

1989 No. 384

SOCIAL SECURITY

**The Social Security (Contributions) (Transitional and
Consequential Provisions) Regulations
(Northern Ireland) 1989**

Made 26th September 1989

Coming into operation 5th October 1989

The Department of Health and Social Services for Northern Ireland, in exercise of the powers conferred on it by section 126 of the Social Security (Northern Ireland) Act 1975(a), Article 1(8) of the Social Security (Northern Ireland) Order 1985(b) and Article 31(3) of the Social Security (Northern Ireland) Order 1989(c) and of all other powers enabling it in that behalf, hereby makes the following regulations:

Citation, commencement and interpretation

1.—(1) These regulations may be cited as the Social Security (Contributions) (Transitional and Consequential Provisions) Regulations (Northern Ireland) 1989 and shall come into operation on 5th October 1989.

(2) These regulations shall be read as one with the Social Security (Contributions) Regulations (Northern Ireland) 1979(d), hereinafter referred to as “the principal regulations”.

(3) Unless the context otherwise requires, any reference in these regulations to a numbered regulation is a reference to the regulation bearing that number in the principal regulations.

(4) The Interpretation Act 1978(e) shall apply to these regulations as it applies to an Act of the United Kingdom Parliament.

Transitional provisions for the assessment of primary Class 1 contributions

2.—(1) This regulation applies in the case of a person who—

(a) on 5th October 1989 is a director of a company and has been such a director continuously since 6th April 1989 and in respect of whose earnings, by virtue of regulation 6A(1) and (3), the earnings period is the year beginning on 6th April 1989;

(b) on or after 5th October 1989 is a director of a company and in respect of whose earnings the earnings period falls to be determined in accordance with—

(a) 1975 c. 15

(b) S.I. 1985/1209 (N.I. 16)

(c) S.I. 1989/1342 (N.I. 13)

(d) S.R. 1979 No. 186; relevant amending regulations are S.R. 1980 No. 463, S.R. 1982 Nos. 69 and 408, S.R. 1983 No. 8, S.R. 1984 No. 43, S.R. 1985 No. 260, S.R. 1986 No. 71, S.R. 1987 No. 143, S.R. 1988 Nos. 121 and 204 and S.R. 1989 No. 70

(e) 1978 c. 30

- (i) regulation 6A(1) and (2), or
 - (ii) regulation 6A(1) and (3),
- and which commenced during the period beginning with 6th April 1989 and ending with 4th October 1989;
- (c) is a person whose earnings, by virtue of regulation 2, 3, 5A, 21 or 22, are assessed by reference to an earnings period which is the year beginning on 6th April 1989;
 - (d) after 5th April 1989 but before 5th October 1989 ceased to be a director of a company and—
 - (i) in respect of whose earnings, by virtue of regulation 6A(1) and (3), the earnings period is the year beginning on 6th April 1989, or
 - (ii) in respect of whose earnings, the earnings period is determined by virtue of regulation 6A(1) and (2),
 and is paid earnings in respect of any employed earner's employment with that company at any time in the period beginning with 5th October 1989 and ending with 5th April 1990;
 - (e) ceased to be a director of a company before 6th April 1989, and—
 - (i) in respect of whose earnings, by virtue of regulation 6A(1) and (5), the earnings period is the year beginning on 6th April 1989, and
 - (ii) is paid earnings in respect of any period during which he was such a director at any time in the period beginning on 5th October 1989 and ending with 5th April 1990; or
 - (f) is a person whose earnings, by virtue of regulation 2, 3, 5A, 21 or 22, are assessed by reference to an earnings period which is the year beginning on 6th April 1989 and—
 - (i) after 5th April 1989 but before 5th October 1989 ceased to be employed in the employment from which those earnings derived, and
 - (ii) is paid any such earnings in the period beginning with 5th October 1989 and ending with 5th April 1990.

(2) In the case of primary Class 1 contributions, in a case to which this regulation applies—

- (a) where the earnings period is the period mentioned in paragraph (1)(a), (b)(ii), (c), (d)(i), (e) or (f) of this regulation, for the purposes of section 4(6A) of the Act (a) (incidence of Class 1 contributions) the primary percentages shall be—
 - (i) where the earnings in that earnings period do not exceed £2,236.00, 3.5 per cent.;

(a) Section 4(6) to (6E) was substituted by Article 9(2) of the Social Security (Northern Ireland) Order 1985; subsection (6) was amended by paragraph 69 of Schedule 9 to the Social Security (Northern Ireland) Order 1986 (S.I. 1986/1888 (N.I. 18)); subsections (6B) and (6E) were amended by Article 2 of S.R. 1989 No. 9; subsections (6) to (6B) were further substituted by Article 3(1) of the Social Security (Northern Ireland) Order 1989; section 4 was extended by Article 75(3) of the Social Security (Northern Ireland) Order 1986

- (ii) where the earnings in that earnings period exceed £2,236·00 but do not exceed £3,899·99, 3·5 per cent. of those earnings which do not exceed £2,236·00 and 7 per cent. of those earnings which exceed £2,236·00;
 - (iii) where the earnings in that earnings period exceed £3,899·99 but do not exceed £5,979·99, 4·5 per cent. of those earnings which do not exceed £2,236·00 and 8 per cent. of those earnings which exceed £2,236·00;
 - (iv) where the earnings in that earnings period exceed £5,979·99, 5·5 per cent. of those earnings which do not exceed £2,236·00 and 9 per cent. of those earnings which exceed £2,236·00 but do not exceed £16,900·00;
- (b) where the earnings period is the period mentioned in paragraph (1)(b)(i) or (d)(ii) of this regulation, for the purposes of the said section 4(6A) the primary percentages shall be obtained by dividing the amount of the earnings paid in the earnings period by the number of weeks therein and by applying the quotient as if it were a payment of weekly earnings.

Amendment of the principal regulations

3.—(1) The principal regulations shall be amended in accordance with paragraphs (2) to (9) of this regulation.

(2) In regulation 1(2) (interpretation) in the definitions of “non-contracted-out rate” and “standard rate” for “in section 4(6B)” there shall be substituted “in section 4(6A)”.

(3) In regulation 8(1) (equivalent amounts) for “section 4(2)(b) and (6)” there shall be substituted “section 4(2)(b) and (6B)”.

(4) In regulation 8A (equivalent earnings brackets for earners paid otherwise than weekly)—

(a) in paragraphs (1) and (2) for “section 4(6B) and (6E)” there shall be substituted “section 4(6E)”;

(b) for paragraph (5) there shall be substituted the following paragraph—
“(5) The respective equivalent higher brackets in the case of Brackets 1 to 3 in the said section 4(6E) shall be £0·01 less than the next succeeding lower bracket.”.

(5) In regulation 32(2)(d)(i) (return of contributions) for “appropriate primary percentage rate specified for bracket 3 in section 4(6B)” there shall be substituted “initial primary percentage rate specified in section 4(6A)”.

(6) In regulation 60(1)(a) (exception from Class 4 liability by reference to Class 1 contributions paid on earnings chargeable to income tax under Schedule D) for “section 4(6B)” there shall be substituted “section 4(6A)”.

(7) In regulation 88(2)(b) (earnings periods for mariners and apportionment of earnings) for head (i) there shall be substituted the following head—

“(i) the primary percentages for a primary Class 1 contribution specified in section 4(6A) of the Act or the appropriate percentage rate for a secondary Class 1 contribution specified in section 4(6E) of the Act;”.

(8) In regulation 102 (reduced rate for married women and widows) for “per cent.” there shall be substituted “per cent.; and in respect of earnings paid on or after 5th October 1989 the amount of a primary Class 1 contribution payable at the reduced rate shall continue to be calculated by reference to that rate only.”.

(9) In regulation 115D (special provisions as to residence, rate, annual maximum and method of payment for volunteer development workers)—

(a) in paragraph (1)(b) for the words from “the amount” to the end there shall be substituted “10 per cent. of the current lower earnings limit”;

(b) paragraph (2) shall be omitted.

Revocations

4. Regulation 6(d) of the Social Security (Contributions and Credits) (Transitional and Consequential Provisions) Regulations (Northern Ireland) 1985(a) and regulation 2(3)(b) and (c) of the Social Security (Contributions) (Amendment) Regulations (Northern Ireland) 1989(b) are hereby revoked.

Savings

5. In relation to contributions in respect of earnings paid or treated as paid before 5th October 1989, the provisions of the principal regulations shall apply as if regulations 3 and 4 of these regulations had not been made.

Sealed with the Official Seal of the Department of Health and Social Services for Northern Ireland on 26th September 1989.

(L.S.)

A. N. Burns

Assistant Secretary

(a) S.R. 1985 No. 260

(b) S.R. 1989 No. 70

EXPLANATORY NOTE

(This note is not part of the Regulations.)

These regulations correspond to provision contained in regulations made by the Secretary of State for Social Security in relation to Great Britain and accordingly, by virtue of section 10(2) of, and paragraph 21 of Schedule 3 to, the Social Security Act 1980 (c. 30), are not subject to the requirement of section 10(1) of that Act for prior reference to the Social Security Advisory Committee.

The regulations contain transitional, consequential and saving provisions in connection with the coming into operation on 5th October 1989 of Article 3 of the Social Security (Northern Ireland) Order 1989 ("the 1989 Order") by virtue of Article 2(d) of the Social Security (1989 Order) (Commencement No. 1) Order (Northern Ireland) 1989 (S.R. 1989 No. 353 (C. 14)). Article 3 of the 1989 Order contains amendments, relating to primary Class 1 contributions, to section 4 and other provisions of the Social Security (Northern Ireland) Act 1975.

Article 31(3) of the 1989 Order, one of the enabling provisions under which these regulations are made, came into operation on 23rd August 1989 by virtue of Article 1(3) of that Order.

Regulation 2 makes special transitional provision, in respect of the tax year 1989-90, for the assessment of primary Class 1 contributions of company directors and others with an annual earnings period.

Regulation 3 contains amendments, consequential on Article 3 of the 1989 Order, to the Social Security (Contributions) Regulations (Northern Ireland) 1979. In particular, regulation 3(5) amends regulation 32 in respect of the method of determining the order of priority in returning primary Class 1 contributions paid in excess of the annual maximum at the contracted-out percentage rate; regulation 3(8) amends regulation 102 to make clear that the amount of primary Class 1 contributions in respect of earnings of married women and widows paying at the reduced rate specified in regulation 102 shall continue to be calculated by reference to that reduced rate; regulation 3(9) amends regulation 115D to provide a new formula for calculating the weekly rate of any Class 2 contributions payable by volunteer development workers — the new weekly rate is 10 per cent. of the current lower earnings limit (£43), and the amount of the contribution therefore remains £4.30.

Regulation 4 contains revocations.

Regulation 5 provides savings in respect of the provisions amended by regulation 3 or revoked by regulation 4.