
STATUTORY RULES OF NORTHERN IRELAND

1996 No. 566

SOCIAL SECURITY

**The Social Security (Contributions) (Amendment
No. 6) Regulations (Northern Ireland) 1996**

Made - - - - *4th December 1996*

Coming into operation *5th December 1996*

The Department of Health and Social Services for Northern Ireland, in exercise of the powers conferred on it by sections 3(2) and (3) and 171(1) to (3) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992⁽¹⁾ 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) (Amendment No. 6) Regulations (Northern Ireland) 1996 and shall come into operation on 5th December 1996.

(2) In these Regulations “the principal Regulations” means the Social Security (Contributions) Regulations (Northern Ireland) 1979⁽²⁾.

Amendment of regulation 1 of the principal Regulations

2. In regulation 1(2) of the principal Regulations (interpretation) after the definition of “standard rate” there shall be inserted the following definition—

““trading arrangements” in relation to any asset (including a voucher) shall be construed in accordance with section 203K(2)(a) and (3) of the Income and Corporation Taxes Act 1988⁽³⁾ (trading arrangements);”.

Amendment of regulation 18 of the principal Regulations

3. In regulation 18 of the principal Regulations (calculation of earnings)—

(a) in paragraph (2)⁽⁴⁾ for “paragraph (4), (6), (8) or (9)” there shall be substituted “paragraph (4), (6), (7A), (8) or (9)”;

(1) 1992 c. 7

(2) S.R. 1979 No. 186; relevant amending regulations are S.R. 1991 No. 490, S.R. 1993 No. 463, S.R. 1994 No. 328 and S.R. 1995 No. 146

(3) 1988 c. 1; section 203K was inserted by section 131 of the Finance Act 1994 (c. 9)

(4) Paragraph (2) was added by S.R. 1991 No. 490 and amended by S.R. 1994 No. 328 and S.R. 1995 No. 146

(b) after paragraph (7)(5) there shall be inserted the following paragraph—

“(7A) The amount of earnings which is comprised in any payment by way of the conferment of a beneficial interest in any option to acquire any asset falling within Schedule 1A to these Regulations(6) and which falls to be taken into account in the computation of a person’s earnings shall, for the purposes of earnings-related contributions, be calculated or estimated by reference to the amount which would be comprised in accordance with paragraph (2) of this regulation or, where paragraph (4), (6), (8) or (9) of this regulation would apply in accordance with that paragraph, in a payment by way of the conferment of a beneficial interest—

(a) in the asset which may be acquired by the exercise of that option; or

(b) where—

(i) that asset (the first asset) may be exchanged for another asset (the second asset), and

(ii) the value of the beneficial interest in the second asset is greater than that in the first asset,

in that second asset,

on the day the beneficial interest in the option is conferred, reduced by the amount or value (or if variable, the least amount or value) of the consideration for which the asset may be so acquired.”;

(c) in paragraph (8)(7)—

(i) for “paragraph 9ZA, 9ZB or 9B of Schedule 1A to these regulations” there shall be substituted “paragraph 9ZA or 9ZB of Schedule 1A to these Regulations or in any voucher falling within paragraph 9B or 9C of that Schedule”;

(ii) at the end there shall be added—

“; and for the purposes of this paragraph “the cost of the asset” in relation to any voucher includes the cost of any asset for which that voucher is capable of being exchanged”;

(d) for paragraph (9)(8) there shall be substituted the following paragraph—

“(9) The amount of earnings which is comprised in any payment by way of the conferment of a beneficial interest in any asset falling within Schedule 1A to these Regulations for which trading arrangements exist and which falls to be taken into account in the computation of a person’s earnings shall, for the purposes of earnings-related contributions, be calculated or estimated in accordance with the following provisions of this paragraph—

(a) the amount of earnings shall be calculated or estimated by reference to the amount which is the greater of—

(i) the amount obtainable under the trading arrangements in question,

(ii) the amount calculated or estimated in accordance with paragraph (2) of this regulation or, where paragraph (4), (6), (7A) or (8) of this regulation would apply, the amount calculated or estimated in accordance with that paragraph;

(5) Paragraph (7) was substituted by S.R. 1993 No. 463

(6) Schedule 1A was inserted by S.R. 1991 No. 490 and amended by S.R. 1993 No. 463, S.R. 1994 No. 328 and S.R. 1995 No. 146

(7) Paragraph (8) was added by S.R. 1994 No. 328

(8) Paragraph (9) was added by S.R. 1995 No. 146

- (b) the calculation or estimate of the amount of earnings by reference to the amount obtainable under trading arrangements shall be carried out on the basis that such amount was obtained on the day on which the beneficial interest was conferred;
- (c) the reference in this paragraph to an asset does not include any voucher falling within paragraph 9B or 9C of Schedule 1A to these Regulations.”.

Amendment of regulation 19 of the principal Regulations

4. In regulation 19 of the principal Regulations (payments to be disregarded)—
- (a) for sub-paragraphs (k) and (l)(9) of paragraph (1) there shall be substituted the following sub-paragraphs—
 - “(k) a payment by way of shares where such shares—
 - (i) form part of the ordinary share capital of—
 - (aa) a company (aa) the secondary contributor, or
 - (bb) company which has control of that secondary contributor, or
 - (cc) a company which either is, or has control of, a body corporate which is a member of a consortium owning either that secondary contributor or a body corporate having control of that secondary contributor, and
 - (ii) are either—
 - (aa) appropriated under a profit sharing scheme to which the provisions of section 186 of the Income and Corporation Taxes Act 1988 (approved profit sharing schemes) apply, or
 - (bb) non-tradeable shares;
 - (l) a payment by way of an option to acquire shares where such option is—
 - (i) a right obtained in accordance with the provisions of a scheme approved under Schedule 9 to the Income and Corporation Taxes Act 1988(10) (approved share option schemes and profit sharing schemes) for the purposes of section 185 of that Act (approved share option schemes), or
 - (ii) a right to acquire shares which are non-tradeable shares and is a non-tradeable option;”;
 - (b) sub-paragraph (f) of paragraph (7)(11) shall be omitted;
 - (c) at the end of paragraph (7) there shall be added the following sub-paragraph—
 - “(g) a payment by way of shares appropriated under a profit sharing scheme to which the provisions of section 186 of the Income and Corporation Taxes Act 1988 (approved profit sharing schemes) apply includes a payment derived from such shares.”;
 - (d) after paragraph (7) there shall be added the following paragraph—
 - “(8) For the purposes of paragraph (1)(k) and (l) of this regulation—
 - (a) a share or option is non-tradeable if at the time when the payment is made that share or option is incapable of being sold or otherwise realised on a recognised investment exchange within the meaning of section 207(1) of the Financial

(9) Sub-paragraphs (k) and (l) were added by S.R. 1991 No. 490

(10) Schedule 9 was amended by sections 137 and 162 of, and Schedule 29 to, the Finance Act 1995 (c. 4) and paragraph 35(4) (a) of Schedule 1 to the Employment Rights Act 1996 (c. 18)

(11) Paragraph (7) was added by S.R. 1991 No. 490

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Services Act 1986⁽¹²⁾ (interpretation) and no trading arrangements exist in respect of it;

(b) “shares” include stock.”.

Amendment of Schedule 1A to the principal Regulations

5. In Schedule 1A to the principal Regulations (assets not to be disregarded as payments under regulation 19(1)(d)⁽¹³⁾) paragraph 19⁽¹⁴⁾ shall be omitted.

Revocations

6. Regulation 2(a) of the Social Security (Contributions) (Amendment No. 3) Regulations (Northern Ireland) 1994⁽¹⁵⁾ and regulations 2 and 3(c) of the Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1995⁽¹⁶⁾ are hereby revoked.

Sealed with the Official Seal of the Department of Health and Social Services for Northern Ireland on 4th December 1996.

L.S.

D. A. Baker
Assistant Secretary

⁽¹²⁾ 1986 c. 60

⁽¹³⁾ Sub-paragraph (d) was amended by S.R. 1991 No. 490

⁽¹⁴⁾ Paragraph 19 was added by S.R. 1995 No. 146

⁽¹⁵⁾ S.R. 1994 No. 328

⁽¹⁶⁾ S.R. 1995 No. 146

EXPLANATORY NOTE

(This note is not part of the Regulations.)

These Regulations further amend the Social Security (Contributions) Regulations (Northern Ireland) 1979 (“the principal Regulations”).

Regulation 2 amends regulation 1(2) of the principal Regulations by inserting a new definition of “trading arrangements”.

Regulation 3 amends regulation 18 of the principal Regulations—

- (a) a new paragraph (7A) is inserted so that where a payment of earnings is made in the form of a beneficial interest in an option to acquire an asset listed in Schedule 1A to the principal Regulations the value of the payment is determined by reference to the value of the asset concerned;
- (b) paragraph (8) is amended to include any vouchers for which trading arrangements exist and vouchers for assets for which such arrangements exist. Where a payment of earnings is made in the form of a voucher the value of the payment is determined by reference to the cost of the voucher and the cost of the asset for which the voucher is exchangeable;
- (c) paragraph (9) is amended so that where a payment of earnings is made in the form of the beneficial interest in any asset (other than a voucher) listed in Schedule 1A to the principal Regulations for which trading arrangements exist the value of the payment is determined by reference to the amount obtainable under the trading arrangements if that is greater than the value of the beneficial interest in the asset.

Regulation 4 amends regulation 19 of the principal Regulations so that the exclusion from the computation of a person’s earnings of shares forming part of the ordinary share capital of the secondary contributor or a company having control in relation to that contributor is limited to those shares which are provided under a scheme approved under Schedule 9 to the Income and Corporation Taxes Act 1988 or which are not tradeable on a recognised investment exchange and for which no trading arrangements exist. Options to acquire shares which are provided under a scheme approved under that Schedule or which are not tradeable on a recognised investment exchange or for which no trading arrangements exist are also excluded from the computation of a person’s earnings.

Regulation 5 omits paragraph 19 of Schedule 1A to the principal Regulations.

Regulation 6 contains revocations.

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 149(3) of, and paragraph 10 of Schedule 5 to, the Social Security Administration (Northern Ireland) Act 1992 (c. 8), are not subject to the requirement of section 149(2) of that Act for prior reference to the Social Security Advisory Committee.