
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations further amend the Social Security (Contributions) Regulations 1979 (“the principal Regulations”).

Regulation 2 amends regulation 7 of the principal Regulations by increasing the weekly lower and upper earnings limits for Class 1 contributions for the tax year beginning on 6th April 1989. The lower earnings limit is increased from £41 to £43 and the upper earnings limit from £305 to £325.

Regulation 2 also amends regulations 115, 123D and 134 of the principal Regulations. The amendment to regulation 115 decreases the abatement of the percentage rates of Class 1 contributions payable by and in respect of serving members of the forces. The decrease is from 0.8 per cent. to 0.65 per cent. in the case of primary contributions and from 0.85 per cent. to 0.7 per cent. in the case of secondary contributions.

In regulation 123D, the weekly rate of any Class 2 contributions payable by volunteer development workers is changed from a prescribed figure (£6.55) to the amount equal to that percentage of the current lower earnings limit obtained by adding the primary and secondary percentage rates (specified in section 4(6B) and (6E) of the Social Security Act 1975 (“the Act”)) in force at the beginning of the appropriate tax year. For the year beginning on 6th April 1989, the weekly rate of Class 2 contributions for volunteer development workers will therefore be £4.30.

Regulation 134(a) modifies that part of section 134(4) of the Act which sets out the meaning of the phrase “the appropriate national health service allocation”. Section 134(4)(b) specifies the percentage of estimated relevant earnings that comprises that part of the allocation attributable to secondary Class 1 contributions. Regulation 134(a) modifies the percentage figure in the case of secondary Class 1 contributions paid at a reduced rate in accordance with regulation 89(1) (which relates to specified employments of foreign-going mariners). These Regulations increase the percentage figure in regulation 134(a) from 0.3 to 0.6, and make minor amendments to regulation 134(a) and (b).

Regulation 2(2) of these Regulations is made under section 1 of the Social Security Pensions Act 1975 and the proposals for it are exempt from reference to the Social Security Advisory Committee by virtue of section 10(2) of, and paragraph 13(1) of Schedule 3 to, the Social Security Act 1980.