
STATUTORY INSTRUMENTS

1994 No. 544

SOCIAL SECURITY

The Social Security (Contributions) (Re-rating and National Insurance Fund Payments) Order 1994

Made - - - - *3rd March 1994*
Coming into force - - *6th April 1994*

Whereas the Secretary of State for Social Security, as a result of carrying out in the tax year 1993-94 a review of the general level of earnings pursuant to section 141(1) and (2) of the Social Security Administration Act 1992(1) (“the Administration Act”), has determined that an Order should be made under that section amending Part I of the Social Security Contributions and Benefits Act 1992(2) (“the Contributions and Benefits Act”) by altering the rates of Class 2 and Class 3 contributions, the amount of earnings below which an earner may be excepted from liability for Class 2 contributions and the lower and upper limits of profits or gains to be taken into account for Class 4 contributions:

And whereas the Secretary of State, with a view to adjusting the level at which the National Insurance Fund stands and having regard to the sums which may be expected to be paid from the Fund in the tax year 1994-95, has determined that an Order should be made under section 143(1) of the Administration Act, and, for the purposes of adjusting amounts payable by way of secondary Class 1 contributions, has determined that an Order should be made under section 145(2) of the Administration Act amending section 9(3) of the Contributions and Benefits Act by altering the weekly earnings figures and the percentage rates therein specified:

And whereas the Secretary of State, with a view to adjusting the level at which the National Insurance Fund stands for the time being and having regard to estimated benefit expenditure for the financial year ending 31st March 1995, thinks it expedient that an Order should be made under section 2(2) of the Social Security Act 1993 (“the 1993 Act”)(3):

And whereas a draft of the following Order was laid before Parliament in accordance with the provisions of sections 141(3) and 190(1) of the Administration Act and section 2(8) of the 1993 Act and approved by resolution of each House of Parliament:

Now, therefore, the Secretary of State for Social Security in exercise of powers conferred by sections 141(4) and (5), 142(2), 143(1), 145(2) and 189(1) and (3) of the Administration Act and, with the consent of the Treasury, section 2(2) and (8) of the 1993 Act and of all other powers enabling him in that behalf, hereby makes the following Order:

(1) 1992 c. 5.
(2) 1992 c. 4.
(3) 1993 c. 3.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating and National Insurance Fund Payments) Order 1994 and shall come into force on 6th April 1994.

(2) In this Order—

“the Act” means the Social Security Contributions and Benefits Act 1992.

Weekly earnings figures and appropriate percentage rates for secondary earnings brackets

2.—(1) Section 9 of the Act(4) (calculation of secondary Class 1 contributions) shall be amended in accordance with the provisions of this article.

(2) In subsection (3) (secondary earnings brackets and percentage rates)—

- (a) for the figure “£94.99” specified in respect of Bracket 1 there shall be substituted the figure “£99.99” and for the percentage rate figure “4.6 per cent.” there shall be substituted the figure “3.6 per cent.”;
- (b) for the figures “£95.00” and “£139.99” specified in respect of Bracket 2 there shall be substituted respectively the figures “£100.00” and “£144.99” and for the percentage rate figure “6.6 per cent.” there shall be substituted the figure “5.6 per cent.”;
- (c) for the figures “£140.00” and “£194.99” specified in respect of Bracket 3 there shall be substituted respectively the figures “£145.00” and “£199.99” and for the percentage rate figure “8.6 per cent.” there shall be substituted the figure “7.6 per cent.”;
- (d) for the figure “£195.00” specified in respect of Bracket 4 there shall be substituted the figure “£200.00” and for the percentage rate figure “10.4 per cent.” there shall be substituted the figure “10.2 per cent.”.

Rate of, and small earnings exception from, Class 2 contributions

3. In section 11 of the Act (Class 2 contributions)(5)—

- (a) in subsection (1) (weekly rate) for the figure “£5.55” there shall be substituted the figure “£5.65”;
- (b) in subsection (4) (small earnings exception) for the figure “£3,140” there shall be substituted the figure “£3,200”.

Amount of Class 3 contributions

4. In section 13(1) of the Act (amount of Class 3 contributions)(6) for the figure “£5.45” there shall be substituted the figure “£5.55”.

Percentage rate and lower and upper limits for Class 4 contributions

5. In both section 15(3) and section 18(1) of the Act (Class 4 contributions recoverable under the Income Taxes Acts and under regulations)(7)—

- (a) for the percentage rate “6.3 per cent.” there shall be substituted the percentage rate “7.3 per cent.”;
- (b) for the figure “£6,340”(lower limit) on each occasion where it appears there shall be substituted the figure “£6,490”;

(4) Section 9 was amended by article 2 of [S.I. 1993/280](#) from 6th April 1993.

(5) Section 11 was amended by article 3 of [S.I. 1993/280](#) from 6th April 1993.

(6) Section 13 was amended by article 4 of [S.I. 1993/280](#) from 6th April 1993.

(7) Sections 15 and 18 were amended by article 5 of [S.I. 1993/280](#) from 6th April 1993.

(c) for the figure “£21,840” (upper limit) there shall be substituted the figure “£22,360”.

Prescribed percentage of estimated benefit expenditure

6. Section 2(2) of the 1993 Act shall have effect with respect to the tax year 1994-95 and the prescribed percentage of estimated benefit expenditure for the financial year ending with 31st March in that tax year shall be 16 per cent.

Signed by authority of the Secretary of State for Social Security.

Department of Social Security
2nd March 1994

Nicholas Scott
Minister of State,

We consent,

3rd March 1994

Timothy Kirkhope
Irvine Patnick
Two of the Lords Commissioners of Her
Majesty’s Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order increases the amounts of weekly earnings specified in the secondary earnings brackets in section 9(3) of the Social Security Contributions and Benefits Act 1992 (“the Act”), in respect of Bracket 1 from £94.99 to £99.99, in respect of Bracket 2 from £95 and £139.99 to £100 and £144.99, in respect of Bracket 3 from £140 and £194.99 to £145 and £199.99 and in respect of Bracket 4 from £195 to £200. The percentage rate is reduced, in respect of Bracket 1 from 4.6% to 3.6%, in respect of Bracket 2 from 6.6% to 5.6%, in respect of Bracket 3 from 8.6% to 7.6% and in respect of Bracket 4 from 10.4% to 10.2% (article 2).

The Order increases the rates of Class 2 and Class 3 contributions specified in sections 11(1) and 13(1) of the Act from £5.55 to £5.65 and from £5.45 to £5.55 respectively. It also increases from £3,140 to £3,200 the amount of earnings specified in section 11(4) below which an earner may be exempted from liability for Class 2 contributions (articles 3 and 4).

The Order increases the percentage rate at which Class 4 contributions are charged from 6.3% to 7.3%. It also increases, from £6,340 to £6,490 and from £21,840 to £22,360 respectively, the lower and upper limits of profits or gains specified in sections 15(3) and 18(1) of the Act between which Class 4 contributions are payable (article 5).

The Order provides for section 2(2) of the Social Security Act 1993 to have effect for the tax year 1994-95. It also provides that the amount of money provided by Parliament to be paid into the National Insurance Fund in that year shall not exceed in aggregate 16% of the estimated benefit expenditure for the financial year ending 31st March 1995 (article 6).

In accordance with sections 142(1), 144(1) and 147(2) of the Social Security Administration Act 1992, a copy of the report by the Government Actuary (Cm.2445) giving his opinion on the likely effect on the National Insurance Fund of the making of the Order in so far as it amends sections 9(3), 11(1) and (4), 13(1), 15(3) and 18(1) of the Act, was laid before Parliament with a draft of this Order.

Articles 3(b), 4 and 6 of this Order do not impose any costs on business. The effect of article 2 will be to increase the administrative costs to business. In most cases the effect of articles 3(a) and 5 will be to increase the National Insurance contributions payable by the self-employed.

An assessment of the costs to business of applying articles 2, 3(a) and 5 has been placed in the Libraries of both Houses of Parliament. Copies can be obtained by post from the Department of Social Security, Room 09/03, Adelphi, 1-11 John Adam Street, London WC2N 6HT.