



Social Security Contributions and Benefits (Northern Ireland) Act 1992

1992 CHAPTER 7

PART I **N.I.**

CONTRIBUTIONS

Modifications etc. (not altering text)

- C1** Pt. I (ss. 1-19): power to modify conferred (7.2.1994) by 1993 c. 49, s. 35, **Sch. 1 Pt. I para. 5(3)(d)**; S.R. 1994/17, **art. 2**
Pt. I (ss. 1-19) amended (1.4.1999) by 1999 c. 2, s. 3(1)(7); S.I. 1999/527, art. 2(b), **Sch. 2**

Preliminary

1 Outline of contributory system. **N.I.**

(1) The funds required—

- (a) for paying such benefits under this Act as are payable out of the National Insurance Fund and not out of other public money; and
- (b) for the making of payments under section 142 of the Administration Act towards the cost of the health service,

shall be provided by means of contributions payable to the Department by earners, employers and others, together with the additions under subsection (5) below [^{F1}and amounts payable under Article 4 of the Social Security (Northern Ireland) Order 1993].

(2) Contributions under this Part of this Act shall be of the following five classes—

- (a) Class 1, earnings-related, payable under section 6 below, being—
 - (i) primary Class 1 contributions from employed earners; and

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- (ii) secondary Class 1 contributions from employers and other persons paying earnings;
 - (b) Class 1A, payable under section 10 below in respect of cars made available for private use and car fuel by persons liable to pay secondary Class 1 contributions and certain other persons;
 - (c) Class 2, flat-rate, payable weekly under section 11 below by self-employed earners;
 - (d) Class 3, payable under section 13 below by earners and others voluntarily with a view to providing entitlement to benefit, or making up entitlement; and
 - (e) Class 4, payable under section 15 below in respect of the profits or gains of a trade, profession or vocation, or under section 18 below in respect of equivalent earnings.
- (3) The amounts and rates of contributions in this Part of this Act and the other figures in it which affect the liability of contributors shall—
- (a) be subject to regulations under sections 19(4) and 116 to 119 below; and
 - (b) to the extent provided for by section 129 of the Administration Act be subject to alteration by orders made under that section,
- and the provisions of this Part of this Act are subject to the provisions of [^{F2}Chapter II of Part III of the Pensions Act (reduction in state scheme contributions and social security benefits for members of certified schemes)].
- (4) Schedule 1 to this Act—
- (a) shall have effect with respect to the computation, collection and recovery of contributions of Classes 1, 1A, 2 and 3, and otherwise with respect to contributions of those classes; and
 - (b) shall also, to the extent provided by regulations made under section 18 below, have effect with respect to the computation, collection and recovery of Class 4 contributions, and otherwise with respect to such contributions, where under that section provision is made for contributions of that class to be recovered by the Department and not by the Inland Revenue under section 16(1) to (3) of the Great Britain Contributions and Benefits Act.
- (5) For each financial year there shall, by way of addition to contributions, be paid out of money hereafter appropriated for that purpose, in such manner and at such times as the Department of Finance and Personnel may determine, amounts the total of which for any such year is equal to the aggregate of all statutory sick pay and statutory maternity pay recovered by employers and others in that year, as estimated by the Department.
- (6) No person shall—
- (a) be liable to pay Class 1, Class 1A or Class 2 contributions unless he fulfils prescribed conditions as to residence or presence in Northern Ireland;
 - (b) be entitled to pay Class 3 contributions unless he fulfils such conditions; or
 - (c) be entitled to pay Class 1, Class 1A or Class 2 contributions other than those which he is liable to pay, except so far as he is permitted by regulations to pay them.

Textual Amendments

F1 Words in s. 1(1) added (17.3.1993) by S.I. 1993/592 (N.I. 2), arts. 1(2), 4(9)

F2 Words in s. 1(3) substituted (7.2.1994) by 1993 c. 49, s. 184, Sch. 7 para.27; S.R. 1994/17, art. 2

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2 Categories of earners. **N.I.**

(1) In this Part of this Act and Parts II to V—

- (a) “employed earner” means a person who is gainfully employed in Northern Ireland either under a contract of service, or in an office (including elective office) with emoluments chargeable to income tax under Schedule E; and
- (b) “self-employed earner” means a person who is gainfully employed in Northern Ireland otherwise than in employed earner’s employment (whether or not he is also employed in such employment).

(2) Regulations may provide—

- (a) for employment of any prescribed description to be disregarded in relation to liability for contributions otherwise arising from employment of that description;
- (b) for a person in employment of any prescribed description to be treated, for the purposes of this Act, as falling within one or other of the categories of earner defined in subsection (1) above, notwithstanding that he would not fall within that category apart from the regulations.

(3) Where a person is to be treated by reference to any employment of his as an employed earner, then he is to be so treated for all purposes of this Act; and references throughout this Act to employed earner’s employment shall be construed accordingly.

(4) Subsections (1) to (3) above are subject to the provision made by section 95 below as to the employments which are to be treated, for the purposes of industrial injuries benefit, as employed earner’s employments.

(5) For the purposes of this Act, a person shall be treated as a self-employed earner as respects any week during any part of which he is such an earner (without prejudice to his being also treated as an employed earner as respects that week by reference to any other employment of his).

3 “Earnings” and “earner”. **N.I.**

(1) In this Part of this Act and Parts II to V—

- (a) “earnings” includes any remuneration or profit derived from an employment; and
- (b) “earner” shall be construed accordingly.

(2) For the purposes of this Part of this Act and of Parts II to V other than those of Schedule 8—

- (a) the amount of a person’s earnings for any period; or
- (b) the amount of his earnings to be treated as comprised in any payment made to him or for his benefit,

shall be calculated or estimated in such manner and on such basis as may be prescribed.

(3) Regulations made for the purposes of subsection (2) above may prescribe that payments of a particular class or description made or falling to be made to or by a person shall, to such extent as may be prescribed, be disregarded or, as the case may be, be deducted from the amount of that person’s earnings.

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Modifications etc. (not altering text)

C2 S. 3 applied (7.2.1994) by 1993 c. 49, s. 176(1); S.R. 1994/17, art. 2

4 Payments treated as remuneration and earnings. N.I.

- (1) For the purposes of section 3 above there shall be treated as remuneration derived from employed earner's employment—
- (a) any sum paid to or for the benefit of a person in satisfaction (whether in whole or in part) of any entitlement of that person to—
 - (i) statutory sick pay; or
 - (ii) statutory maternity pay; and
 - (b) any sickness payment made—
 - (i) to or for the benefit of the employed earner; and
 - (ii) in accordance with arrangements under which the person who is the secondary contributor in relation to the employment concerned has made, or remains liable to make, payments towards the provision of that sickness payment.
- (2) Where the funds for making sickness payments under arrangements of the kind mentioned in paragraph (b) of subsection (1) above are attributable in part to contributions to those funds made by the employed earner, regulations may make provision for disregarding, for the purposes of that subsection, the prescribed part of any sum paid as a result of the arrangements.
- (3) For the purposes of subsections (1) and (2) above “sickness payment” means any payment made in respect of absence from work due to incapacity for work, within the meaning of section 57 below.
- (4) For the purposes of section 3 above there shall be treated as remuneration derived from an employed earner's employment any sum paid to or for the benefit of an employed earner which is chargeable to tax by virtue of section 313 of the ^{M1}Income and Corporation Taxes Act 1988 (taxation of consideration for certain restrictive undertakings) otherwise than by virtue of subsection (4) of that section.
- (5) For the purposes of section 3 above regulations may make provision for treating as remuneration derived from an employed earner's employment any payment made by a body corporate to or for the benefit of any of its directors where that payment would, when made, not be earnings for the purposes of this Act.

Modifications etc. (not altering text)

C3 S. 4 applied (7.2.1994) by 1993 c. 49, s. 176(1); S.R. 1994/17, art. 2

Marginal Citations

M1 1988 c. 1.

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VALID FROM 22/12/1999

[^{F3}4A Earnings of workers supplied by service companies etc. N.I.]

(1) Regulations may make provision for securing that where—

- (a) an individual (“the worker”) personally performs, or is under an obligation personally to perform, services for the purposes of a business carried on by another person (“the client”),
- (b) the performance of those services by the worker is (within the meaning of the regulations) referable to arrangements involving a third person (and not referable to any contract between the client and the worker), and
- (c) the circumstances are such that, were the services to be performed by the worker under a contract between him and the client, he would be regarded for the purposes of the applicable provisions of this Act as employed in employed earner’s employment by the client,

relevant payments or benefits are, to the specified extent, to be treated for those purposes as earnings paid to the worker in respect of an employed earner’s employment of his.

(2) For the purposes of this section—

- (a) “the intermediary” means—
 - (i) where the third person mentioned in subsection (1)(b) above has such a contractual or other relationship with the worker as may be specified, that third person, or
 - (ii) where that third person does not have such a relationship with the worker, any other person who has both such a relationship with the worker and such a direct or indirect contractual or other relationship with the third person as may be specified; and
- (b) a person may be the intermediary despite being—
 - (i) a person with whom the worker holds any office or employment, or
 - (ii) a body corporate, unincorporated body or partnership of which the worker is a member;

and subsection (1) above applies whether or not the client is a person with whom the worker holds any office or employment.

(3) Regulations under this section may, in particular, make provision—

- (a) for the worker to be treated for the purposes of the applicable provisions of this Act, in relation to the specified amount of relevant payments or benefits (the worker’s “attributable earnings”), as employed in employed earner’s employment by the intermediary;
- (b) for the intermediary (whether or not he fulfils the conditions prescribed under section 1(6)(a) above for secondary contributors) to be treated for those purposes as the secondary contributor in respect of the worker’s attributable earnings;
- (c) for determining—
 - (i) any deductions to be made, and
 - (ii) in other respects the manner and basis in and on which the amount of the worker’s attributable earnings for any specified period is to be calculated or estimated,

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- in connection with relevant payments or benefits;
- (d) for aggregating any such amount, for purposes relating to contributions, with other earnings of the worker during any such period;
 - (e) for determining the date by which contributions payable in respect of the worker's attributable earnings are to be paid and accounted for;
 - (f) for apportioning payments or benefits of any specified description, in such manner or on such basis as may be specified, for the purpose of determining the part of any such payment or benefit which is to be treated as a relevant payment or benefit for the purposes of the regulations;
 - (g) for disregarding for the purposes of the applicable provisions of this Act, in relation to relevant payments or benefits, an employed earner's employment in which the worker is employed (whether by the intermediary or otherwise) to perform the services in question;
 - (h) for otherwise securing that a double liability to pay any amount by way of a contribution of any description does not arise in relation to a particular payment or benefit or (as the case may be) a particular part of a payment or benefit;
 - (i) for securing that, to the specified extent, two or more persons, whether—
 - (i) connected persons (within the meaning of section 839 of the ^{M2}Income and Corporation Taxes Act 1988), or
 - (ii) persons of any other specified description,
 are treated as a single person for any purposes of the regulations;
 - (j) (without prejudice to paragraph (i) above) for securing that a contract made with a person other than the client is to be treated for any such purposes as made with the client;
 - (k) for excluding or modifying the application of the regulations in relation to such cases, or payments or benefits of such description, as may be specified.
- (4) Regulations made in pursuance of subsection (3)(c) above may, in particular, make provision—
- (a) for the making of a deduction of a specified amount in respect of general expenses of the intermediary as well as deductions in respect of particular expenses incurred by him;
 - (b) for securing reductions in the amount of the worker's attributable earnings on account of—
 - (i) any secondary Class 1 contributions already paid by the intermediary in respect of actual earnings of the worker, and
 - (ii) any such contributions that will be payable by him in respect of the worker's attributable earnings.
- (5) Regulations under this section may make provision for securing that, in applying any provisions of the regulations, any term of a contract or other arrangement which appears to be of a description specified in the regulations is to be disregarded.
- (6) In this section—
- “the applicable provisions of this Act” means this Part of this Act and Parts II to V below;
 - “business” includes any activity carried on—
 - (a) by a government department or public or local authority (in the United Kingdom or elsewhere), or

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(b) by a body corporate, unincorporated body or partnership;

“relevant payments or benefits” means payments or benefits of any specified description made or provided (whether to the intermediary or the worker or otherwise) in connection with the performance by the worker of the services in question;

“specified” means prescribed by or determined in accordance with regulations under this section.

- (7) Any reference in this section to the performance by the worker of any services includes a reference to any such obligation of his to perform them as is mentioned in subsection (1)(a) above.
- (8) Regulations under this section shall be made by the Treasury with the concurrence of the Department.
- (9) If, on any modification of the statutory provisions relating to income tax, it appears to the Treasury to be expedient to modify any of the preceding provisions of this section for the purpose of assimilating the law relating to income tax and the law relating to contributions under this Part of this Act, the Treasury may with the concurrence of the Department by order make such modifications of the preceding provisions of this section as the Treasury think appropriate for that purpose.]

Textual Amendments

F3 S. 4A inserted (22.12.1999) by 1999 c. 30, s. 76; S.I. 1999/3420, art. 3

Marginal Citations

M2 1988 c. 1.

Class 1 contributions

5 Earnings limits for Class 1 contributions. N.I.

- (1) For the purposes of this Act there shall for every tax year be—
- a lower earnings limit for Class 1 contributions, being the level of weekly earnings at which employed earners become liable for such contributions in respect of the earnings from their employments; and
 - an upper earnings limit for Class 1 contributions, being the maximum amount of weekly earnings in respect of which primary Class 1 contributions are payable;
- and those limits shall be the amounts specified for that year by regulations made in accordance with subsections (2) and (3) below.
- (2) The amount specified as the lower earnings limit for any tax year shall be an amount equal to or not more than 99p less than—
- the sum which at the beginning of that year is specified in section 44(4) below as the weekly rate of the basic pension in a Category A retirement pension; or
 - that sum as increased by any Act, Measure or order passed, enacted or made before the beginning of that year and taking effect before 6th May in that year.

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- (3) The amount specified as the upper earnings limit for any tax year shall be an amount which either—
- (a) is equal to 7 times the sum by reference to which the lower earnings limit for that year is specified in accordance with subsection (2) above; or
 - (b) exceeds or falls short of 7 times that sum by an amount not exceeding half that sum.

Modifications etc. (not altering text)

C4 S. 5 applied (7.2.1994) by 1993 c. 49, s. 176(1); S.R. 1994/17, art. 2

6 Liability for Class 1 contributions. N.I.

- (1) Where in any tax week earnings are paid to or for the benefit of an earner in respect of any one employment of his which is employed earner's employment and—
- (a) he is over the age of 16; and
 - (b) the amount paid is equal to or exceeds the current lower earnings limit for Class 1 contributions (or the prescribed equivalent in the case of earners paid otherwise than weekly),
- a primary and a secondary Class 1 contribution shall be payable in accordance with this section and sections 8 and 9 below.
- (2) Except as may be prescribed, no primary Class 1 contribution shall be payable in respect of earnings paid to or for the benefit of an employed earner after he attains pensionable age, but without prejudice to any liability to pay secondary Class 1 contributions in respect of any such earnings.
- (3) The primary and secondary Class 1 contributions referred to in subsection (1) above are payable as follows—
- (a) the primary contribution shall be the liability of the earner; and
 - (b) the secondary contribution shall be the liability of the secondary contributor;
- but nothing in this subsection shall prejudice the provisions of paragraph 3 of Schedule 1 to this Act relating to the manner in which the earner's liability falls to be discharged.
- (4) Except as provided by this Act, the primary and secondary Class 1 contributions in respect of earnings paid to or for the benefit of an earner in respect of any one employment of his shall be payable without regard to any other such payment of earnings in respect of any other employment of his.
- (5) Regulations may provide for reducing primary or secondary Class 1 contributions which are payable in respect of persons to whom section 11 of the ^{M3}Contracts of Employment and Redundancy Payments Act (Northern Ireland) 1965 (redundancy payments) does not apply by virtue of section 26(1) or (5) of that Act.
- (6) The power conferred by subsection (1) above to prescribe an equivalent of the lower earnings limit includes power to prescribe an amount which exceeds, by not more than £1.00, the amount which is the arithmetical equivalent of that limit.

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Marginal Citations

M3 1965 c.19 (N.I.).

VALID FROM 22/12/1999

[^{F4}6A Notional payment of primary Class 1 contribution where earnings not less than lower earnings limit. N.I.]

- (1) This section applies where in any tax week earnings are paid to or for the benefit of an earner over the age of 16 in respect of any one employment of his which is employed earner's employment and the amount paid—
 - (a) is not less than the current lower earnings limit (or the prescribed equivalent), but
 - (b) does not exceed the current primary threshold (or the prescribed equivalent).
- (2) Subject to any prescribed exceptions or modifications—
 - (a) the earner shall be treated as having actually paid a primary Class 1 contribution in respect of that week, and
 - (b) those earnings shall be treated as earnings upon which such a contribution has been paid,for any of the purposes mentioned in subsection (3) below.
- (3) The purposes are—
 - (a) the purposes of section 14(1)(a) below;
 - (b) the purposes of the provisions mentioned in section 21(5A)(a) to (c) below;
 - (c) any other purposes relating to contributory benefits; and
 - (d) any purposes relating to jobseeker's allowance.
- (4) Regulations may provide for any provision of this Act which, in whatever terms, refers—
 - (a) to primary Class 1 contributions being payable by a person, or
 - (b) otherwise to a person's liability to pay such contributions,to have effect for the purposes of this section with any prescribed modifications.
- (5) Except as may be prescribed, nothing in this section applies in relation to earnings paid to or for the benefit of an employed earner after he attains pensionable age.
- (6) Except as provided by this Act, this section applies in relation to earnings paid to or for the benefit of an earner in respect of any one employment of his irrespective of any other such payment of earnings in respect of any other employment of his.
- (7) Regulations under this section shall be made by the Treasury.]

Textual Amendments

F4 S. 6A inserted (22.12.1999 for specified purposes and 6.4.2000 otherwise) by 1999 c. 30, s. 74, Sch. 10 para. 3; S.I. 1999/3420, art. 2

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Modifications etc. (not altering text)

C5 S. 6A(2) modified (6.4.2000) by S.I. 2000/748, regs. 3-6

7 “Secondary contributor”. **N.I.**

(1) For the purposes of this Act, the “secondary contributor” in relation to any payment of earnings to or for the benefit of an employed earner, is—

- (a) in the case of an earner employed under a contract of service, his employer;
- (b) in the case of an earner employed in an office with emoluments, either—
 - (i) such person as may be prescribed in relation to that office; or
 - (ii) if no person is prescribed, the government department, public authority or body of persons responsible for paying the emoluments of the office;

but this subsection is subject to subsection (2) below.

(2) In relation to employed earners who—

- (a) are paid earnings in a tax week by more than one person in respect of different employments; or
- (b) work under the general control or management of a person other than their immediate employer,

and in relation to any other case for which it appears to the Department that such provision is needed, regulations may provide that the prescribed person is to be treated as the secondary contributor in respect of earnings paid to or for the benefit of an earner.

8 Calculation of primary Class 1 contributions. **N.I.**

(1) Where a primary Class 1 contribution is payable, the amount of that contribution shall be the aggregate of—

- (a) the initial primary percentage of so much of the earner’s earnings paid in the tax week, in respect of the employment in question, as does not exceed the current lower earnings limit; and
- (b) the main primary percentage of so much of those earnings as exceeds that limit but does not exceed the current upper earnings limit;

but this subsection is subject to regulations under section 6(5) above and sections 116 to 119 below and to [^{F5}section 37 of the Pensions Act (reduced rates of Class 1 contributions for earners in contracted-out employment)].

(2) For the purposes of this Act the primary percentages shall be as follows—

- (a) the initial primary percentage shall be 2 per cent.; and
- (b) the main primary percentage shall be [^{F6}10 per cent.];

but the rates of those primary percentages are subject to alteration under section 129 of the Administration Act.

(3) In the case of earners paid otherwise than weekly, any reference in subsection (1) above to the current upper, or (as the case may be) lower, earnings limit shall be taken as a reference to the prescribed equivalent of that limit.

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- (4) The power conferred by subsection (3) above to prescribe an equivalent of a limit includes power to prescribe an amount which exceeds, by not more than £1.00, the amount which is the arithmetical equivalent of that limit.

Textual Amendments

- F5** Words in s. 8(1) substituted (7.2.1994) by 1993 c. 49, s. 184, **Sch. 7 para. 28**; S.R. 1994/17, **art. 2**
F6 Words in s. 8(2)(b) substituted (6.4.1994) by S.I. 1994/765 (N.I. 4), **arts. 1, 3(1)(2)**

9 Calculation of secondary Class 1 contributions. **N.I.**

- (1) Where a secondary Class 1 contribution is payable, the amount of that contribution shall be the appropriate secondary percentage of the earnings paid in the week in respect of the employment in question.
- (2) For the purposes of subsection (1) above, the “appropriate secondary percentage”, in relation to the earner’s earnings, is the percentage specified in subsection (3) below as appropriate to the secondary earnings bracket (or the prescribed equivalent in the case of earners paid otherwise than weekly) into which those earnings fall.
- (3) The secondary earnings brackets and the percentages appropriate to them shall be as set out below—

	Weekly earnings	Appropriate percentage
Bracket 1	Current lower earnings limit to [^{F7} £104.99]	[^{F7} 3 per cent.]
Bracket 2	[^{F8} £105.00] to [^{F8} £149.99]	[^{F8} 5. per cent.]
Bracket 3	[^{F9} £150.00] to [^{F9} £204.99]	[^{F9} 7per cent.]
Bracket 4	[^{F10} £205.00] or more	[^{F10} 10.2per cent.]

- (4) Subsections (1) and (3) above are subject as mentioned below, that is to say—
- (a) subsection (1) is subject to [^{F11}section 37 of the Pensions Act] and to regulations under section 6(5) above and sections 116 to 119 below;
- (b) subsection (3) is subject to any order under section 129 of the Administration Act.
- (5) The power conferred by subsection (2) above to prescribe an equivalent of a bracket includes power to prescribe an amount which exceeds, by not more than £1.00, the amount which is the arithmetical equivalent of that bracket.

Textual Amendments

- F7** Words in s. 9(3) substituted (6.4.1995) by S.I. 1995/79, **art. 2(a)**
F8 Words in s. 9(3) substituted (6.4.1995) by S.R. 1995/79, **art. 2(b)**
F9 Words in s. 9(3) substituted (6.4.1995) by S.R. 1995/79, **art. 2(c)**
F10 Words in s. 9(3) substituted (6.4.1995) by S.R. 1995/79, **art. 2(d)**
F11 Words in s. 9(4) substituted (7.2.1994) by 1993 c. 49, s. 184, **Sch. 7 para. 29**; S.R. 1994/17, **art. 2(a)**

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Class 1A contributions

10 Class 1A contributions. **N.I.**

(1) Where—

- (a) for any tax year an amount in respect of a car is by virtue of section 157 of the ^{M4}Income and Corporation Taxes Act 1988 chargeable on an earner to income tax under Schedule E; and
- (b) the employment by reason of which the car is made available is employed earner’s employment,

a Class 1A contribution shall be payable for that tax year, in accordance with this section, in respect of the earner and car in question.

(2) The Class 1A contribution referred to in subsection (1) above is payable by—

- (a) the person who is liable to pay the secondary Class 1 contribution relating to the last (or only) relevant payment of earnings in the tax year in relation to which there is a liability to pay such a contribution; or
- (b) if no such contribution is payable in relation to a relevant payment of earnings in the tax year, the person who would be liable but for section 6(1)(b) above to pay a secondary Class 1 contribution relating to the last (or only) relevant payment of earnings in the tax year.

(3) A payment of earnings is a “relevant payment of earnings” for the purposes of subsection (2) above if it is made to or for the benefit of the earner in respect of the employment by reason of which the car is made available.

(4) The amount of the Class 1A contribution referred to in subsection (1) above shall be—

- (a) the Class 1A percentage of the cash equivalent of the benefit of the car to the earner in the tax year; or
- (b) where for the tax year an amount in respect of fuel for the car is by virtue of section 158 of the ^{M5}Income and Corporation Taxes Act 1988 also chargeable on the earner to income tax under Schedule E, the aggregate of—
 - (i) the Class 1A percentage of the cash equivalent of the benefit of the fuel to the earner in the tax year; and
 - (ii) the amount mentioned in paragraph (a) above,

the cash equivalents of the benefit of a car or fuel being ascertained, subject to the provisions of this section, in accordance with section 157 or, as the case may be, 158 of the Income and Corporation Taxes Act 1988 and Schedule 6 to that Act.

(5) In subsection (4) above “the Class 1A percentage” means a percentage rate equal to the percentage rate for secondary Class 1 contributions specified in section 9(3) above as appropriate for the highest secondary earnings bracket for the tax year in question.

(6) In calculating for the purposes of subsection (4) above the cash equivalent of the benefit of a car or fuel—

- ^{F12}(a) the car shall not be treated as being unavailable on a day by virtue of paragraph 9(c) of Schedule 6 to the Income and Corporation Taxes Act 1988 for the purposes of section 158(5) of that Act ^{F13} or paragraph 3 or 6 of that Schedule, unless the person liable to pay the contribution has information to show that the condition specified in paragraph 9(c) is satisfied as regards that day;
- (b) the use of the car for the earner’s business travel shall be taken—

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- (i) for the purposes of sub-paragraph (1) of paragraph 2 of that Schedule to have amounted to less than 18,000 miles (or such lower figure as is applicable by virtue of sub-paragraph (a) of paragraph 3 of that Schedule); and
 - (ii) for the purposes of sub-paragraph (2) of paragraph 2 of that Schedule to have amounted to less than 2,500 miles (or such lower figure as is applicable by virtue of sub-paragraph (b) of paragraph 3 of that Schedule),
- unless in either case the person liable to pay the contribution has information to show to the contrary; and]
- (c) for the purposes of [^{F14}paragraph 4] of that Schedule, the car shall be treated as not having been the car used to the greatest extent for the employee's business travel, unless the person liable to pay the contribution has information to show the contrary.
- (7) Regulations may make such amendments of this section as appear to the Department to be necessary or expedient in consequence of any alteration to section 157 or 158 of the ^{M6}Income and Corporation Taxes Act 1988 or Schedule 6 to that Act.
- (8) A person shall be liable to pay different Class 1A contributions in respect of different earners, different cars and different tax years.
- (9) Regulations may provide—
- (a) for persons to be excepted in prescribed circumstances from liability to pay Class 1A contributions;
 - (b) for reducing Class 1A contributions in prescribed circumstances.

Textual Amendments

F12 S. 10(6)(a)(b) substituted (6.4.1994 with effect as mentioned in art. 4(2) of the amending S.R.) by S.R. 1994/94, art. 4(1)(a)(2)

F13 Section 158(5) was amended by paragraph 6(2) of Schedule 3 to the Finance Act 1993

F14 Words in s. 10(6)(c) substituted (6.4.1994 with effect as mentioned in art. 4(2) of the amending S.R.) by S.R. 1994/94, art. 4(1)(b)(2)

Marginal Citations

M4 1988 c. 1.

M5 1988 c. 1.

M6 1988 c.1.

VALID FROM 28/07/2000

[^{F15}10Z] Liability of third party provider of benefits in kind. **N.I.**

- (1) This section applies, where—
- (a) a Class 1A contribution is payable for any tax year in respect of the whole or any part of an emolument received by an earner;
 - (b) the emolument, in so far as it is one in respect of which such a contribution is payable, consists in a benefit provided for the earner or a member of his family or household;

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- (c) the person providing the benefit is a person other than the person (“the relevant employer”) by whom, but for this section, the Class 1A contribution would be payable in accordance with section 10(2) above; and
 - (d) the provision of the benefit by that other person has not been arranged or facilitated by the relevant employer.
- (2) For the purposes of this Act if—
- (a) the person providing the benefit pays an amount for the purpose of discharging any liability of the earner to income tax for any tax year, and
 - (b) the income tax in question is tax chargeable in respect of the provision of the benefit or of the making of the payment itself,
- the amount of the payment shall be treated as if it were an emolument consisting in the provision of a benefit to the earner in that tax year and falling, for the purposes of Class 1 contributions, to be left out of account in the computation of the earnings paid to or for the benefit of the earner.
- (3) Subject to subsection (4) below, the liability to pay any Class 1A contribution in respect of—
- (a) the benefit provided to the earner, and
 - (b) any further benefit treated as so provided in accordance with subsection (2) above,
- shall fall on the person providing the benefit, instead of on the relevant employer.
- (4) Subsection (3) above applies in the case of a Class 1A contribution for the tax year beginning with 6th April 2000 only if the person providing the benefit in question gives notice in writing to the Inland Revenue on or before 6th July 2001 that he is a person who provides benefits in respect of which a liability to Class 1A contributions is capable of falling by virtue of this section on a person other than the relevant employer.
- (5) The Treasury may by regulations make provision specifying the circumstances in which a person is or is not to be treated for the purposes of this Act as having arranged or facilitated the provision of any benefit.
- (6) In this section references to a member of a person’s family or household shall be construed in accordance with section 168(4) of the ^{M7}Income and Corporation Taxes Act 1988.]

Textual Amendments

F15 Ss. 10ZA, 10ZB inserted (28.7.2000) by 2000 c. 19, s. 79(1)

Marginal Citations

M7 1988 c. 1.

Status: Point in time view as at 06/04/1995. This version of this part contains provisions that are not valid for this point in time.

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VALID FROM 28/07/2000

[^{F16}10ZB Non-cash vouchers provided by third parties. N.I.]

- (1) In section 10ZA above references to the provision of a benefit include references to the provision of a non-cash voucher.
- (2) Where—
 - (a) a non-cash voucher is received by any person from employment to which Chapter II of Part V of the ^{M8}Income and Corporation Taxes Act 1988 does not apply, and
 - (b) the case would be one in which the conditions in section 10ZA(1)(a) to (d) above would be satisfied in relation to the provision of that voucher if that Chapter did apply to that employment,
 sections 10 and 10ZA above shall have effect in relation to the provision of that voucher, and to any such payment in respect of the provision of that voucher as is mentioned in section 10ZA(2) above, as if that employment were employment to which that Chapter applied.
- (3) In this section “non-cash voucher” has the same meaning as in section 141 of the ^{M9}Income and Corporation Taxes Act 1988.]

Textual Amendments

F16 Ss. 10ZA, 10ZB inserted (28.7.2000) by 2000 c. 19, s. 79(1)

Marginal Citations

M8 1988 c. 1.

M9 1988 c. 1.

VALID FROM 09/09/1998

[^{F17}Class 1B contributions]

Textual Amendments

F17 Cross-heading and s. 10A inserted (9.9.1998 for the purpose only of making regulations or orders and otherwise 6.4.1999) by S.I. 1998/1506 (N.I. 10), art. 50; S.R. 1998/312, art. 2(b), **Sch. Pt. II**

[^{F18}10A Class 1B contributions. N.I.]

- (1) Where for any tax year a person is accountable to the Inland Revenue in respect of income tax on emoluments of his employees in accordance with a PAYE settlement agreement, a Class 1B contribution shall be payable by him for that tax year in accordance with this section.
- (2) The Class 1B contribution referred to in subsection (1) above is payable in respect of—

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- (a) the amount of any of the emoluments included in the PAYE settlement agreement which are chargeable emoluments; and
 - (b) the total amount of income tax in respect of which the person is accountable for the tax year in accordance with the PAYE settlement agreement.
- (3) The amount of the Class 1B contribution referred to in subsection (1) above shall be the Class 1B percentage of the aggregate of the amounts mentioned in paragraphs (a) and (b) of subsection (2) above.
- (4) Emoluments are chargeable emoluments for the purposes of subsection (2) above if, apart from section 6(2A) or 10(8A) above, the person accountable in accordance with the PAYE settlement agreement would be liable or entitled to pay secondary Class 1 contributions or Class 1A contributions in respect of them.
- (5) Where—
- (a) the PAYE settlement agreement was entered into after the beginning of the tax year; and
 - (b) Class 1 contributions were due in respect of any emoluments before it was entered into,
- those emoluments shall not be taken to be included in the PAYE settlement agreement.
- (6) For the purposes of subsection (3) above the Class 1B percentage shall be 12.2 per cent., but the percentage is subject to alteration under section 129 of the Administration Act.
- (7) Regulations may provide for persons to be excepted in prescribed circumstances from liability to pay Class 1B contributions.]

Textual Amendments

- F18** S. 10A and the preceding cross-note inserted (9.9.1998 for the purpose only of making regulations or orders and otherwise 6.4.1999) by S.I. 1998/1506 (N.I. 10), art. 5; S.R. 1998/312, art. 2(b), Sch. Pt. II

Class 2 contributions

11 Liability for Class 2 contributions. **N.I.**

- (1) Every self-employed earner who is over the age of 16 shall be liable to pay Class 2 contributions at the rate of [^{F19}£5·75] a week, subject to the provisions of this section and sections 12 and 19(4)(b) below.
- (2) No Class 2 contributions shall be payable by an earner in respect of any period after he attains pensionable age.
- (3) Regulations may make provision so that an earner is liable for a weekly rate of Class 2 contributions higher than that specified in subsection (1) above where—
- (a) in respect of any employment of his, he is treated by regulations under section 2(2)(b) above as being a self-employed earner; and
 - (b) in any period or periods he has earnings from that employment and—

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- (i) those earnings are such that (disregarding their amount) he would be liable for Class 1 contributions in respect of them if he were not so treated in respect of the employment, and
 - (ii) no Class 4 contribution is payable in respect of the earnings by virtue of regulations under section 18(1) below.
- (4) Regulations may provide for an earner otherwise liable for Class 2 contributions in respect of employment as a self-employed earner to be excepted from the liability in respect of any period in which his earnings from such employment are, or are treated by regulations as being, less than [^{F20}£3,260] a tax year.
- (5) Regulations made for the purposes of subsection (4) above shall not except a person from liability to pay contributions otherwise than on his own application, but may provide for so excepting a person with effect from any date not earlier than 13 weeks before the date on which his application was made.

Textual Amendments

F19 Words in s. 11(1) substituted (6.4.1995) by S.R. 1995/79, art. 3(a)

F20 Words in s. 11(4) substituted (6.4.1995) by S.R. 1995/79, art. 3(b)

12 Late paid Class 2 contributions. **N.I.**

- (1) This section applies to any Class 2 contribution paid in respect of a week falling within a tax year (“the contribution year”) earlier than the tax year in which it is paid (“the payment year”).
- (2) Subject to subsections (3) to (5) below, the amount of a contribution to which this section applies shall be the amount which the earner would have had to pay if he had paid the contribution in the contribution year.
- (3) Subject to subsections (4) to (6) below, in any case where—
- (a) the earner pays an ordinary contribution to which this section applies after the end of the tax year immediately following the contribution year; and
 - (b) the weekly rate of ordinary contributions for the week in respect of which the contribution was payable in the contribution year differs from the weekly rate applicable at the time of payment in the payment year,
- the amount of the contribution shall be computed by reference to the highest weekly rate of ordinary contributions in the period beginning with the week in respect of which the contribution is paid and ending with the day on which it is paid.
- (4) The Department may by regulations direct that subsection (3) above shall have effect in relation to a higher-rate contribution to which this section applies subject to such modifications as may be prescribed.
- (5) Subject to subsection (6) below, for the purposes of proceedings in any court relating to an earner’s failure to pay Class 2 contributions, the amount of each contribution which he is to be treated as having failed to pay is the amount which he would have paid in accordance with subsections (1) to (3) above or regulations under subsection (6) below if he had paid that contribution on the date on which the proceedings commenced.
- (6) The Department may by regulations provide that the amount of any contribution which, apart from the regulations, would fall to be computed in accordance with

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subsection (3) or (5) above shall instead be computed by reference to a tax year not earlier than the contribution year but earlier—

- (a) in a case falling within subsection (3) above, than the payment year; and
- (b) in a case falling within subsection (5) above, than the tax year in which the proceedings commenced.

(7) For the purposes of this section—

- (a) proceedings in the High Court or a county court commence when an action commences; and
- (b) proceedings under section 108 of the Administration Act (offences relating to contributions) commence when a complaint is made.

(8) In this section—

“ordinary contribution” means a contribution under section 11(1) above; and

“higher-rate contribution” means a contribution under regulations made under section 11(3) above.

Class 3 contributions

13 **Class 3 contributions.** **N.I.**

(1) Regulations shall provide for earners and others, if over the age of 16, to be entitled if they so wish, but subject to any prescribed conditions, to pay Class 3 contributions; and, subject to the following provisions of this section, the amount of a Class 3 contribution shall be [^{F21}£5·65].

(2) Payment of Class 3 contributions shall be allowed only with a view to enabling the contributor to satisfy contribution conditions of entitlement to benefit by acquiring the requisite earnings factor for the purposes described in section 22 below.

(3) Regulations may provide for Class 3 contributions, although paid in one tax year, to be appropriated in prescribed circumstances to the earnings factor of another tax year.

(4) The amount of a Class 3 contribution in respect of a tax year earlier than the tax year in which it is paid shall be the same as if it had been paid in the earlier year and in respect of that year, unless it falls to be calculated in accordance with subsection (6) below or regulations under subsection (7) below.

(5) In this section—

“the payment year” means the tax year in which a contribution is paid; and

“the contribution year” means the earlier year mentioned in subsection (4) above.

(6) Subject to subsection (7) below, in any case where—

- (a) a Class 3 contribution is paid after the end of the next tax year but one following the contribution year; and
- (b) the amount of a Class 3 contribution applicable had the contribution been paid in the contribution year differs from the amount of a Class 3 contribution applicable at the time of payment in the payment year,

the amount of the contribution shall be computed by reference to the highest of those two amounts and of any other amount of a Class 3 contribution in the intervening period.

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- (7) The Department may by regulations provide that the amount of a contribution which apart from the regulations would fall to be computed in accordance with subsection (6) above shall instead be computed by reference to the amount of a Class 3 contribution for a tax year earlier than the payment year but not earlier than the contribution year.

Textual Amendments

F21 Words in s. 13(1) substituted (6.4.1995) by S.R. 1995/79, art. 4

14 Restriction on right to pay Class 3 contributions. **N.I.**

- (1) No person shall be entitled to pay a Class 3 contribution in respect of any tax year if his earnings factor, or the aggregate of his earnings factors, for that year derived—
- (a) in the case of 1987-88 or any subsequent year, from earnings upon which Class 1 contributions have been paid or treated as paid or from Class 2 contributions actually paid; or
 - (b) in the case of any earlier year, from contributions actually paid,
- is equal to or exceeds the qualifying earnings factor for that year; and regulations may provide for precluding the payment of Class 3 contributions in other cases.
- (2) Regulations may provide for the repayment of Class 3 contributions that have been paid in cases where their payment was precluded by, or by regulations made under, subsection (1) above.
- (3) Contributions repayable by virtue of regulations under subsection (2) above shall, for the purpose of determining the contributor's entitlement to any benefit, be treated as not having been paid (but nothing in this subsection shall be taken to imply that any other repayable contributions are to be treated for the purposes of benefit as having been paid).

Class 4 contributions

15 Class 4 contributions recoverable under the Income Tax Acts. **N.I.**

- (1) Class 4 contributions shall be payable for any tax year in respect of all annual profits or gains which—
- (a) are immediately derived from the carrying on or exercise of one or more trades, professions or vocations, and
 - (b) are profits or gains chargeable to income tax under Case I or Case II of Schedule D for the year of assessment corresponding to that tax year.
- (2) Class 4 contributions in respect of profits or gains shall be payable—
- (a) in the same manner as any income tax which is, or would be, chargeable in respect of those profits or gains (whether or not income tax in fact falls to be paid), and
 - (b) by the person on whom the income tax is (or would be) charged,
- in accordance with assessments made from time to time under the Income Tax Acts as applied and modified by section 16(1) to (3) of the Great Britain Contributions and Benefits Act.

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- (3) A Class 4 contribution for any tax year shall be an amount equal to [^{F22}7.3 per cent.] of so much of the profits or gains referred to in subsection (1) above (as computed in accordance with Schedule 2 to the Great Britain Contributions and Benefits Act, the text of which is set out as Schedule 2 to this Act) as exceeds [^{F23}£6,640] and does not exceed [^{F23}£22,880].
- (4) The reference in subsection (1) above to profits or gains chargeable to income tax under Case I or Case II of Schedule D shall be taken to include a reference to profits or gains consisting of a payment of enterprise allowance chargeable to income tax under Case VI of Schedule D by virtue of section 127(2) of the ^{M10}Income and Corporation Taxes Act 1988.
- (5) For the purposes of this section the year of assessment which corresponds to a tax year is the year of assessment (within the meaning of the Tax Acts) which consists of the same period as that tax year.

Textual Amendments

F22 Words in s. 15(3) substituted (6.4.1994) by S.R. 1994/79, art. 5

F23 Words in s. 15(3) substituted (6.4.1995) by S.R. 1995/79, art. 5

Marginal Citations

M10 1988 c.1.

16 Destination of Class 4 contributions. **N.I.**

Any money paid over by the Secretary of State under section 16(5) of the Great Britain Contributions and Benefits Act (Class 4 contributions collected from Northern Ireland) shall be treated as Class 4 contributions collected by the Department for the purposes of this Act.

17 Exceptions, deferment and incidental matters relating to Class 4 contributions. **N.I.**

- (1) The Department may by regulations made with the concurrence of the Inland Revenue provide—
- (a) for excepting persons from liability to pay Class 4 contributions in accordance with section 15(1) to (3) above and section 16(1) to (3) of the Great Britain Contributions and Benefits Act; or
 - (b) for deferring any person's liability,
- and may certify from time to time to the Inland Revenue the persons who are excepted from liability, or whose liability is to be deferred, and who accordingly are not required (except in accordance with the regulations) to be assessed for contributions.
- (2) Exception from liability, or deferment, under subsection (1) above may, in particular, be by reference—
- (a) to a person otherwise liable for contributions being under a prescribed age at the beginning of a tax year;
 - (b) to a person having attained pensionable age;
 - (c) to a person being in receipt of earnings in respect of which primary Class 1 contributions are, or may be, payable; or

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- (d) to a person not satisfying prescribed conditions as to residence or presence in the United Kingdom.
- (3) Regulations may provide for any incidental matters arising out of the payment of any Class 4 contributions recovered by the Inland Revenue, including in particular the return, in whole or in part, of such contributions in cases where—
 - (a) payment has been made in error; or
 - (b) repayment ought for any other reason to be made.
- (4) Regulations may provide for any matters arising out of the deferment of liability for Class 4 contributions under subsection (1) above, including in particular provision for the amount of a person's profits or gains (as computed in accordance with the Great Britain Contributions and Benefits Act) to be certified by the Inland Revenue to the Department and the person liable.
- (5) No such certificate as is referred to in subsection (4) above shall relate to a person's profits or gains so far as they exceed the higher of the two money sums for the time being specified in section 15(3) above.
- (6) Any regulations under subsection (3) or (4) above must be made with the concurrence of the Inland Revenue.

18 Class 4 contributions recoverable under regulations. **N.I.**

- (1) Provision may be made by regulations so that where—
 - (a) an earner, in respect of any one or more employments of his, is treated by regulations under section 2(2)(b) above as being self-employed; and
 - (b) in any tax year he has earnings from any such employment (one or more) which fall within paragraph (b)(i) of subsection (3) of section 11 above but is not liable for a higher weekly rate of Class 2 contributions by virtue of regulations under that subsection; and
 - (c) the total of those earnings exceeds [^{F24}£6,640],
 he is to be liable, in respect of those earnings, to pay a Class 4 contribution of an amount equal to [^{F25}7.3 per cent.] of so much of the total as exceeds [^{F24}£6,640] and does not exceed [^{F24}£22,880].
- (2) It shall be for the Department and not the Inland Revenue, to recover Class 4 contributions payable by virtue of regulations under this section and generally to be responsible for the relevant administration; and, in relation to contributions so payable, regulations may—
 - (a) apply any of the provisions of Schedule 1 to this Act (except a provision conferring power to make regulations); and
 - (b) make any such provision as may be made by regulations under that Schedule, except paragraph 6.

Textual Amendments

F24 Words in s. 18(1) substituted (6.4.1995) by S.R. 1995/79, art. 5

F25 Words in s. 18(1) substituted (6.4.1994) by S.R. 1994/79, art. 5(a)

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General

19 General power to regulate liability for contributions. **N.I.**

- (1) Regulations may provide either generally or in relation to—
 - (a) any prescribed category of earners; or
 - (b) earners in any prescribed category of employments,
 that their liability in a particular tax year in respect of contributions of prescribed classes is not to exceed such maximum amount or amounts as may be prescribed.
- (2) Regulations made for the purposes of subsection (1) above may provide—
 - (a) for an earner whose liability is subject to a maximum prescribed under that subsection to be liable in the first instance for the full amount of any contributions due from him apart from the regulations, or to be relieved from liability for such contributions in prescribed circumstances and to the prescribed extent; and
 - (b) for contributions paid in excess of any such maximum to be repaid at such times, and in accordance with such conditions, as may be prescribed.
- (3) Regulations may provide, in relation to earners otherwise liable for contributions of any class, for excepting them from the liability for such periods, and in such circumstances, as may be prescribed.
- (4) As respects any woman who was married or a widow on 6th April 1977 (the date of the coming into force of the repeal of the old provisions that primary Class 1 contributions might be paid at a reduced rate and Class 2 contributions need not be paid by a married woman or a widow) regulations shall provide—
 - (a) for enabling her to elect that her liability in respect of primary Class 1 contributions shall be a liability to contribute at such reduced rate as may be prescribed; and
 - (b) either for enabling her to elect that her liability in respect of Class 2 contributions shall be a liability to contribute at such reduced rate as may be prescribed or for enabling her to elect that she shall be under no liability to pay such contributions; and
 - (c) for enabling her to revoke any such election.
- (5) Regulations under subsection (4) above may—
 - (a) provide for the making or revocation of any election under the regulations to be subject to prescribed exceptions and conditions;
 - (b) preclude a person who has made such an election from paying Class 3 contributions while the election has effect;
 - (c) provide for treating an election made or revoked for the purpose of any provision of the regulations as made or revoked also for the purpose of any other provision of the regulations;
 - (d) provide for treating an election made in accordance with regulations under section 125(2) of the 1975 Act as made for the purpose of regulations under subsection (4) above.
- (6) Regulations may provide for earnings factors to be derived, for such purposes as may be prescribed, as follows, that is to say—
 - (a) in the case of earnings factors for 1987-88 or any subsequent tax year—

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- (i) from earnings upon which primary Class 1 contributions are paid at a reduced rate by virtue of regulations under subsection (4) above; or
 - (ii) from Class 2 contributions paid at a reduced rate by virtue of such regulations; and
- (b) in the case of earnings factors for any earlier tax year, from contributions which are paid at a reduced rate by virtue of regulations under subsection (4) above;

and if provision is made for a person to have earnings factors so derived for the purpose of establishing entitlement to any benefit, the regulations may, in relation to that person, vary or add to the requirements for entitlement to that benefit.

VALID FROM 10/03/1999

[^{F26}19A Class 1, 1A or 1B contributions paid in error. N.I.]

- (1) This section applies where—
- (a) payments by way of Class 1, Class 1A or Class 1B contributions are made in respect of earnings paid to or for the benefit of an earner (or in respect of a benefit made available to an earner) in 1998-99 or a subsequent tax year (“year 1”);
 - (b) the payments are made in error, in that the employment from which the earnings are derived (or by reason of which the benefit is made available) is not employed earner’s employment; and
 - (c) the person making the payments has not been notified of the error by the Department before the end of the tax year following year 1 (“year 2”).
- (2) After the end of year 2 the earner shall, except in such circumstances as may be prescribed, be treated for all purposes relating to—
- (a) contributions and contributory benefits; and
 - (b) statutory sick pay and statutory maternity pay,
- as if the earnings were derived from (or the benefit were made available by reason of) employed earner’s employment.]

Textual Amendments

F26 S. 19A inserted (10.3.1999 for specified purposes and 6.4.1999 otherwise) by S.I. 1998/1506 (N.I. 10), art. 51; S.R. 1999/102, art. 2(b), Sch. Pt. II

Status:

Point in time view as at 06/04/1995. This version of this part contains provisions that are not valid for this point in time.

Changes to legislation:

Social Security Contributions and Benefits (Northern Ireland) Act 1992, Part I is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.