EXPLANATORY MEMORANDUM TO

THE SOCIAL SECURITY (CONTRIBUTIONS) (RE-RATING) CONSEQUENTIAL AMENDMENT REGULATIONS 2026

2026 No. 283

1. Introduction

1.1 This Explanatory Memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) on behalf of His Majesty's Treasury and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Dan Tomlinson MP, the Exchequer Secretary to the Treasury confirms that this Explanatory Memorandum meets the required standard.

2.2 Edmund Hair, Deputy Director for National Insurance Policy, International and Student Finance at HMRC, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Ashta Kalume at HMRC can be contacted by email at the following address with any queries regarding the instrument: nics.policy@hmrc.gov.uk. Alternatively, the department can be contacted by telephone: 0300 051 7486.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument makes a consequential amendment to uprate the special rate of Class 2 National Insurance contributions (NICs) payable by share fishermen as set out in regulation 125(c) of the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) ("the Contributions Regulations"). The amendment has effect from 6 April 2026.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. Policy Context

What is being done and why?

5.1 The special rate of Class 2 NICs for share fishermen was introduced from April 1975.

5.2 This special rate of Class 2 NICs paid by share fishermen is determined by adding a 65 pence uplift to the main rate of Class 2 NICs. The 65 pence uplift was first introduced in the 1997-98 tax year under advice of the Government Actuary's

Department following the consequential amendments to Social Security regulations as a result of the Jobseekers Act 1995. The premium covers contribution-based Jobseeker's Allowance, for which payment of ordinary Class 2 NICs does not give entitlement.

5.3 The current law for the 2025-26 tax year sets the rate of Class 2 NICs paid by share fishermen at £4.15 per week. At Budget 2025 the Government decided to uprate the main rate of Class 2 NICs by September 2025's Consumer Price Index (CPI) figure of 3.8%, making it £3.65 per week for the 2026-27 tax year (when established rules on rounding to the nearest 5p are applied). Therefore, the special rate of Class 2 NICs paid by share fishermen will be payable at £4.30 per week for the 2026-27 tax year.

What was the previous policy, how is this different?

5.4 Since 2011, each September's CPI figure has been used as the basis for annual uprating of the weekly Class 2 NICs rate.

6. Legislative and Legal Context

How has the law changed?

6.1 The Social Security (Contributions) (Rates, Limits and Thresholds Amendments, National Insurance Funds Payments and Extension of Veteran's Relief) Regulations 2026 (S.I 2026/231) increased the rate of Class 2 NICs by September 2025's CPI figure from £3.50 to £3.65 per week from 6 April 2026.

6.2 Consequently, the special rate of Class 2 NICs payable by share fishermen will increase from £4.15 to £4.30 per week from 6 April 2026.

6.3 The Secretary of State for Work and Pensions and the Northern Ireland Department for Communities have concurred to the making of the final text of this instrument.

Why was this approach taken to change the law?

6.4 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 There was no consultation because the instrument relates to routine changes to rates, limits and thresholds as part of the annual NICs up-rating exercise.

8. Applicable Guidance

8.1 Guidance is not required as this instrument does not impose a new obligation.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A Tax Information and Impact Note has not been prepared for this instrument because it gives effect to previously announced policy and it relates to routine changes to limits and thresholds.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies because the change to the special rate of Class 2 contributions payable by share

fishermen applies to activities that are undertaken by share fishermen insofar as the proprietors are self-employed. These changes have no impact on employees

9.3 The legislation does impact small or micro businesses insofar that, as a self-employed person within Self-Assessment, they will need to acquaint themselves with the new rate in order to calculate their National Insurance liabilities from 6 April 2026.

9.4 There is no, or no significant, impact on the public sector because the change to the special rate of Class 2 contributions applies to activities that are undertaken by share fishermen.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring of this legislation is to conduct an annual review of the existing NICs rates, limits and thresholds. This is the standard established procedure for monitoring NICs receipts.

10.2 The instrument does not include a statutory review clause in line with the requirements of the Small Business, Enterprise and Employment Act 2015.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 (“relevant European Union Acts”).