



Pension Schemes (Northern Ireland) Act 1993

1993 CHAPTER 49

PART III

CERTIFICATION OF PENSION SCHEMES AND EFFECTS ON MEMBERS' STATE SCHEME RIGHTS AND DUTIES

CHAPTER II

REDUCTION IN STATE SCHEME CONTRIBUTIONS AND SOCIAL SECURITY BENEFITS FOR MEMBERS OF CERTIFIED SCHEMES

^{F1} [*Reduced rates of contributions for members of salary related contracted-out schemes*]

Textual Amendments

- F1** S. 37(1)(1A), the sidenote and the preceding cross-heading substituted (14.3.1996 for certain purposes, 6.4.1996 for other specified purposes and otherwise 6.4.1997) by [S.I. 1995/3213 \(N.I. 22\)](#), [art. 134\(2\)](#); [S.R. 1996/91](#), [art. 2\(a\)\(d\)](#), [Sch. Pts. I IV](#); [S.R. 1997/192](#), [art. 2\(b\)](#)

37 [^{F2} **Reduced rates of Class 1 contributions.**]

[^{F3}(1) Subsections (1A) to [^{F4}(1E)] apply where—

- (a) the earnings paid to or for the benefit of an earner in any tax week are in respect of an employment which is contracted-out employment at the time of the payment; and
- (b) the earner's service in the employment is service which qualifies him for a pension provided by a salary related contracted-out scheme,

and in subsections (1A) and (1B) “the relevant part”, in relation to those earnings, means so much of those earnings as exceeds the current lower earnings limit but not

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[^{F5}the upper accrual point] (or the prescribed equivalents if the earner is paid otherwise than weekly).

^{F6}(1ZA)

[The amount of any primary Class 1 contribution [^{F8}attributable to section 8(1)(a) of ^{F7}(1A) the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)] in respect of the earnings shall be reduced by an amount equal to [^{F9}1.4 per cent] of the relevant part of the earnings (“Amount R1”).

(1B) The amount of any secondary Class 1 contribution in respect of the earnings shall be reduced by an amount equal to [^{F10}3.4 per cent] of the relevant part of the earnings (“Amount R2”).

(1C) The aggregate of Amounts R1 and R2 shall be set off—

- (a) first against the aggregate amount which the secondary contributor is liable to pay in respect of the contributions mentioned in subsections (1A) and (1B); and
- (b) then (as to any balance) against any amount which the secondary contributor is liable to pay in respect of any primary or secondary Class 1 contribution in respect of earnings—
 - (i) paid to or for the benefit of any other employed earner (whether in contracted-out employment or not), and
 - (ii) in relation to which the secondary contributor is such a contributor; and in this subsection any reference to a liability to pay an amount in respect of a primary Class 1 contribution is a reference to such a liability under paragraph 3 of Schedule 1 to the ^{M1}Social Security Contributions and Benefits (Northern Ireland) Act 1992..]

(1D) If—

- (a) any balance remains, and
- (b) the secondary contributor makes an application for the purpose to the Inland Revenue,

the Inland Revenue shall, in such manner and at such time (or within such period) as may be prescribed by regulations made by the Secretary of State, pay to the secondary contributor an amount equal to the remaining balance.

But such regulations may make provision for the adjustment of an amount that would otherwise be payable under this subsection so as to avoid the payment of trivial or fractional amounts.

(1E) If the Inland Revenue pay any amount under subsection (1D) which they are not required to pay, they may recover that amount from the secondary contributor in such manner and at such time (or within such period) as may be prescribed by such regulations.]

(2) Where—

- (a) an earner has ceased to be employed in an employment; and
- (b) earnings are paid to him or for his benefit within the period of 6 weeks, or such other period as may be prescribed [^{F11}by regulations made by the Secretary of State], from the day on which he so ceased,

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that employment shall be treated for the purposes of subsection (1) as contracted-out employment at the time when the earnings are paid if it was contracted-out employment in relation to the earner when he was last employed in it.

- (3) This section shall not affect the amount of any primary Class 1 contribution which is payable at a reduced rate by virtue of regulations under section 19(4) of the ^{M2}Social Security Contributions and Benefits (Northern Ireland) Act 1992 (reduced rates for married women and widows).

Textual Amendments

- F2** S. 37(1)(1A), the sidenote and the preceding cross-heading substituted (14.3.1996 for certain purposes and 6.4.1996 for other specified purposes and otherwise 6.4.1997) for S. 37(1) by S.I. 1995/3213 (N.I. 22), **art. 134(2)**; S.R. 1996/91, art. 2(a)(d), **Sch. Pts. I IV**; S.R. 1997/192, **art. 2(b)**
- F3** S. 37(1)-(1C) substituted for s. 37(1)(1A) (6.4.1999) by S.I. 1998/1506 (N.I. 10), art. 78(1), **Sch. 6 para. 95**; S.R. 1999/72, art. 2(b), **Sch.**
- F4** Word in s. 37(1) substituted (22.12.1999 for certain purposes and otherwise 6.4.2000) by 1999 c. 30, s. 74, **Sch. 10 para. 6(2)**; S.I. 1999/3420, **art. 2**
- F5** Words in s. 37(1) substituted (with effect in accordance with Sch. 7 para. 10(4) of the amending Act) by Pensions (No. 2) Act (Northern Ireland) 2008 (c. 13), s. 118(2), **Sch. 7 para. 10(2)** (with s. 73)
- F6** S. 37(1ZA) repealed (with effect in accordance with Sch. 7 para. 10(4), Sch. 10 Pt. 6 Note 1(a) of the amending Act) by Pensions (No. 2) Act (Northern Ireland) 2008 (c. 13), s. 118(2), Sch. 7 para. 10(3), **Sch. 10 Pt. 6** (with s. 73)
- F7** S. 37(1A)-(1E) substituted for s. 37(1A)-(1C) (22.12.1999 for certain purposes and otherwise 6.4.2000) by 1999 c. 30, s. 74, **Sch. 10 para. 6(3)**; S.I. 1999/3420, **art. 2**
- F8** Words inserted (8.7.2002 with effect for 2003-2004 and subsequent tax years) by National Insurance Contributions Act 2002 (c. 19), s. 6, **Sch. 1 para. 41**
- F9** Words in s. 37(1A) substituted (6.4.2011) by The Social Security (Reduced Rates of Class 1 Contributions, Rebates and Minimum Contributions) Order 2011 (S.I. 2011/1036), arts. 1(1), **5(2)**
- F10** Words in s. 37(1B) substituted (6.4.2011) by The Social Security (Reduced Rates of Class 1 Contributions, Rebates and Minimum Contributions) Order 2011 (S.I. 2011/1036), arts. 1(1), **5(3)**
- F11** Words in s. 37(2)(b) inserted (24.3.1999 for certain purposes and otherwise 1.4.1999) by S.I. 1999/671, arts. 1(2)(b), 3(1), **Sch. 1 para. 50**; S.R. 1999/149, art. 2(c), **Sch. 2**

Marginal Citations

- M1** 1992 c. 7
M2 1992 c. 7.

38 Alteration of rates of contributions under s. 37.

[^{F12}(1) Whenever the Secretary of State makes an order under section 42 of the Pension Schemes Act 1993 (determination of reduced rates of Class 1 contributions for members of salary related contracted-out schemes), the [^{F13}order may also make corresponding provision] for Northern Ireland.]

- (2) An order under subsection (1) may contain consequential provisions altering any percentage for the time being specified in [^{F14}the definition of “the percentage for contributing earners” or “the percentage for non-contributing earners” in paragraph 2(5)] of Schedule 3 as that percentage applies in relation to earnings paid or payable on or after the day as from which the order is to have effect.

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[^{F15}(3) Until paragraph 59(4) of Schedule 4 to the Pensions Act (Northern Ireland) 2008 comes into operation, subsection (2) has effect as if the reference to the definition of “the percentage for contributing earners” or “the percentage for non-contributing earners” were a reference to paragraph (a) of either of those definitions.]

Textual Amendments

- F12** S. 38(1) substituted (14.3.1996 for certain purposes and 6.4.1996 for other specified purposes otherwise 6.4.1997) by S.I. 1995/3213 (N.I. 22), **art. 134(3)**; S.R. 1996/91, art. 2(a)(d), **Sch. Pts. I IV**; S.R. 1997/192, **art. 2(b)**
- F13** Words in s. 38(1) substituted (24.3.1999 for certain purposes and otherwise 1.4.1999) by S.I. 1999/671, arts. 1(2)(b), 3(1), **Sch. 1 para. 51**; S.R. 1999/149, art. 2(c), **Sch. 2**
- F14** Words in s. 38(2) substituted (2.6.2012) by Pensions Act (Northern Ireland) 2012 (c. 3), **ss. 26(1), 34(2)**
- F15** S. 38(3) inserted (2.6.2012) by Pensions Act (Northern Ireland) 2012 (c. 3), **ss. 26(2), 34(2)**

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