

(2) A relevant onward payment of the payment defined in paragraph (1).

(3) In this paragraph—

"Horizon Shortfall Scheme" has the same meaning as in paragraph 27(2);

(**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 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. 2023/773, 2024/187 and 2024/822.

"Horizon Shortfall Scheme Appeals" means the independent appeals process created by the Department for Business and Trade to assess compensation claims made under the Horizon Shortfall Scheme;

"nominated individual" means any person who was a shareholder or a director of a company or a partner in a partnership which ceased to exist and that would have been eligible for compensation under the Horizon Shortfall Scheme Appeals;

"relevant onward payment" has the same meaning as in paragraph 28(5)."

Anna Turley
Vicky Foxcroft
2nd April 2025 Two of the Lords Commissioners of His Majesty's Treasury

Signed by the authority of the Secretary of State for Work and Pensions

Stephen Timms
Minister of State
1st April 2025 Signed by the authority of the Secretary of State for Work and Pensions

The Department for Communities concurs.
Sealed with the Official Seal of the Department for Communities on 2nd April 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 to provide that Horizon Shortfall Scheme Appeals payments will be disregarded in the calculation of earnings for the purpose of establishing liability to Class 1 National Insurance contributions.

Horizon Shortfall Scheme Appeals payments are made by the Department for Business and Trade ("DBT") to persons or nominated individuals who have been compensated under the Horizon Shortfall Scheme and have appealed to have their compensation assessed by the independent appeals process set up by DBT.

Relevant onward payments are payments made by a company who is a recipient under the Horizon Shortfall Scheme Appeals compensation payment to an individual who is or was a director or employee of that company for the purpose of passing on all or part of that compensation payment to that individual.

A Tax Information and Impact Note covering this instrument will be published on the website at: https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.

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