
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security Contributions and Benefits Act 1992 (c. 4) and corresponding provisions in the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) (“the Acts”), and the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) (“the Contributions Regulations”), with effect from 6th April 2016.

Regulation 2 amends sections 15 and 18 of the Acts to increase the upper profits limit, below which Class 4 National Insurance contributions (“NICs”) are payable at the main Class 4 percentage rate, from £42,385 to £43,000 per year.

Regulation 4 amends regulation 10 of the Contributions Regulations to increase the upper earnings limit, below which primary Class 1 NICs are payable at the main primary percentage, from £815 to £827 per week. It also specifies the maximum level of weekly earnings, known as the upper secondary threshold, below which secondary Class 1 NICs are payable at an age-related percentage in respect of earners in the under 21 age group (set out in section 9A of the Acts), and introduces a new upper secondary threshold below which secondary Class 1 NICs are payable at zero-rate in respect of relevant apprentices (set out in section 9B of the Acts).

Regulation 5 amends regulation 11 of the Contributions Regulations to refer to sections 9A and 9B of the Acts following the introduction of those sections by the National Insurance Contributions Act 2014 (c. 7) and the National Insurance Contributions Act 2015 (c. 5) respectively. It also provides for equivalents of the upper earnings limit and the upper secondary threshold for the under 21 age group where the earnings period in question is a month or a year, and introduces monthly, annual or irregular period equivalents of the upper secondary threshold for relevant apprentices.

Regulation 6 provides for section 2(2) of the Social Security Act 1993 (c. 3) to have effect for the tax year 2016-17. This allows money provided by Parliament to be paid into the National Insurance Fund up to a limit of 5 per cent of the estimated benefit expenditure for the financial year ending with 31st March 2017. Regulation 7 makes corresponding provision for Northern Ireland, by giving effect to article 4(3) of the Social Security (Northern Ireland) Order 1993 (S.I. 1993/592 (N.I. 2)).

In accordance with section 142(1) of the Social Security Administration Act 1992 (c. 5) 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 Regulations, was laid before Parliament with the draft of these Regulations. A copy of the report can be found on the Government Actuary’s Department website at <https://www.gov.uk/government/collections/uk-social-security-short-term-and-long-term-reports>.

A Tax Information and Impact Note has not been prepared for this instrument as it gives effect to previously announced policy and it relates to routine changes to rates, limits and thresholds to a predetermined indexation formula.