
STATUTORY INSTRUMENTS

1998 No. 2894

SOCIAL SECURITY

**The Social Security (Contributions) Amendment
(No. 5) Regulations 1998**

<i>Made</i>	- - - -	<i>24th November 1998</i>
<i>Laid before Parliament</i>		<i>25th November 1998</i>
<i>Coming into force</i>	- -	<i>25th November 1998</i>

The Secretary of State for Social Security, in exercise of powers conferred by sections 3(2), 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. 5) Regulations 1998 and shall come into force on 25th November 1998.

(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)—

(a) after paragraph (2)(4), insert—

“(2A) Paragraph (2) of this regulation shall apply to shares in a body corporate which are capable of being acquired pursuant to an option, or a voucher capable of being exchanged for such an option, where those shares, that option or that voucher are a readily convertible asset.

(2B) For the purposes of paragraphs (2A), (5A) and (9A) of this regulation, “body corporate” includes—

(1) 1992 c. 4. Section 122(1) is cited because of the meaning ascribed to the word “prescribe”.
(2) See section 173(1)(b) of the Social Security Administration Act 1992 (c. 5).
(3) S.I.1979/591; the relevant amending instruments are S.I.1991/2505, 1996/3031 and 1998/2211.
(4) Paragraph (2) was added by regulation 2(3) of S.I.1991/2505 and amended by regulation 3(a) of S.I.1996/3031.

- (a) a body corporate constituted under the law of a country or territory outside the United Kingdom; and
 - (b) an unincorporated association wherever constituted,
- but does not include a partnership, a local authority within the meaning of section 842A of the Income and Corporation Taxes Act 1988⁽⁵⁾ or a local authority association within the meaning of section 519⁽⁶⁾ of that Act.”;
- (b) after paragraph (5)⁽⁷⁾, insert—
 - “(5A) Paragraph (4)⁽⁸⁾ of this regulation shall apply to shares in a body corporate which are capable of being acquired pursuant to an option, or a voucher capable of being exchanged for such an option, where those shares, that option or that voucher are a readily convertible asset.”;
 - (c) in paragraph (9)⁽⁹⁾, for “The amount”, substitute “Subject to paragraphs (2A), (5A) and (9A) of this regulation, the amount”;
 - (d) after paragraph (9), insert—
 - “(9A) Paragraph (9) of this regulation does not apply to an option to acquire shares in a body corporate, or a voucher capable of being exchanged for such an option, where those shares, that option or that voucher are a readily convertible asset.”.

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

24th November 1998

Stephen C. Timms
Parliamentary Under-Secretary of
State, Department of Social Security

(5) 1988 c. 1. Section 842A was inserted by section 127(1) of the Finance Act 1990 (c. 29) and amended by section 117(1) of, and paragraph 57 of Schedule 13 to, the Local Government Finance Act 1992 (c. 14), section 93 of, and Part I of Schedule 9 to, the Police and Magistrates' Courts Act 1994 (c. 29), section 180 of, and paragraph 155 of Schedule 13 to, the Local Government etc. (Scotland) Act 1994 (c. 39) and section 134(1) of, and paragraph 53 of Schedule 9 to, the Police Act 1997 (c. 50).

(6) Section 519 was amended by sections 127(3) and 132 of, and paragraph 5 of Schedule 18 and Part IV of Schedule 19 to, the Finance Act 1990.

(7) Paragraph (5) was added by regulation 2(3) of S.I.1991/2505.

(8) Paragraph (4) was added by regulation 2(3) of S.I.1991/2505.

(9) Paragraph (9) was substituted by regulation 5(4) of S.I.1998/2211.

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 by inserting new paragraphs. New paragraph (2A) provides that the provisions of paragraph (2) of regulation 18 of the principal Regulations shall apply to shares in a body corporate which are capable of being acquired pursuant to an option or a voucher exchangeable for such an option. New paragraph (2B) makes consequential provision for new paragraphs (2A), (5A) and (9A). New paragraph (5A) provides that the provisions of paragraph (4) of regulation 18 of the principal Regulations shall apply to shares in a body corporate which are capable of being acquired pursuant to an option or a voucher exchangeable for such an option. New paragraph (9A) excludes an option to acquire shares in a body corporate or a voucher exchangeable for such an option from the operation of paragraph (9) of regulation 18 of the principal Regulations.

These Regulations impose no costs on business.