

**2000 No. 2086**

**SOCIAL SECURITY, NORTHERN IRELAND**

**The Social Security (Contributions) (Amendment No. 6)  
(Northern Ireland) Regulations 2000**

<i>Made</i> - - - -	<i>28th July 2000</i>
<i>Laid before Parliament</i>	<i>1st August 2000</i>
<i>Coming into force</i>	<i>4th August 2000</i>

The Treasury, with the concurrence of the Department for Social Development<sup>(a)</sup> in so far as required, in exercise of the powers conferred on them by sections 3(2) and (3), 4(5) to (7), and 171(3) to (5) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992<sup>(b)</sup>, and of all other powers enabling them in that behalf, hereby make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Social Security (Contributions) (Amendment No. 6) (Northern Ireland) Regulations 2000 and shall come into force on 4th August 2000.

**Interpretation**

2. In these Regulations “the principal Regulations” means the Social Security (Contributions) Regulations (Northern Ireland) 1979<sup>(c)</sup>.

**Amendment of the principal Regulations**

3. The principal Regulations are amended in accordance with regulations 4 to 9 below.

4. In regulation 1(2) (interpretation) in the definition of “readily convertible asset”<sup>(d)</sup> at the end there is added “, but this is subject to paragraph 128(2) of Schedule 8 to the Finance Act 2000 (approved employee share ownership plans—meaning of readily convertible asset)<sup>(e)</sup>”.

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(a) The functions of the Department of Health and Social Services for Northern Ireland under the Social Security Contributions and Benefits (Northern Ireland) Act 1992 were transferred to the Department for Social Development by Article 8(b) of, and Part II of Schedule 6 to, the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (S.R. 1999 No. 481).

(b) 1992 c. 7. Section 3(2) was amended by paragraph 4 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671) (“the Transfer Order”). Subsection (6) of section 4 was substituted by section 78(3) of the Child Support, Pensions and Social Security Act 2000 (c. 19) and subsection (7) was inserted by paragraph 5 of Schedule 3 to the Transfer Order.

(c) S.R. 1979 No. 186: the relevant amending instruments are S.R. 1983 No. 8, 1996 No. 566, 1998 No. 317 and 1999 No. 117.

(d) This definition was inserted by regulation 2(a)(iii) of S.R. 1998 No. 317.

(e) 2000 c. 17.

5. For regulation 17A (payments to directors to be treated as earnings)(a) there is substituted—

**“Payments to be treated as earnings**

**17A.**—(1) For the purposes of section 3 of the Act (earnings) the amounts specified in paragraphs (2) to (4) of this regulation shall be treated as remuneration derived from an employed earner’s employment.

(2) The amount specified in this paragraph is the amount of any payment by a company to or for the benefit of any of its directors if—

- (a) apart from this paragraph the payment would, when made, not be earnings for the purposes of the Act; and
- (b) the payment is made on account of or by way of an advance on a sum which would be earnings for those purposes.

(3) The amount specified in this paragraph is any amount in respect of which an employed earner is chargeable to tax under Schedule E under any provision of sections 140A to 140H of the Income and Corporation Taxes Act 1988 (conditional acquisition of shares and convertible shares)(b) in respect of the acquisition, on or after 9th April 1998, of shares or an interest in shares.

(4) The amount specified in this paragraph is any amount in respect of which—

- (a) an employed earner is chargeable to tax under Schedule E under any provision of Part X of Schedule 8 to the Finance Act 2000 (employee share ownership plans— income tax); and
- (b) income tax is deductible under regulations made under section 203 of the Income and Corporation Taxes Act 1988 (PAYE regulations).”.

6. Regulation 17AB (further provision as to payments to be treated as earnings)(c) is revoked.

7. In regulation 18 (calculation of earnings) in paragraph (15)(c)(d) for “by virtue of regulation 17AB” there is substituted “under regulation 17A(3)”.

8.—(1) Regulation 19 (payments to be disregarded)(e) is amended in accordance with the following provisions of this regulation.

(2) In paragraph (1)—

(a) after sub-paragraph (1)(f) there are inserted the following sub-paragraphs—

“(1a) a payment by way of the grant of a qualifying option within the meaning of Schedule 14 to the Finance Act 2000 (enterprise management incentives) which is capable of being exercised more than ten years after the grant;

(1b) a payment deducted from the earnings of the employment under a partnership share agreement;

(1c) a payment by way of an award of shares under an employee share ownership plan;”;

(b) in head (ii) of sub-paragraph (zf)(g) for “by virtue of regulation 17AB of these Regulations (further provision as to payments to be treated as earnings)” there is substituted “under regulation 17A(3) (payments to be treated as earnings—conditional acquisition of shares and convertible shares)”;

(c) in sub-paragraph (zg) for “by virtue of regulation 17AB” there is substituted “under regulation 17A(3)”.

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(a) Regulation 17A was inserted by regulation 5 of S.R. 1983 No. 8.

(b) 1988 c. 1. These sections were inserted by sections 50 to 53 of the Finance Act 1998 (c. 36).

(c) Regulation 17AB was inserted by regulation 4 of S.R. 1998 No. 317.

(d) Regulation 18 has been amended: paragraph (15) was inserted by reg. 5(c) of S.R. 1998 No. 317.

(e) Regulation 19 has been amended: the relevant amending instruments are S.R. 1996 No. 566, 1998 No. 317 and 1999 No. 117.

(f) Sub-paragraph (1) was substituted by regulation 6(a)(ii) of S.R. 1998 No. 317.

(g) Sub-paragraphs (zf) and (zg) were inserted by regulation 3(a)(ii) of S.R. 1999 No. 117.

(3) After paragraph (8)(a) there are inserted the following paragraphs—

“(8A) In paragraph (1)(lb) “partnership share agreement” has the meaning given in paragraph 34 of Schedule 8 to the Finance Act 2000.

(8B) In paragraph (1)(lc) “employee share ownership plan” has the meaning given in paragraph 1(1) of Schedule 8 to the Finance Act 2000.”.

9. In Regulation 13(3D)(b)(ii) of Schedule 1 to the principal Regulations (calculation of deduction in respect of earnings-related contributions)(b) for “17AB” substitute “17A(3)”.

**Consequential amendment of the Social Security Contributions (Intermediaries) (Northern Ireland) Regulations 2000**

10. In regulation 7(1) of the Social Security Contributions (Intermediaries) (Northern Ireland) Regulations 2000(c), in paragraph (a) of Step Seven for “17A” there is substituted “17A(2)”.

*Jim Dowd*  
*Greg Pope*

28th July 2000

Two of the Lords Commissioners of Her Majesty’s Treasury

The Department for Social Development hereby concurs.

Sealed with the Official Seal of the  
Department for Social Development on 28th July 2000.

*John O’Neill*  
Senior Officer of the  
Department for Social Development

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(a) Paragraph (8) was inserted by regulation 4(d) of S.R. 1996 No. 566, and amended by regulation 6(e) of S.R. 1998 No. 317.

(b) Paragraph (3D) was inserted by regulation 10(3)(d) of S.R. 1999 No. 117.

(c) S.I. 2000/728.

## EXPLANATORY NOTE

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

These Regulations amend the Social Security (Contributions) Regulations (Northern Ireland) 1979 (S.R. 1979 No. 186) (“the principal Regulations”) to make provision for enterprise management incentives under Schedule 14 to the Finance Act 2000 (c. 17) and approved employee share ownership plans under Schedule 8 to that Act.

Regulation 1 provides for the citation and commencement of these Regulations.

Regulation 2 provides a definition of “the principal Regulations” and regulation 3 introduces the amendments made to the principal Regulations.

Regulation 4 amends the definition of “readily convertible asset” used in the principal Regulations to secure consistency of approach between income tax chargeable under Schedule E and contributions in respect of shares held subject to an approved employee share ownership plan.

Regulation 5 substitutes for the existing regulations 17A and 17AB of the principal Regulations a new regulation 17A which specifies certain amounts which are to be treated as earnings for the purposes of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7). In addition to sums payable to directors and payments by way of conditional acquisition of shares and convertible shares (now covered by paragraphs (2) and (3) of the replacement regulation 17A), payments in respect of which income tax is chargeable under Schedule 8 to the Finance Act 2000 (c. 17) to Schedule E and deductible under PAYE regulations are brought within the charge to social security contributions.

Regulation 8(2)(a) and (3) amends regulation 19 of the principal Regulations (sums to be disregarded in computing earnings-related contributions) to secure the disregard, in computing the amount of employed earner’s earnings, of payments (a) by way of the grant of a qualifying option under Schedule 14 to the Finance Act 2000 (enterprise management incentives) which is capable of being exercised more than ten years after the grant; or (b) deducted under an employee share ownership plan and of payments by way of an award of shares under an employee share ownership plan approved under Schedule 8 to that Act.

Regulation 6 consequentially revokes regulation 17AB of the principal Regulations (covered by the new regulation 17A(3)), whilst regulations 7, 8(2)(b) and (c), 9 and 10 contain consequential amendments.

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