



# Social Security Act 1990

## 1990 CHAPTER 27

### *Financial provisions*

#### **16 Removal of certain liabilities from the National Insurance Fund**

- (1) In section 1 of the principal Act (outline of the contributory system) at the end of paragraph (a) of subsection (1) there shall be added the word “and” and paragraph (c) of that subsection (benefit under the Old Cases Act to be provided by means of contributions etc) shall cease to have effect.
- (2) At the end of that subsection there shall be added the words “together with the additions under subsection (4A) below” and after subsection (4) there shall be inserted—

“(4A) For the financial year beginning with 1st April 1990 and for each subsequent financial year, there shall, by way of addition 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 such year is equal to the aggregate of all statutory sick pay and statutory maternity pay paid by employers and others in that year, as estimated by the Government Actuary.”
- (3) In section 134 of that Act (destination of contributions etc) after subsection (2) there shall be inserted—

“(2A) The additions paid under section 1(4A) above shall be paid, in accordance with any directions given by the Treasury, into the National Insurance Fund.”
- (4) In section 135 of that Act, at the end of subsection (2) (which specifies the benefits which are to be paid out of money provided by Parliament instead of out of the National Insurance Fund) there shall be added—

“(h) industrial injuries benefit.”
- (5) In subsection (5) of that section (Consolidated Fund to be reimbursed out of National Insurance Fund in respect of certain administrative expenses, but excluding those specified in the paragraphs of that subsection) after paragraph (a) there shall be inserted—

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- “(aa) expenses attributable to the carrying into effect of the Old Cases Act; and”.
- (6) In section 137(1) and (2) of that Act (Government Actuary’s periodical reviews of the working of the principal Act and the Old Cases Act with a view to ascertaining likely demands on the National Insurance Fund) the words “and the Old Cases Act” shall cease to have effect.
- (7) In section 159 of that Act, in subsection (4) (certain payments in respect of pre-1948 cases to be made out of the National Insurance Fund) for the words “the National Insurance Fund” there shall be substituted the words “money provided by Parliament”.
- (8) In the Old Cases Act—
- (a) in sections 2(1) and 5(1) (schemes under those provisions to be financed out of the National Insurance Fund) for the words “the National Insurance Fund” there shall be substituted the words “money provided by Parliament”;
  - (b) in section 4(4)(e) (provision for the repayment to the National Insurance Fund of payments subsequently found not to have been due) for the words “the National Insurance Fund” there shall be substituted the words “the Secretary of State”; and
  - (c) section 13 (reciprocal arrangements with Northern Ireland in relation to payments out of the respective National Insurance Funds) shall cease to have effect.
- (9) Section 46(3) of the 1982 Act and section 85(4)(a) of the 1986 Act (which provide for the payment of sums out of the National Insurance Fund into the Consolidated Fund in respect of estimated administrative expenses relating to statutory sick pay and statutory maternity pay) shall cease to have effect.
- (10) Subsections (1) and (4) to (8) above shall be taken to have come into force on 1st April 1990.

## **17 Interest and penalties in respect of certain contributions**

- (1) In section 9 of the principal Act, in subsection (5) (Inland Revenue to pay to the Secretary of State the Class 4 contributions collected by them) after the words “pay to him” there shall be inserted “(a)” and at the end of that subsection there shall be added the words “and
- (b) so much of any interest recovered by the Inland Revenue by virtue of paragraph 7 of Schedule 2 to this Act as remains after the deduction by them of any administrative costs attributable to its recovery.”
- (2) In subsection (6) of that section (estimated Class 4 contributions collected from persons in Northern Ireland to be paid over to the Northern Ireland Department) after the word “collected” there shall be inserted the words “,or interest in respect of such contributions recovered,”.
- (3) In section 134 of that Act (destination of contributions etc) after the subsection (2A) inserted by section 16 above there shall be inserted—
- “(2B) The sums paid to the Secretary of State by the Inland Revenue under section 9(5)(b) of this Act and paragraphs 5(3)(b) and 5A(7) of Schedule 1 to this Act in respect of interest and penalties recovered by them in connection with contributions of any class shall, subject to section 9(6) of this Act,

be paid, in accordance with any directions given by the Treasury, into the National Insurance Fund.”

(4) In section 135 of that Act (general financial arrangements) after subsection (6) there shall be added—

“(7) Any expenditure in respect of the payment of interest or repayment supplements under or by virtue of paragraph 5 of Schedule 1 to this Act or paragraph 7 of Schedule 2 to this Act shall be defrayed out of the National Insurance Fund in accordance with any directions given by the Treasury.”

(5) In paragraph 5 of Schedule 1 to that Act (power to combine collection of contributions with collection of tax) after sub-paragraph (1) there shall be inserted—

“(1A) Without prejudice to the generality of sub-paragraph (1) above, the provision that may be made by virtue of paragraph (a) of that sub-paragraph includes, in relation to Class 1 contributions—

- (a) provision for requiring the payment of interest on sums due in respect of Class 1 contributions which are not paid by the due date, for determining the date (being not less than 14 days after the end of the tax year in respect of which the sums are due) from which such interest is to be calculated and for enabling the repayment or remission of such interest;
- (b) provision for requiring the payment of interest on sums due in respect of Class 1 contributions which fall to be repaid and for determining the date (being not less than one year after the end of the tax year in respect of which the sums are due) from which such interest is to be calculated;
- (c) provision for, or in connection with, the imposition and recovery of penalties in relation to any returns required to be made which relate to Class 1 contributions, but subject to sub-paragraph (2) and paragraph 5A below;

and any reference to contributions or income tax in paragraph (b) or (c) of sub-paragraph (1) above shall be construed as including a reference to any interest or penalty in respect of contributions or income tax, as the case may be.

(1B) The rate of interest applicable for any purpose of this paragraph shall be the rate from time to time prescribed for that purpose under section 178 of the Finance Act 1989.

(1C) Regulations under this paragraph may require the payment of interest on sums due in respect of contributions, notwithstanding that a question arising in relation to the contributions has not been determined under section 93 of this Act by the Secretary of State, except that where—

- (a) any such question arises which affects a person’s liability for, or the amount of, any such interest, and
- (b) either—
  - (i) that person requires the question to be determined under section 93, or
  - (ii) a question of law arising in connection with the determination of the question is, or is to be, referred to a court under section 94 of this Act,

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the regulations shall not require the payment of any such interest until the question has been determined under section 93 by the Secretary of State or the reference has been finally disposed of under section 94, as the case may be; but, subject to that, this paragraph is without prejudice to sections 93, 94 and 96 of this Act.”

- (6) In sub-paragraph (3) of that paragraph (payment of receipts to Secretary of State) after the words “pay to him” there shall be inserted “(a)” and at the end of that sub-paragraph there shall be added the words “and
- (b) so much of any interest recovered by the Inland Revenue by virtue of this paragraph as remains after the deduction by them of any administrative costs attributable to its recovery.”
- (7) After that paragraph there shall be inserted the provisions set out in Schedule 5 to this Act, which relate to the imposition and recovery of certain penalties.
- (8) In paragraph 7 of Schedule 2 to the principal Act (which provides for the charging of interest under section 88 of the Taxes Management Act 1970 in respect of Class 4 contributions, but precludes the charging of interest under section 86 of that Act in respect of overdue contributions) and in paragraph 7 of Schedule 2 to the Social Security (Northern Ireland) Act 1975 (which reproduces those provisions)—
- (a) for the words “Section 88(1)” there shall be substituted the words “(1) Sections 86 and 88(1)”;
- (b) after the word “(interest” there shall be inserted the words “on amounts overdue, and”;
- (c) for the words “it applies” there shall be substituted the words “they apply”;
- and
- (d) for the words from “but section 86” to “shall not apply” there shall be substituted the words “and section 824 of the Income and Corporation Taxes Act 1988 (repayment supplements) shall, with the necessary modifications, apply in relation to Class 4 contributions as it applies in relation to income tax.”
- (9) In each of those Acts, at the end of paragraph 7 of Schedule 2 there shall be added—
- “(2) The Inland Revenue shall have the same powers under section 1 of the Taxes Management Act 1970 (general functions of care and management) in relation to the remission of interest payable under section 86 or 88 of that Act by virtue of this paragraph as they have in relation to the remission of interest payable under either of those sections on tax.”
- (10) In section 178 of the Finance Act 1989 (rates of interest) in subsection (2), after paragraph (g) there shall be inserted—
- “(gg) paragraph 5 of Schedule 1 to the Social Security Act 1975,”.

## **18 General financial provisions**

- (1) There shall be paid out of money provided by Parliament—
- (a) any expenses incurred under this Act by a Minister of the Crown; and
- (b) any increase attributable to the provisions of this Act in the sums payable out of such money under any other Act.

- (2) There shall be paid out of the National Insurance Fund into the Consolidated Fund, at such times and in such manner as the Treasury may direct, such sums as the Secretary of State may estimate (in accordance with any directions given by the Treasury) to be the amount of the administrative expenses incurred by him under sections 4, 6 and 17, Schedules 1 and 5 and paragraphs 1 to 3, 5, 9, 26 and 27 of Schedule 6 excluding any category of expenses or payments which the Treasury may direct, or any enactment may require, to be excluded from the Secretary of State's estimates under this subsection.
- (3) There shall be paid into the Consolidated Fund any increase by virtue of this Act in the sums so payable by virtue of any other Act.