STATUTORY INSTRUMENTS

2000 No. 747

SOCIAL SECURITY

The Social Security Contributions (Notional Payment of Primary Class 1 Contribution) Regulations 2000

Made - - - -	*13th March 2000*
Laid before Parliament	*14th March 2000*
Coming into force	*6th April 2000*

The Treasury, with the concurrence of the Secretary of State for Social Security in so far as required, in exercise of the powers conferred on them by sections 3(2), 6A(2) and (7), 119, 122(1) and 175(3) and (4) of the Social Security Contributions and Benefits Act 1992**(a)**, and of all other powers enabling them in that behalf, and the Commissioners of Inland Revenue, in exercise of the powers conferred on them by paragraphs 1(1) and (8A) and 6(1) of Schedule 1 to the Social Security Contributions and Benefits Act 1992**(b)**, and of all other powers enabling them in that behalf, hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Social Security Contributions (Notional Payment of Primary Class 1 Contribution) Regulations 2000 and shall come into force on 6th April 2000.

Interpretation

2. In these Regulations unless the context otherwise requires–

"the Contributions and Benefits Act" means the Social Security Contributions and Benefits Act 1992;

"the principal Regulations" means the Social Security (Contributions) Regulations 1979**(c)**;

"section 6A(2)" means section 6A(2) of the Contributions and Benefits Act.

Introductory

3. Section 6A(2) (notional payment of primary Class 1 contribution where in any tax week payment of earnings is not less than the current lower earnings limit but does not exceed the

(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) ("the Transfer of Functions Act"). Section 6A was inserted by paragraph 3 of Schedule 9 to the Welfare Reform and Pensions Act 1999 (c. 30) with effect from 22nd December 1999 by virtue of article 2(a) of S.I. 1999/3420 (C. 92). Section 119 was amended by paragraph 25 of Schedule 3 to the Transfer of Functions Act. Section 122(1) is cited because of the meaning ascribed to the word "prescribe". Section 175(4) was amended by paragraph 29 of Schedule 3 to the Transfer of Functions Act.

(b) Paragraph 1 was amended by paragraph 31 of Schedule 3 to the Transfer of Functions Act. Paragraph 6(1) was amended by paragraph 77(8) of Schedule 7 to the Social Security Act 1998 (c. 14) and paragraph 35(2) of Schedule 3 to the Transfer of Functions Act.

(c) S.I. 1979/591; relevant amending instruments are S.I. 1981/82, 1983/10 and 496, 1984/77, 1985/396, 1986/485, 1987/413 and 2111, 1988/992, 1989/1677, 1990/605, 1992/97 and 1440, 1996/1245 and 2407, and 1999/567 and 568.

current primary threshold) has effect subject to the modifications and exceptions prescribed by regulations 4 to 6 of these Regulations.

Prescribed modifications and exceptions

4. The modification prescribed by this regulation is that section 6A(2) has effect to the extent only that, if the amount of earnings paid in the tax week concerned had exceeded the current primary threshold, the earner would have been liable or entitled under the Contributions and Benefits Act and the principal Regulations to pay a primary Class 1 contribution in respect of those earnings.

5. The exception prescribed by this regulation is that section 6A(2) does not have effect for the purposes of regulation 32 of the principal Regulations (return of contributions)**(a)**.

6. The modification prescribed by this regulation is that, where the earner is a woman who has made an election under regulation 100 of the principal Regulations**(b)** (elections by married women and widows for liability to pay primary Class 1 contributions at the reduced rate) and that election has not ceased to have effect, section 6A(2) has effect as if the primary Class 1 contribution there referred to had been paid at the reduced rate.

Consequential amendments to the principal Regulations

7. In regulation 2 of the principal Regulations**(c)** (earnings periods) after the word "payable" there shall be inserted the words "or, where section 6A of the Social Security Contributions and Benefits Act 1992 applies, treated as having been paid,".

8. In regulation 123B of the principal Regulations**(d)** (certain volunteer development workers to be self-employed earners) after the word "payable" there shall be inserted the words "or, where section 6A of the Social Security Contributions and Benefits Act 1992 applies, are treated as having been paid".

9.—(1) Schedule 1 to the principal Regulations (application of the Income Tax (Employments) Regulations 1973**(e)** to earnings-related contributions and Class 1A contributions) shall be amended in accordance with the following provisions of this regulation.

(2) In regulation 13(6)(b)**(f)** (calculation of deduction)—

(a) for heads (ii) and (iii) there shall be substituted the following heads—

"(ii) earnings which exceed the current lower earnings limit but do not exceed the current primary threshold,

(iii) earnings which exceed the current primary threshold but do not exceed the current secondary threshold,

(iiia) earnings which exceed the current secondary threshold but do not exceed the current upper earnings limit,";

(b) in head (iv) for "(iii)" there shall be substituted "(iiia)".

(3) In regulation 25(a)**(g)** (certificate of contributions paid)—

(a) for head (i) there shall be substituted the following heads—

"(i) the amount of any earnings up to and including the current lower earnings limit where earnings equal or exceed that figure;

(ia) the amount of any earnings in respect of which primary Class 1 contributions were, by virtue of section 6A of the Social Security Contributions and Benefits Act 1992, treated as having been paid, which

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(a) Regulation 32 was amended by S.I. 1984/77, regulation 11, S.I. 1987/2111, regulation 6, S.I. 1988/992, regulation 3, S.I. 1989/1677, regulation 3(5), S.I. 1992/97, regulation 3, S.I. 1992/1440, regulation 2, S.I. 1996/1245, regulation 4, S.I. 1996/2407, regulation 4, S.I. 1999/567, regulation 6 and S.I. 1999/568, regulation 11.
(b) Regulation 100 was amended by S.I. 1983/496, regulation 2.
(c) Regulation 2 was amended by S.I. 1983/10, regulation 3 and S.I. 1987/413, regulation 2.
(d) Regulation 123B was inserted by S.I. 1986/485.
(e) S.I. 1973/334; this and its subsequent amending instruments were consolidated as S.I. 1993/744.
(f) Regulation 13(6) was substituted by S.I. 1999/568, regulation 19(3).
(g) Regulation 25(a) was substituted by S.I. 1992/1440, regulation 6 and amended by S.I. 1999/568, regulation 19(4).

exceed the current lower earnings limit but do not exceed the current primary threshold, other than earnings from non-contracted-out employment in respect of which primary Class 1 contributions were, by virtue of that section and regulation 100 of the Main Regulations, treated as having been paid at the reduced rate;

(ib) the amount of any earnings in respect of which primary Class 1 contributions were payable which exceed the current primary threshold but do not exceed the current secondary threshold, other than earnings from non-contracted-out employment in respect of which Class 1 contributions were payable at the reduced rate;

(ic) the amount of any earnings in respect of which primary Class 1 contributions were payable which exceed the current secondary threshold but do not exceed the current upper earnings limit, other than earnings from non-contracted-out employment in respect of which primary Class 1 contributions were payable at the reduced rate;";

(b) for head (iii) there shall be substituted the following head—

"(iii) the amount of the earnings, if any, recorded under heads (ia) to (ic) of this paragraph, above the current lower earnings limit, in respect of which primary Class 1 contributions were payable or, where section 6A of the Social Security Contributions and Benefits Act 1992 and regulation 100 of the Main Regulations applies, were treated as having been paid, at the reduced rate;";

(c) in heads (v) and (vi) before the words "lower earnings limit", in each place where they occur, there shall be inserted the word "current".

(4) In regulation 30(1)(c)(i)**(a)** (return by employer at end of year) for the words "heads (i) to (iii)" there shall be substituted the words "heads (i) to (iiia)".

Bob Ainsworth
Greg Pope
9th March 2000 — Two of the Lords Commissioners of Her Majesty's Treasury

Alistair Darling
11th March 2000 — The Secretary of State for Social Security hereby concurs

Steve Matheson
Tim Flesher
13th March 2000 — Two of the Commissioners of Inland Revenue

(a) The relevant amending instruments are S.I. 1981/82, regulation 7, 1985/396, regulation 5, 1990/605, regulation 2(3) and 1999/568, regulation 19(5).

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 6A of the Social Security Contributions and Benefits Act 1992 (c. 4) (inserted by paragraph 3 of Schedule 9 to the Welfare Reform and Pensions Act 1999 (c. 30)) ("section 6A") provides that, subject to any prescribed exceptions or modifications, a primary Class 1 contribution shall be treated, for any purposes relating to contributory benefits, as having been paid where in any tax week a payment of earnings to an earner in respect of his employment is not less than the current lower earnings limit but does not exceed the current primary threshold. These Regulations prescribe exceptions and modifications and also make consequential amendments to the Social Security (Contributions) Regulations 1979 (S.I. 1979/591) ("the principal Regulations").

Regulation 1 provides for citation and commencement, regulation 2 provides for interpretation and regulation 3 introduces regulations 4 to 6.

Regulation 4 provides by way of a prescribed modification that section 6A has effect only to the extent that a primary Class 1 contribution would have been payable under the Social Security Contributions and Benefits Act 1992 and the principal Regulations if in the tax week concerned the earnings had exceeded the current primary threshold.

Regulation 5 provides by way of a prescribed exception that section 6A does not have effect for the purposes of regulation 32 of the principal Regulations (return of contributions).

Regulation 6 provides by way of a prescribed modification that, where an election under regulation 100 of the principal Regulations (elections by married women and widows for liability to pay primary Class 1 contributions at the reduced rate) is in force, section 6A has effect as if the deemed payment of the primary Class 1 contribution had been made at the reduced rate.

Regulation 7 makes consequential amendments to regulation 2 of the principal Regulations (earnings periods), and regulation 8 makes consequential amendments to regulation 123B of the principal Regulations (certain volunteer development workers to be self-employed earners).

Regulation 9 makes consequential amendments to the following regulations contained in Schedule 1 to the principal Regulations (income tax PAYE regulations applied to contributions with modifications)—regulations 13 (calculation of deduction), 25 (certificate of contributions paid) and 30 (return by employer at end of year).

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