
STATUTORY INSTRUMENTS

1995 No. 1003

SOCIAL SECURITY

**The Social Security (Contributions)
Amendment (No. 4) Regulations 1995**

<i>Made</i>	- - - -	<i>5th April 1995</i>
<i>Laid before Parliament</i>		<i>5th April 1995</i>
<i>Coming into force</i>	- -	<i>6th April 1995</i>

The Secretary of State for Social Security, in exercise of powers conferred by sections 3(2) and (3), 122(1) and 175(1) to (3) of the Social Security Contributions and Benefits Act 1992⁽¹⁾ and of all other powers enabling him in that behalf, after agreement by the Social Security Advisory Committee that proposals to make these Regulations should not be referred to it⁽²⁾, hereby makes the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Social Security (Contributions) Amendment (No. 4) Regulations 1995 and shall come into force on 6th April 1995.

(2) In these Regulations “the principal Regulations” means the Social Security (Contributions) Regulations 1979⁽³⁾.

Amendment of regulation 18 of the principal Regulations

2. In regulation 18 of the principal Regulations (calculation of earnings)⁽⁴⁾—

(a) in paragraph (2) for the words “or (8)” there shall be substituted the words “, (8) or (9)”;

(b) after paragraph (8) there shall be added the following paragraph—

“(9) The amount of earnings which is comprised in any payment by way of the conferment of a beneficial interest in any asset, including any voucher, falling within paragraph 9C of Schedule 1A to these Regulations and which falls to be taken into account in the computation of a person’s earnings shall, for the purposes of earnings-related contributions, be calculated or estimated by reference to the amount obtainable

(1) 1992 c. 4; section 122(1) is cited because of the meaning ascribed to the word “prescribe”.

(2) See the Social Security Administration Act 1992 (c. 5), section 173(1)(b).

(3) S.I. 1979/591; the relevant amending instruments are S.I. 1991/2505, 1993/2925 and 1994/2194.

(4) The relevant amending instruments are S.I. 1991/2505, 1993/2925 and 1994/2194.

under the trading arrangements in question as if that amount were obtained on the day on which the beneficial interest was conferred.”.

Amendment of Schedule 1A to the principal Regulations

3. In Schedule 1A to the principal Regulations (assets not to be disregarded as payments under regulation 19(1)(d))(5)—

(a) after paragraph 9B there shall be inserted the following paragraph—

“**9C.** Any other asset, including any voucher, for which trading arrangements exist and any voucher capable of being exchanged for such an asset.”;

(b) in paragraph 16 after the words “paragraph 9B” there shall be inserted the words “or 9C”;

(c) after paragraph 18 there shall be added the following paragraph—

“**19.** For the purposes of paragraph 9C of this Schedule “trading arrangements” has the meaning assigned to it in section 203K(2)(a) of the Income and Corporation Taxes Act 1988(6).”.

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

Department of Social Security
5th April 1995

James Arbuthnot
Parliamentary Under-Secretary of State,

(5) Schedule 1A was inserted by regulation 5 of S.I. 1991/2505. Paragraphs 9A, 9B, 15 and 16 were inserted by S.I. 1993/2925 and paragraphs 9ZA, 9ZB, 17 and 18 were inserted, and 5 and 9A amended, by S.I. 1994/2194.

(6) 1988 c. 1; section 203K was inserted by section 131 of the Finance Act 1994 (c. 9).

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 18 of the principal Regulations so that where a payment of earnings is made by conferring a beneficial interest in certain assets for which trading arrangements exist, the amount of the payment is to be established by reference to the amount obtainable under those arrangements.

Regulation 3 amends Schedule 1A to the principal Regulations, which lists certain assets which are not excluded from the computation of a person’s earnings. Two further paragraphs are inserted. Paragraph 9C refers to assets, including vouchers, for which trading arrangements exist and vouchers for such assets and paragraph 19 defines the term “trading arrangements” by reference to section 203K(2)(a) of the Income and Corporation Taxes Act 1988.

These Regulations do not impose any additional administrative costs on business but the effect will be to require the payment of primary and secondary Class 1 national insurance contributions (although any primary Class 1 contributions remain subject to the upper earnings limit) which had not previously been due on certain payments of earnings, where those payments of earnings are made by means of assets or vouchers now covered by these Regulations.

An assessment of the cost to business of applying these Regulations 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.