

EXPLANATORY NOTE

(This note is not part of the Order)

This Order increases the rates of Class 2 and Class 3 contributions specified in sections 11(1) and 13(1) of the Social Security Contributions and Benefits Act 1992 (“the Act”) from £6.35 to £6.55 and from £6.25 to £6.45 respectively. It also increases from £3,590 to £3,770 the amount of earnings specified in section 11(4) below which an earner may be excepted from liability for Class 2 contributions (articles 2 and 3).

The Order increases, from £7,310 to £7,530 and from £25,220 to £26,000 respectively, the lower and upper limits of profits or gains specified in sections 15(3) and 18(1) of the Act between which Class 4 contributions are payable (article 4).

The Order provides for section 2(2) of the Social Security Act 1993 to have effect for the tax year 1999–2000. It also provides that the amount of any money that may be provided by Parliament to be paid into the National Insurance Fund in that year shall not exceed in aggregate 2 per cent of the estimated benefit expenditure for the financial year ending 31st March 2000 (article 5).

In accordance with section 142(1) of the Social Security Administration Act 1992, a copy of the report by the Government Actuary (Cm.4199) giving his opinion on the likely effect on the National Insurance Fund of the making of the Order in so far as it amends sections 11(1) and (4), 13(1), 15(3) and 18(1) of the Act, was laid before Parliament with the draft of this Order.

This Order does not impose any new costs on business. Certain contribution rates, thresholds and limits increase broadly in line with the rise in price inflation.