

## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order, which comes into force on 6th April 2011, 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 £2.40 to £2.50 and from £12.05 to £12.60. It also increases the amount of earnings specified in section 11(4) of the Act, below which an earner may be excepted from liability for Class 2 contributions from £5,075 to £5,315 (Articles 2 and 3).

The Order increases from £5,715 to £7,225 the lower limit and decreases from £43,875 to £42,475 the upper limit of profits specified in sections 15 and 18, between which Class 4 contributions are payable at the main Class 4 percentage rate (Article 4).

Articles 2 to 4 of the Order also make provision for Northern Ireland corresponding to that described in the preceding two paragraphs (the section numbers of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 are the same as those in the Act).

In accordance with section 142(1) of the Social Security Administration Act 1992, a copy of the report by the Government Actuary, giving the Actuary’s opinion on the likely effect on the National Insurance Fund of the making of the Order, insofar as it amends sections 11(1), 11(4), 13(1), 15(3), 18(1) and 18(1A) of the Act, was laid before Parliament with the draft of this Order. A copy of the report can be found on the Government Actuary’s Department website at <http://www.gad.gov.uk/Publications/index.html>.

A full impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.