



Pension Schemes Act 1993

1993 CHAPTER 48

PART III

CERTIFICATION OF PENSION SCHEMES AND EFFECTS ON MEMBERS' STATE SCHEME RIGHTS AND DUTIES

CHAPTER II

REDUCTION IN STATE SCHEME CONTRIBUTIONS AND SOCIAL SECURITY BENEFITS FOR MEMBERS OF CERTIFIED SCHEMES

*[^{F1}Reduced rates of state scheme Class 1 contributions][^{F1}Reduced rates
of contributions for members of salary related contracted-out schemes]*

41 [^{F1}Reduced rates of Class 1 contributions]

[^{F2}(1) Subsections (1A) to [^{F3}(1E)] apply where—

- (a) the earnings paid to or for the benefit of an earner in any tax week are in respect of an employment which is contracted-out employment at the time of the payment, and
- (b) the earner's service in the employment is service which qualifies him for a pension provided by a salary related contracted-out scheme;

and in subsections (1A) and (1B) “the relevant part”, in relation to those earnings, means so much of those earnings as exceeds the current lower earnings limit but not the current upper earnings limit for that week (or the prescribed equivalents if the earner is paid otherwise than weekly).]

- (1A) [^{F4}The amount of any primary Class 1 contribution in respect of the earnings shall be reduced by an amount equal to 1.6 per cent of the relevant part of the earnings (“Amount R1”).

Status: Point in time view as at 06/04/2002. This version of this provision has been superseded.

Changes to legislation: Pension Schemes Act 1993, Section 41 is up to date with all changes known to be in force on or before 14 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (1B) The amount of any secondary Class 1 contribution in respect of the earnings shall be reduced by an amount equal to [^{F5}3.5 per cent] of the relevant part of the earnings (“Amount R2”).
- (1C) The aggregate of Amounts R1 and R2 shall be set off—
- (a) first against the aggregate amount which the secondary contributor is liable to pay in respect of the contributions mentioned in subsections (1A) and (1B); and
 - (b) then (as to any balance) against any amount which the secondary contributor is liable to pay in respect of any primary or secondary Class 1 contribution in respect of earnings—
 - (i) paid to or for the benefit of any other employed earner (whether in contracted-out employment or not), and
 - (ii) in relation to which the secondary contributor is such a contributor; and in this subsection any reference to a liability to pay an amount in respect of a primary Class 1 contribution is a reference to such a liability under paragraph 3 of Schedule 1 to the Social Security Contributions and Benefits Act 1992.
- (1D) If—
- (a) any balance remains, and
 - (b) the secondary contributor makes an application for the purpose to the Inland Revenue,
- the Inland Revenue shall, in such manner and at such time (or within such period) as may be prescribed, pay to the secondary contributor an amount equal to the remaining balance.
- But regulations may make provision for the adjustment of an amount that would otherwise be payable under this subsection so as to avoid the payment of trivial or fractional amounts.
- (1E) If the Inland Revenue pay any amount under subsection (1D) which they are not required to pay, they may recover that amount from the secondary contributor in such manner and at such time (or within such period) as may be prescribed.]
- (2) Where—
- (a) an earner has ceased to be employed in an employment; and
 - (b) earnings are paid to him or for his benefit within the period of 6 weeks, or such other period as may be prescribed, from the day on which he so ceased,
- that employment shall be treated for the purposes of subsection (1) as contracted-out employment at the time when the earnings are paid if it was contracted-out employment in relation to the earner when he was last employed in it.
- (3) This section shall not affect the amount of any primary Class 1 contribution which is payable at a reduced rate by virtue of regulations under section 19(4) of the ^{M1}Social Security Contributions and Benefits Act 1992 (reduced rates for married women and widows).

Textual Amendments

- F1** S. 41(1)(1A) substituted for s. 41(1) (13.3.1996 for specified purposes, 6.4.1996 for specified purposes, 6.4.1997 in so far as not already in force) by [Pensions Act 1995 \(c. 26\)](#), [ss. 137\(2\), 180\(1\)](#); [S.I. 1996/778](#), art. 2(1)(5)(a), Sch. Pts. 1, 5; [S.I. 1997/664](#), art. 2(3), Sch. Pt. 2

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- F2** S. 41(1)-(1C) substituted for s. 41(1)(1A) (6.4.1999) by [Social Security Act 1998 \(c. 14\), s. 87\(2\), Sch. 7 para. 127](#); S.I. 1999/418, art. 2(3)(a)
- F3** Word in s. 41(1) substituted (22.12.1999 for specified purposes, 6.4.2000 in so far as not already in force) by [Welfare Reform and Pensions Act 1999 \(c. 30\), s. 89\(3\)\(a\), Sch. 9 para. 6\(2\)](#); S.I. 1999/3420, art. 2
- F4** S. 41(1A)-(1E) substituted for s. 41(1A)-(1C) (22.12.1999 for specified purposes, 6.4.2000 in so far as not already in force) by [Welfare Reform and Pensions Act 1999 \(c. 30\), s. 89\(3\)\(a\), Sch. 9 para. 6\(3\)](#); S.I. 1999/3420, art. 2
- F5** Words in s. 41(1B) substituted (6.4.2002) by [The Social Security \(Reduced Rates of Class 1 Contributions\) \(Salary Related Contracted-out Schemes\) Order 2001 \(S.I. 2001/1356\), arts. 1, 2](#)

Modifications etc. (not altering text)

- C1** Pt. III applied (with modifications) (6.4.1997) by [The Occupational Pension Schemes \(Mixed Benefit Contracted-out Schemes\) Regulations 1996 \(S.I. 1996/1977\), regs. 1\(1\), 2\(4\)\(a\)-\(f\)](#)
- C2** Pt. III applied (with modifications) (6.4.1997) by [The Contracting-out \(Transfer and Transfer Payment\) Regulations 1996 \(S.I. 1996/1462\), regs. 1\(1\), 12, 13, Sch. 2](#) (with reg. 14, Sch. 4)
- C3** Pt. III: power to modify conferred (1.6.1996 for specified purposes, 6.4.1997 in so far as not already in force) by [Pensions Act 1995 \(c. 26\), ss. 149\(1\), 180\(1\)](#); S.I. 1996/778, [art. 2\(6\)](#); S.I. 1997/664, art. 2(3), [Sch. Pt. 2](#)

Commencement Information

- I1** Ss. 1-187 in force at 7.2.1994 by [S.I. 1994/86, art. 2](#)

Marginal Citations

- M1** 1992 c. 4.

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