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 S T A T U T O R Y I N S T R U M E N T S
 

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## 2000 No. 175

### SOCIAL SECURITY

#### The Social Security (Contributions) (Amendment) Regulations 2000

<i>Made</i>	- - - -	<i>27th January 2000</i>
<i>Laid before Parliament</i>		<i>31st January 2000</i>
<i>Coming into force</i>		<i>6th April 2000</i>

The Treasury, in exercise of the powers conferred on them by sections 5, 122(1) and 175(3) and (4) of the Social Security Contributions and Benefits Act 1992(a) and of all other powers enabling them in that behalf, hereby make the following Regulations:

#### Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Social Security (Contributions) (Amendment) Regulations 2000 and shall come into force on 6th April 2000.

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

#### Amendments to the principal Regulations

2. For regulation 7 of the principal Regulations (lower and upper earnings limits and earnings threshold)(c) there shall be substituted—

##### “Lower and upper earnings limits and primary and secondary thresholds

7. For the purposes of section 5(1) of the Social Security Contributions and Benefits Act 1992 (which provides for lower and upper earnings limits and primary and secondary thresholds to be specified for each tax year in respect of Class 1 contributions), for the tax year which begins on 6th April 2000—

- (a) the lower earnings limit (for primary Class 1 contributions) shall be £67;
- (b) the upper earnings limit (for primary Class 1 contributions) shall be £535;
- (c) the primary threshold (for primary Class 1 contributions) shall be £76; and
- (d) the secondary threshold (for secondary Class 1 contributions) shall be £84.”

3. For regulation 8 of the principal Regulations (equivalent amounts)(d) there shall be substituted—

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(a) 1992 c. 4; section 5 was substituted by paragraph 1 of Part I of Schedule 9 to the Welfare Reform and Pensions Act 1999 (c. 30). Section 122 (1) is cited because of the meaning ascribed to the word “prescribe”. Section 175(4) was amended by paragraph 29(4) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2).

(b) S.I. 1979/591; the relevant amending instrument is S.I. 1999/568.

(c) Substituted by regulation 3 of S.I. 1999/568.

(d) Regulation 8 was substituted by regulation 4 of S.I. 1999/568.

**“Prescribed equivalents**

**8.—(1)** The prescribed equivalents of the lower and upper earnings limits and the primary and secondary thresholds, for the purposes of—

- (a) sections 6(1), 6A(1), 8(1) and 9(1) of the Social Security Contributions and Benefits Act 1992 (which provide for liability for Class 1 contributions, notional payment of primary Class 1 contribution where earnings are not less than the lower earnings limit, the calculation of primary Class 1 contributions and the calculation of secondary Class 1 contributions respectively)(a), and
- (b) sections 41(1) and 42A(1) of the Pension Schemes Act 1993 (reduced rates of Class 1 contributions and rebates)(b),

shall be determined in accordance with the following provisions of this regulation.

(2) Subject to paragraphs (4) and (5) of this regulation, the prescribed equivalents of the lower and upper earnings limits shall be—

- (a) where the earnings period is a multiple of a week, the amounts calculated by multiplying the lower and upper earnings limits (“the weekly limits”) by the corresponding multiple;
- (b) where the earnings period is a month, the amounts calculated by multiplying each of the weekly limits by  $4\frac{1}{3}$ ;
- (c) where the earnings period is a multiple of a month, the amounts calculated by multiplying each of the weekly limits by  $4\frac{1}{3}$  and multiplying each result by the corresponding multiple;
- (d) in any other case, the amounts calculated by dividing each of the weekly limits by 7 and multiplying each result by the number of days in the earnings period concerned.

(3) Subject to paragraphs (4) and (5) of this regulation, the prescribed equivalents of the primary and secondary thresholds shall be—

- (a) where the earnings period is a month, £329 in the case of the primary threshold and £365 in the case of the secondary threshold;
- (b) where the earnings period is a year, £3,952 in the case of the primary threshold and £4,385 in the case of the secondary threshold;
- (c) where the earnings period is a multiple of a week, the amounts calculated by dividing the relevant figure in sub-paragraph (b) by 52 and multiplying the result by the corresponding multiple;
- (d) where the earnings period is a multiple of a month, the amounts calculated by dividing the relevant figure in sub-paragraph (b) by 12 and multiplying the result by the corresponding multiple;
- (e) in any other case, the amounts calculated by dividing the relevant figure in sub-paragraph (b) by 365 and multiplying the result by the number of days in the earnings period concerned.

(4) The amounts determined in accordance with—

- (a) paragraph (2)(b) and (c) of this regulation, and
- (b) paragraph (3)(c) and (d) of this regulation,

if not whole pounds, shall be rounded up to the next whole pound.

(5) The amounts determined in accordance with—

- (a) paragraph (2)(d) of this regulation, and
- (b) paragraph (3)(e) of this regulation,

shall be calculated to the nearest £0.01, and any amount of £0.005 or less shall be disregarded.”

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(a) Sections 6, 8 and 9 were substituted, and section 6A was inserted, by paragraphs 2 to 5 of Part I of Schedule 9 to the Welfare Reform and Pensions Act 1999.

(b) 1993 c. 48; section 41(1) was substituted by paragraph 127 of Schedule 7 to the Social Security Act 1998 (c. 14) and amended by paragraph 6(2) of Part II of Schedule 9 to the Welfare Reform and Pensions Act 1999. Section 42A was inserted by section 137(5) of the Pensions Act 1995 (c. 26). Subsection (1) of section 42A was substituted by paragraph 128 of Schedule 7 to the Social Security Act 1998 and amended by paragraph 7(2) of Part II of Schedule 9 to the Welfare Reform and Pensions Act 1999.

4. In regulation 9(1) of the principal Regulations (calculation of earnings-related contributions)(a) paragraph (ii) of sub-paragraph (b) shall be omitted.

*Greg Pope*  
*Jim Dowd*

27th January 2000

Two of the Lords Commissioners of Her Majesty's Treasury

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(a) Regulation 9(1) was substituted by regulation 6(2) of S.I. 1999/568.

**EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

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

Regulation 1 provides for citation, commencement and interpretation.

Regulation 2 substitutes regulation 7 of the principal Regulations to specify the lower earnings limit, upper earnings limit, primary threshold and secondary threshold for the tax year beginning on 6th April 2000.

Regulation 3 substitutes regulation 8 of the principal Regulations to provide for the equivalents of the lower earnings limit, upper earnings limit, primary threshold and secondary threshold where an employed earner’s earnings period is other than a week.

Regulation 4 revokes regulation 9(1)(b)(ii) of the principal Regulations (which provided for a minimal primary Class 1 contribution to be paid where the employed earner’s earnings in the relevant earnings period marginally exceeded the lower earnings limit).

The costs to business of the amendments in the Welfare Reform and Pensions Act 1999 were covered in the Regulatory Impact Assessment for that Act. A copy of this Assessment can be obtained from the Department of Social Security, Better Regulation Unit, Level 3, The Adelphi, 1-11 John Adam Street, London, WC2N 6HT. A copy of the Assessment has been placed in the libraries of both Houses of Parliament. Certain other limits and thresholds increase broadly in line with the rise in price inflation while the upper earnings limit increases in accordance with the announcement in the March 1999 Budget.

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