
STATUTORY RULES OF NORTHERN IRELAND

1998 No. 317

**The Social Security (Contributions) (Amendment
No. 3) Regulations (Northern Ireland) 1998**

Amendment of regulation 19 of the principal Regulations

6. In regulation 19 of the principal Regulations (payments to be disregarded)—
- (a) in paragraph (1)—
- (i) for sub-paragraph (k)(1) there shall be substituted the following sub-paragraph—
- “(k) a payment by way of shares where such shares are not readily convertible assets and form part of the ordinary share capital of—
- (i) the secondary contributor, or
- (ii) a company which has control of the secondary contributor, or
- (iii) 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;”;
- (ii) for sub-paragraph (l)(2) there shall be substituted the following sub-paragraph—
- “(l) a payment by way of a right to acquire shares where neither that right nor those shares are readily convertible assets;”;
- (iii) after sub-paragraph (y)(3) there shall be added the following sub-paragraphs—
- “(z) a payment by way of—
- (i) the conferment of a conditional interest in shares in respect of which, by virtue of section 140A(3) of the Income and Corporation Taxes Act 1988 (conditional acquisition of shares), no income tax is chargeable under Schedule E except any income tax which is so chargeable by virtue only of section 135 (gains by directors and employees from share options) or 162(4) (employee shareholdings) of that Act;
- (ii) convertible shares in respect of which, by virtue of section 140D(8) or (10) of the Income and Corporation Taxes Act 1988 (convertible shares), income tax is not chargeable under that section, or
- (iii) shares appropriated under a profit sharing scheme to which the provisions of section 186(5) of the Income and Corporation Taxes Act 1988 (approved profit sharing schemes) apply;

(1) Sub-paragraph (k) was substituted by [S.R. 1996 No. 566](#)

(2) Sub-paragraph (l) was substituted by [S.R. 1996 No. 566](#)

(3) Sub-paragraph (y) was added by [S.R. 1998 No. 103](#)

(4) Section 162 was amended by paragraph 3 of Schedule 13 to the Finance Act 1988 (c. 39), section 53(2) of the Finance Act 1989 (c. 26) and paragraph 14(11) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12)

(5) Section 186 was amended by section 89(a) of the Finance Act 1988 and section 118(1) of, and paragraph 11 of Schedule 20 to, the Finance Act 1996 (c. 8)

- (za) a payment by way of a conditional interest in shares where at the time of payment—
 - (i) that earner is treated by virtue of section 203FB(4)(6) of the Income and Corporation Taxes Act 1988 (PAYE: gains from share options etc.) as having been provided with a further interest, which interest would not, for the purposes of section 140A of that Act, be treated as only conditional, and
 - (ii) the conditional interest together with that further interest are not readily convertible assets;
- (zb) a payment by way of a beneficial interest in convertible shares where—
 - (i) that earner is treated by virtue of section 203FB(5) of the Income and Corporation Taxes Act 1988 as if the original provision of those shares included the shares into which they are converted, and
 - (ii) those shares, and the shares into which they are converted, are not readily convertible assets;
- (zc) a payment of, or contribution towards, qualifying travelling expenses which the holder of an office or employment is obliged to incur and defray out of the emoluments of the office or employment.”;
- (b) for paragraph (5)(7) there shall be substituted the following paragraph—
 - “(5) Payments under paragraph (1)(d)(8) of this regulation shall not include any payment by way of—
 - (a) the conferment of any beneficial interest in—
 - (i) any asset falling within Schedule 1A to these Regulations, or
 - (ii) any contract the effecting and carrying out of which constitutes long term business falling within Class I (life and annuity business), Class III (linked long term business) or Class VI (capital redemption business) specified in Schedule 1 to the Insurance Companies Act 1982(9);
 - (b) any asset falling within Schedule 1B to these Regulations.”;
 - (c) in paragraph (6)(10) for “sub-paragraph (b)” there shall be substituted “sub-paragraph (a)(ii)”;
 - (d) in paragraph (7)(11) sub-paragraph (g) shall be omitted;
 - (e) in paragraph (8)(12) sub-paragraph (a) shall be omitted;
 - (f) after paragraph (9)(13) there shall be added the following paragraph—
 - “(10) For the purposes of paragraph (1)(zc) of this regulation—
 - (a) “qualifying travelling expenses” means—
 - (i) amounts necessarily expended on travelling in the performance of the duties of the office or employment, or
 - (ii) other expenses of travelling which are attributable to the necessary attendance at any place of the holder of the office or employment in the

(6) Section 203FB was inserted by section 67 of the Finance Act 1998

(7) Paragraph (5) was added by S.R. 1991 No. 490

(8) Paragraph (1)(d) was amended by S.R. 1991 No. 490

(9) 1982 c. 50

(10) Paragraph (6) was added by S.R. 1991 No. 490

(11) Paragraph (7) was added by S.R. 1991 No. 490 and sub-paragraph (g) was added by S.R. 1996 No. 566

(12) Paragraph (8) was added by S.R. 1996 No. 566

(13) Paragraph (9) was added by S.R. 1998 No. 103

performance of the duties of the office or employment and are not expenses of ordinary commuting or private travel within the meaning of paragraph 2 of Schedule 12A(14) to the Income and Corporation Taxes Act 1988 (ordinary commuting and private travel);

- (b) paragraphs 1(2) and 2 to 7 of that Schedule shall apply as they apply for the purposes of section 198(1A)(b)(ii)(15) of that Act (relief for necessary expenses);
- (c) expenses of travel by the holder of an office or employment between 2 places at which he performs duties of different offices or employments under or with companies in the same group are treated as necessarily expended in the performance of the duties which he is to perform at his destination; and for this purpose companies are taken to be members of the same group if, and only if, one is a 51 per cent. subsidiary of the other or both are 51 per cent. subsidiaries of a third company within the meaning of section 838(1)(a) of the Income and Corporation Taxes Act 1988 (subsidiaries).”.

(14) Schedule 12A was inserted by Schedule 10 to the Finance Act 1998

(15) Section 198(1A) was substituted by section 61(1) of the Finance Act 1998