



Social Security Act 1973

1973 CHAPTER 38

PART I

THE BASIC SCHEME

CHAPTER I:

CONTRIBUTIONS

Preliminary

1 Outline of basic scheme contributory system.

- (1) The funds required—
 - (a) for paying such benefits under Chapter II below as are payable out of the National Insurance Fund and not out of other public money;
 - (b) for the making of payments under Chapter III below towards the cost of the national health service and into the Redundancy Fund; and
 - (c) for paying benefit under the Industrial Injuries Acts and the Old Cases Acts, shall be provided by means of contributions payable to the Secretary of State by earners, employers and others, together with the Treasury supplements specified in subsection (5) below.
- (2) Contributions under this Part of this Act shall be of the following four classes—
 - Class 1, earnings-related, payable under section 2, being—
 - (a) primary Class 1 contributions from employed earners, and
 - (b) secondary Class 1 contributions from employers and other persons paying earnings;
 - Class 2, flat-rate, payable weekly under section 3 by self-employed earners;
 - Class 3, payable under section 4 by earners and others voluntarily with a view to providing entitlement to benefit, or making up entitlement; and

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Class 4, payable under section 5 in respect of the profits or gains of a trade, profession or vocation, or in respect of equivalent earnings.

- (3) The amounts and rates of contributions in this Chapter and the other figures therein which affect the liability of contributors shall be subject to regulations under Chapter III and, to the extent provided for by sections 7 and 8 of this Act, to alteration by orders made by the Secretary of State from year to year under those sections.
- (4) Schedule 1 to this Act—
- (a) shall have effect with respect to the computation, collection and recovery of contributions of Classes 1, 2 and 3, and otherwise with respect to contributions of those classes; and
 - (b) shall also, to the extent provided by regulations made under section 5(10) of this Act, have effect with respect to the computation, collection and recovery of Class 4 contributions, and otherwise with respect to such contributions, where under that subsection provision is made for contributions of that class to be recovered by the Secretary of State and not by the Inland Revenue under section 5(1) to (3).
- (5) Subject to section 41(2) below (mariners, etc.), there shall by way of supplement to contributions be paid out of money provided by Parliament, in such manner and at such times as the Treasury may determine, amounts the total of which for any year is equal to 18 per cent, of so much of all contributions (of the four classes) paid in that year as remains after deducting the appropriate national health service allocation and the appropriate allocation to the Redundancy Fund.
- (6) In respect of any period beginning on or after the appointed day no contributions shall be payable—
- (a) under section 1 of the National Health Service Contributions Act 1965 ; or
 - (b) under section 2(1)(a) of the Industrial Injuries Act; or
 - (c) under section 27 of the Redundancy Payments Act 1965 ;
- nor shall there be payable the Treasury supplement under section 2(1)(b) of the Industrial Injuries Act.
- (7) In this Act "employed earner" means a person who is gainfully employed in Great Britain either under a contract of service, or in an office (including elective office) with emoluments chargeable to income tax under Schedule E; and " self-employed earner " means a person who is gainfully employed in Great Britain otherwise than in employed earner's employment (whether or not he is also employed in such employment).
- (8) Regulations may provide—
- (a) for employment of any prescribed description to be disregarded in relation to liability for contributions otherwise arising from employment of that description;
 - (b) for a person in employment of any prescribed description to be treated, for the purposes of this Act, as falling within one or other of the categories of earner defined in subsection (7) above, notwithstanding that he would not fall within that category apart from the regulations.
- (9) For the purposes of this Act, a person shall be treated as a self-employed earner as respects any week during any part of which he is such an earner (without prejudice to Ms being also treated as an employed earner as respects that week by reference to any other employment of his).

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(10) No person shall—

- (a) be liable to pay Class 1 or Class 2 contributions unless he fulfils prescribed conditions as to residence or presence in Great Britain ;
- (b) be entitled to pay Class 3 contributions unless he fulfils such conditions; or
- (c) be entitled to pay Class 1 or Class 2 contributions other than those which he is liable to pay, except so far as he is permitted by regulations to pay them.