

*Status: Point in time view as at 01/07/1992.*

*Changes to legislation: Social Security Contributions and Benefits (Northern Ireland) Act 1992, SCHEDULE 2 is up to date with all changes known to be in force on or before 20 June 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. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 2

Section 15(3).

#### SCHEDULE 2 TO THE SOCIAL SECURITY CONTRIBUTIONS AND BENEFITS ACT 1992: LEVY OF CLASS 4 CONTRIBUTIONS WITH INCOME TAX

##### *Interpretation*

- 1 In this Schedule—
- (a) “the Act of 1988” means the <sup>M1</sup>Income and Corporation Taxes Act 1988;
  - (b) “the Act of 1990” means the <sup>M2</sup>Capital Allowances Act 1990;
  - (c) “year” means year of assessment within the meaning of the Act of 1988.

##### **Marginal Citations**

- M1** 1988 c. 1.  
**M2** 1990 c. 1.

##### *Method of computing profits or gains*

- 2 Subject to the following paragraphs, Class 4 contributions shall be payable in respect of the full amount of all profits or gains of any relevant trade, profession or vocation chargeable to income tax under Case I or II of Schedule D, subject to—
- (a) deductions for—
    - (i) allowances which under section 140(2) of the Act of 1990 fall to be made as a deduction in charging the profits or gains to income tax, and
    - (ii) any allowance the amount of which falls to be given by way of discharge or repayment of income tax under section 141 of that Act,where in either case the allowance arises from activities of any relevant trade, profession or vocation; and
  - (b) additions for any such charges as under section 140(7) of that Act fall to be made for purposes of income tax on the profits or gains.

##### *Reliefs*

- 3 (1) For the purposes of computing the amount of profits or gains in respect of which Class 4 contributions are payable, relief shall be available under, and in the manner provided by, the following provisions of the Act of 1988—

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- (a) sections 380 and 381 (set-off of trade losses against general income), but only where loss arises from activities the profits or gains of which would be brought into computation for the purposes of Class 4 contributions;
  - (b) section 383 (extension of right of set-off to capital allowances);
  - (c) section 385 (carry-forward of loss against subsequent profits); and
  - (d) sections 388 and 389 (carry-back of terminal losses).
- (2) The following relief provisions of the Act of 1988 shall not apply, that is to say—
- (a) Chapter I of Part VII (personal reliefs);
  - (b) section 353 (relief for payment of interest);
  - (c) section 387 (carry-forward as losses of amounts to be taxed under section 350);
  - (d) section 390 (treatment of interest as a loss for purposes of carry-forward or carry-back);
  - (e) section 617(5) (relief for Class 4 contributions); and
  - (f) sections 619 and 620 (premiums or other consideration under annuity contracts and trust schemes).
- (3) Where in the year 1989-90 or any previous year of assessment for which a person claims and is allowed relief by virtue of sub-paragraph (1) above—
- (a) there falls to be made in computing his total income for income tax purposes, or that of his spouse, a deduction in respect of any loss, and
  - (b) the deduction or part of it falls to be so made from income other than profits or gains of a trade, profession or vocation,
- the amount of the deduction made from the other income shall be treated as reducing the person's profits or gains (that is to say the profits or gains of any relevant trade, profession or vocation as computed for the purpose of the charge to Class 4 contributions) for subsequent years (being deducted as far as may be from those of the immediately following year, whether or not he claims or is entitled to claim relief under this paragraph for that year, and, so far as it cannot be so deducted, then from those of the next year, and so on).
- (4) Where in the year 1990-1991 or any subsequent year of assessment for which a person claims and is allowed relief by virtue of sub-paragraph (1) above there falls to be made in computing his total income for income tax purposes a deduction in respect of any loss in any relevant trade, profession or vocation—
- (a) the amount of the deduction shall, as far as may be, be treated for the purpose of the charge to Class 4 contributions as reducing the person's profits or gains for that year of any relevant trade, profession or vocation, and
  - (b) any excess shall be treated for that purpose as reducing such profits or gains for subsequent years (being deducted as far as may be from those of the immediately following year, whether or not the person claims or is entitled to claim relief under this paragraph for that year, and, so far as it cannot be so deducted, then from those of the next year, and so on).
- (5) Relief shall be allowed, in respect of—
- (a) payments under section 348 or 349(1) of the Act of 1988 (annuities and other annual payments, etc.); or
  - (b) payments under section 353 of that Act (relief for payment of interest), being payments for which relief from income tax is or can be given,

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so far as incurred wholly or exclusively for the purposes of any relevant trade, profession or vocation, by way of deduction from or set-off against profits or gains chargeable to Class 4 contributions for the year in which the payments are made; and, in the case of any insufficiency of the profits or gains of that year, the payments shall be carried forward and deducted from or set off against the profits or gains of any subsequent year (being deducted or set off as far as may be from or against the profits or gains of the immediately following year, whether or not relief can be claimed under this paragraph for that year, and so far as it cannot be so deducted, from or against those of the next year, and so on).

#### *Partnerships*

- 4 (1) Where a trade or profession is carried on by two or more persons jointly, the liability of any one of them in respect of Class 4 contributions shall arise in respect of his share of the profits or gains of that trade or profession (so far as immediately derived by him from carrying it on); and for this purpose his share shall be aggregated with his share of the profits or gains of any other trade, profession or vocation (so far as immediately derived by him from carrying it on or exercising it).
- (2) Where sub-paragraph (1) above applies, the Class 4 contributions for which a person is liable in respect of the profits or gains of the trade or profession carried on jointly (aggregated, where appropriate, as mentioned in that sub-paragraph) may either be charged on him separately or (to the extent only that the liability arises in respect of the profits or gains of that partnership) be the subject of a joint assessment to contributions made in the partnership name; and sections 111 to 115 of the Act of 1988 shall apply accordingly, but substituting this paragraph for section 111.

#### *Trustees, etc.*

- 5 In any circumstances in which apart from this paragraph a person would—
- (a) under section 72 of the <sup>M3</sup>Taxes Management Act 1970 be assessable and chargeable to Class 4 contributions as trustee, guardian, tutor, curator, or committee of an incapacitated person in respect of the profits or gains of a trade, profession or vocation, or
- (b) by virtue of section 59 of the Act of 1988 be assessed and charged to such contributions in respect of profits or gains received or receivable by him in the capacity of trustee,
- such contributions shall not be payable either by him or by any other person.

#### **Marginal Citations**

**M3** 1970 c. 9.

#### *Other provisions*

- 6 <sup>F1</sup>(1) Section 88(1), (4) and (5)(a) and (b) of the Taxes Management Act 1970 (interest on tax recovered to make good loss due to taxpayer's fault) shall apply in relation to any

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amount due in respect of Class 4 contributions as it applies in relation to income tax; but section 86 of that Act (interest on amounts overdue) shall not apply.]

(2) .....

#### Textual Amendments

**F1** Sch. 2 para. 6(1) substituted (*temp.* from 1.7.1992 until 19.4.1993) by Social Security (Consequential Provisions) (Northern Ireland) Act 1992 (c. 9), ss. 6, 7(2), **Sch. 4 Pt. I paras. 1,7**; S.I. 1993/1079, **art.2**

7 Where an assessment has become final and conclusive for the purposes of income tax for any year, that assessment shall also be final and conclusive for the purposes of computing liability for Class 4 contributions; and no allowance or adjustment of liability, on the ground of diminution of income or loss, shall be taken into account in computing profits or gains chargeable to Class 4 contributions unless that allowance or adjustment has previously been made on an application under the special provisions of the Income Tax Acts relating to it, or falls to be allowed under paragraph 3(5) of this Schedule.

8 The provisions of Part V of the Taxes Management Act 1970 (appeals, etc.) shall apply with the necessary modifications in relation to Class 4 contributions as they apply in relation to income tax; but nothing in the Income Tax Acts shall apply with respect to the determination of any question arising—

(a) under subsection (1) of section 17 above or subsection (1) of section 17 of the Northern Ireland Contributions and Benefits Act as to whether by regulations under that subsection a person is excepted from liability for Class 4 contributions, or his liability is deferred; or

(b) under regulations made by virtue of section 17(3) or (4) or 18 above or section 17(3) or (4) or 18 of the Northern Ireland Contributions and Benefits Act.

#### *Husband and wife - 1989-90 and previous years of assessment*

9 (1) For the year 1989-90 and previous years of assessment Chapter II of Part VII of the Act of 1988 shall apply for the purposes of Class 4 contributions as it applies for those of income tax; and an application by a husband or wife for separate assessment under section 283 of that Act, and an election by them under section 287 of that Act (separate taxation of wife's earnings) shall operate as respects liability for such contributions as it does for income tax, the wife being liable for Class 4 contributions in respect of her own profits or gains.

(2) Such an application or election as is referred to in sub-paragraph (1) above shall not be made separately for the purposes of Class 4 contributions apart from those of income tax.

(3) Where section 279 of the Act of 1988 applies and there is no separate assessment under section 283 of that Act and no election under section 287 of that Act, the wife's profits and gains are to be computed, for the purposes of Class 4 contributions as if section 279 did not apply, but the contributions shall be assessed on, and recoverable from, the husband.

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- (4) In this paragraph “year of assessment” has the meaning assigned to it by section 832 of the Act of 1988.

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