

2000 No. 2207

SOCIAL SECURITY

**The Social Security (Contributions) (Amendment No. 8)
Regulations 2000**

<i>Made - - - -</i>	<i>10th August 2000</i>
<i>Laid before Parliament</i>	<i>11th August 2000</i>
<i>Coming into force</i>	<i>1st September 2000</i>

The Treasury, in exercise of the powers conferred on them by sections 10(9), 122(1) and 175(3) and (4) of, and paragraphs 7B and 8(1)(ia) and (q) of Schedule 1 to, the Social Security Contributions and Benefits Act 1992(a) and section 74(9) of the Child Support, Pensions and Social Security Act 2000, and of all other powers enabling them in that behalf, and the Commissioners of Inland Revenue, in exercise of the powers conferred on them by sections 122(1) and 175(3) and (4) of, and paragraphs 6(1) and (2) and 7BA of Schedule 1(b) to, the Social Security Contributions and Benefits Act 1992, and of all other powers enabling them in that behalf, hereby make the following Regulations:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Social Security (Contributions) (Amendment No. 8) Regulations 2000 and shall come into force on 1st September 2000.

(2) Regulations 3 and 4 shall have effect in relation to the tax year beginning on 6th April 2000 and any subsequent tax year.

(3) Regulations 5 to 36 shall have effect in relation to contributions to be paid in respect of the tax year beginning on 6th April 2000 and any subsequent tax year.

(a) 1992 c. 4. Section 10 was substituted by section 74(2) of the Child Support, Pensions and Social Security Act 2000 (c. 19). Section 122(1) is cited because of the meaning ascribed to the word “prescribe”. Section 175(4) was amended by paragraph 29 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) (“the Transfer Act”). Paragraph 7B was inserted by section 57 of the Social Security Act 1998 (c. 14) and amended by paragraph 38 of Schedule 3, paragraph 7 of Schedule 9, and Part I of Schedule 10, to the Transfer Act, and section 76(3) and (4) of the Child Support, Pensions and Social Security Act 2000. Paragraph 8(1)(ia) was inserted by paragraph 77(15) of Schedule 7 to the Social Security Act 1998 and amended by section 74(5) of the Child Support, Pensions and Social Security Act 2000.

(b) Sub-paragraphs (1) and (2) of paragraph 6 were amended by paragraph 77(8) and (9) of Schedule 7, and Schedule 8, to the Social Security Act 1998, and sub-paragraph (1) was amended further by paragraph 35(2) of Schedule 3 to the Transfer Act. Paragraph 7BA was inserted by section 76(5) of the Child Support, Pensions and Social Security Act 2000.

Interpretation

2. In these Regulations “the principal Regulations” means the Social Security (Contributions) Regulations 1979(a) and “Schedule 1” means Schedule 1 to the principal Regulations.

Amendment of regulation 22E of the principal Regulations

3.—(1) Regulation 22E(b) of the principal Regulations (reduction of certain Class 1A contributions on account of the number of employments in the cases of a car made available by reason of two or more employments and of a car made available to two or more employed earners) shall be amended as follows.

(2) In the heading for the words “a car made available” in both places where they occur there shall be substituted the words “something provided or made available”.

(3) In paragraph (1)(a) for the words “a car is made available for private use” in both paragraphs (i) and (ii) there shall be substituted the words “something is provided or made available”.

(4) In paragraph (2) for the words “the car is made available” there shall be substituted the words “the thing is provided or made available”.

Insertion of regulation 22HA in the principal Regulations

4. After regulation 22H(c) of the principal Regulations (calculation of Class 1A contributions) there shall be inserted the following regulation—

“Prescribed emoluments in respect of which Class 1A contributions are not payable

22HA.—(1) Class 1A contributions shall not be payable in respect of the emoluments prescribed by paragraphs (2) to (7) of this regulation.

(2) The emoluments prescribed by this paragraph are emoluments which are excluded from the computation of a person’s earnings in respect of any employed earner’s employment by virtue of regulation 19(1)(b)(d), (c), (h), (l) to (n)(e), (q)(f), (z)(ii)(g), (zh)(ii)(h), (zo) to (zr)(i) or (zu)(j), or regulation 19(2), of these Regulations.

(3) The emoluments prescribed by this paragraph are emoluments which are payments which are not excluded from the computation of a person’s earnings in respect of any employed earner’s employment by virtue of regulation 19(1)(d)(k) of these Regulations but which—

- (a) are so excluded by virtue of regulation 19(1)(zg)(l) of these Regulations; or
- (b) are disregarded in the calculation of earnings paid to or for the benefit of an earner in respect of any employed earner’s employment by virtue of regulation 19(4)(b) of these Regulations.

(4) The emoluments prescribed by this paragraph are emoluments which—

- (a) are excluded from the computation of a person’s earnings in respect of any employed earner’s employment by virtue of regulation 19(1)(zc)(ii)(m) of these Regulations; and

(a) S.I. 1979/591; relevant amending instruments are S.I. 1981/82, 1983/395, 1984/77, 1985/396, 1987/413, 1990/605 and 1935, 1991/1632 and 2505, 1992/97, 667 and 1440, 1993/583, 821 and 2094, 1994/667, 1995/730, 1996/195, 777, 1047 and 2407, 1997/820, 1998/680 and 2211, 1999/567, 568, 827, 975 and 1965, and 2000/747, 761 and 2084.

(b) Regulations 22A to 22G were inserted by S.I. 1992/667, regulation 2.

(c) Regulation 22H was inserted by S.I. 1998/2211, regulation 7.

(d) Regulation 19(1)(b) was amended by S.I. 1984/77, regulation 8(a).

(e) Regulation 19(1)(l) to (n) was added by S.I. 1991/2505, regulation 3(4) and sub-paragraphs (l) and (m) were substituted by S.I. 1998/2211, regulation 6(2) and (3). Regulation 19(1)(ma) to (mc) was inserted by S.I. 2000/2084, regulation 8(2).

(f) Regulation 19(1)(q) was added by S.I. 1993/583, regulation 2.

(g) Regulation 19(1)(z) was added by S.I. 1997/820, regulation 2(3).

(h) Regulation 19(1)(zh) was added by S.I. 1999/567, regulation 3(2)(b).

(i) Regulation 19(1)(zo) to (zr) was added by S.I. 1999/568, regulation 9(2).

(j) Regulation 19(1)(zu) was added by S.I. 2000/761, regulation 3.

(k) Regulation 19(1)(d) was amended by S.I. 1991/2505, regulation 3(2).

(l) Regulation 19(1)(zg) was added by S.I. 1998/2211, regulation 6(4).

(m) Regulation 19(1)(zc) was added by S.I. 1998/680, regulation 2(2).

(b) are not paid in respect of eligible removal expenses within the meaning of Part III of Schedule 11A(a) to the 1988 Act (eligible removal expenses).

(5) The emoluments prescribed by this paragraph are emoluments which consist in the provision, or are provided in connection with all or part of the costs and expenses, of child care (but not school fees) incurred by an employed earner in respect of a child not exceeding the age of 16 for whom he has parental responsibility.

(6) The emoluments prescribed by this paragraph are emoluments by way of any benefit pursuant to—

- (a) a retirement benefits scheme which falls within section 596(1)(a), (b)(b) or (c) of the 1988 Act (exceptions from section 595) or to which section 596(2)(b) of the 1988 Act applies;
- (b) a pilots' benefit fund under section 607(c) of the 1988 Act (pilots' benefit fund);
- (c) a fund to which section 608 of the 1988 Act (superannuation funds approved before 6th April 1980) applies.

(7) The emoluments prescribed by this paragraph are so much of any emoluments as are not charged to income tax under Schedule E by virtue of any of the following extra-statutory concessions published by the Inland Revenue(d) as at 1st September 2000—

- (a) A2 (meal vouchers);
- (b) A6 (miners: free coal and allowances in lieu);
- (c) A11 (residence in the United Kingdom: year of commencement or cessation of residence);
- (d) A22 (long service awards);
- (e) A37 (tax treatment of directors' fees received by partnerships and other companies);
- (f) A56 (benefits in kind: the tax treatment of accommodation in Scotland provided for employees);
- (g) A57 (suggestion schemes);
- (h) A58 (travelling and subsistence allowance when public transport disrupted);
- (i) A59 (disabled persons' home to work travel);
- (j) A65 (workers on offshore oil and gas rigs or platforms: free transfers from or to mainland);
- (k) A66 (employees' late night journeys from work to home);
- (l) A70 (small gifts to employees by third parties and staff Christmas parties);
- (m) A72 (pension schemes and accident insurance policies);
- (n) A74 (meals provided by employers);
- (o) A85 (transfers of assets by employees and directors to employees and others);
- (p) A91 (living accommodation provided by reason of employment);
- (q) A97 (jobmatch programme).

(8) In this regulation—

“child care” includes—

- (a) care provided in accordance with the provisions of Part X of, and Schedule 9 to, the Children Act 1989(e) (child minding and day care for young children);

(a) Schedule 11A was inserted by paragraph 2 of Schedule 5 to the Finance Act 1993 (c. 34).

(b) Section 596(1)(b) was amended by paragraph 8(2)(b) of Schedule 6 to the Finance Act 1989 (c. 26).

(c) Section 607 was amended by section 104(2) of the Finance Act 1994 (c. 9).

(d) Copies of extra-statutory concessions may be obtained from the Inland Revenue Leaflets and Booklets Orderline, PO Box 37, St Austell, Cornwall, PL25 5YN and are available also on the Inland Revenue website (<http://www.inlandrevenue.gov.uk>).

(e) 1989 c. 41.

- (b) in the case of a child aged 8 or over, care provided by a child minder;
- (c) in the case of a child under the age of 8, care provided by a child minder where that care does not exceed, in total, two hours in any day;
- (d) care provided by a relative or nanny;
- (e) care provided during out-of-school hours and during school holidays;
- (f) full-time and part-time care;

“emolument” means an amount which for the purposes of the Income Tax Acts is or falls to be treated as an emolument received by an earner from any employment;

“nanny” and “relative” have the meanings assigned to them in sections 71(13) and 105(1) respectively of the Children Act 1989.”

Amendment of regulation 33A of the principal Regulations

5.—(1) Regulation 33A(a) of the principal Regulations (repayment of Class 1A contributions) shall be amended as follows.

(2) In paragraph (1)—

- (a) for the words from “the Secretary of State is satisfied” to “section 4A(6)(a), (b) or (c) of the Act, that” there shall be substituted the words “in the light of information provided to the Inland Revenue, it appears that”;
- (b) for the words “the Secretary of State shall repay” there shall be substituted the words “the Inland Revenue shall repay”.

(3) For paragraph (2) there shall be substituted the following paragraph—

“(2) The cases to which paragraph (1) of this regulation applies are those in which a person has paid a Class 1A contribution and—

- (a) in calculating the amount of the contribution the person used information which later proves to have been inaccurate or incomplete; or
- (b) the employee who received the emolument in respect of which the contribution was payable is later found to have been a person not residing in the United Kingdom for the purposes of income tax at the time of receipt.”

(4) In paragraph (3)—

- (a) for the words “the Secretary of State” in the first and third places where they occur there shall be substituted the words “the Inland Revenue”;
- (b) for the words “the Secretary of State is satisfied” there shall be substituted the words “the Inland Revenue are satisfied”.

Amendment of regulation 42 of the principal Regulations

6. In regulation 42(b) of the principal Regulations (treatment for the purpose of any contributory benefit of contributions paid under an arrangement) in paragraph (a) for the words “regulations 47 and 48” there shall be substituted the words “regulations 46A and 48”.

Amendment of regulation 46 of the principal Regulations

7. In regulation 46(c) of the principal Regulations (collection and recovery of earnings-related contributions, Class 1A contributions and Class 1B contributions) for the words “Subject to the provisions of the next succeeding regulation” there shall be substituted the words “Subject to the provisions of regulations 46A and 47 of these Regulations”.

Insertion of regulation 46A in the principal Regulations

8. After regulation 46 of the principal Regulations there shall be inserted the following regulation—

(a) Regulation 33A was inserted by S.I. 1992/97, regulation 4, and amended by S.I. 1992/1440, regulation 3.

(b) Regulation 42 was amended by S.I. 1993/2094, regulation 5.

(c) Regulation 46 was amended by S.I. 1992/97, regulation 5(b), and 1999/567, regulation 8.

“Direct collection and recovery of earnings-related contributions

46A.—(1) The Inland Revenue may authorise arrangements under which earnings-related contributions are to be paid in a different manner from that prescribed by regulation 46 of these Regulations.

(2) The provisions of regulation 46 of these Regulations shall be in addition to any remedy otherwise available for the recovery of earnings-related contributions.”

Substitution of regulation 47 of the principal Regulations

9. For regulation 47(a) of the principal Regulations (direct payment of a Class 1A contribution) there shall be substituted the following regulation—

“Payment of Class 1A contributions

47.—(1) In the cases prescribed by paragraph (2) of this regulation, contributions shall be paid to the Inland Revenue in accordance with regulations 47A to 47M of these Regulations.

(2) The cases prescribed by this paragraph are cases where an employer is liable to pay a Class 1A contribution to the Inland Revenue.

(3) For the purposes of this regulation and regulations 47A to 47M of these Regulations where—

(a) any payment to the Inland Revenue is made by cheque; and

(b) the cheque is paid on its first presentation to the banker on whom it is drawn,

the payment shall be treated as made on the day on which the cheque was received by the Inland Revenue, and “pay”, “paid”, “unpaid” and “overpaid” in this regulation, and in regulations 47A to 47M of these Regulations, shall be construed accordingly.

(4) In this regulation, and in regulations 47A to 47M of these Regulations, “employer” includes the person liable to pay a Class 1A contribution in accordance with section 10ZA (b) of the Social Security Contributions and Benefits Act 1992 (liability of third party provider of benefits in kind).”

Amendment of regulation 47A of the principal Regulations

10.—(1) Regulations 47A of the principal Regulations (due date for a direct payment Class 1A contribution) shall be amended as follows.

(2) In the heading for the words “direct payment” there shall be substituted the words “payment of a”.

(3) In paragraph (1)—

(a) the words from “where a direct payment” to “of these Regulations,” shall be omitted;

(b) for the words “such a contribution” there shall be substituted the words “a Class 1A contribution to the Inland Revenue”.

(4) In paragraph (2) the words “direct payment” shall be omitted.

Amendment of regulations 47B and 47C of the principal Regulations

11.—(1) Regulations 47B and 47C of the principal Regulations (provisions relating to a direct payment Class 1A contribution due on succession to, and cessation of, business) shall each be amended as follows.

(a) Regulations 47 and 47A to 47K were substituted for regulation 47 by S.I. 1999/975, regulation 2.

(b) Section 10ZA was inserted by section 75 of the Child Support, Pensions and Social Security Act 2000.

- (2) In the heading the words “direct payment” shall be omitted.
- (3) In paragraph (1)—
 - (a) the words “direct payment” shall be omitted;
 - (b) immediately after sub-paragraph (a) there shall be inserted the word “and”;
 - (c) the word “and” immediately after sub-paragraph (b) shall be omitted;
 - (d) sub-paragraph (c) shall be omitted.
- (4) In paragraph (3) the words from “, by showing that amount” to the end shall be omitted.

Amendment of regulation 47D of the principal Regulations

12.—(1) Regulation 47D of the principal Regulations (employer failing to pay a direct payment Class 1A contribution) shall be amended as follows.

- (2) In the heading and in paragraph (1)(a) the words “direct payment” shall be omitted.
- (3) After paragraph (2) there shall be added the following paragraphs—
 - “(3) Upon receipt of a return made by an employer under paragraph (1) of this regulation, the Inland Revenue may prepare a certificate showing the amount of a Class 1A contribution which the employer is liable to pay to them for the year in question.
 - (4) The production of the return made by the employer under paragraph (1) of this regulation and of the certificate of the Inland Revenue under paragraph (3) of this regulation shall be sufficient evidence that the amount shown in the certificate is the amount of a Class 1A contribution which the employer is liable to pay to the Inland Revenue in respect of the year in question.
 - (5) Any document purporting to be a certificate under paragraph (3) of this regulation shall be deemed to be such a certificate until the contrary is proved.”

Amendment of regulation 47E of the principal Regulations

13. In regulation 47E of the principal Regulations (specified amount of a direct payment Class 1A contribution) in the heading and in paragraph (1) the words “direct payment” shall be omitted.

Amendment of regulation 47F of the principal Regulations

14.—(1) Regulation 47F of the principal Regulations (interest on an overdue direct payment Class 1A contribution) shall be amended as follows.

- (2) In the heading and in paragraph (1) the words “direct payment” shall be omitted.
- (3) For paragraph (5) there shall be substituted the following paragraph—
 - “(5) For the purposes of this regulation, “the reckonable date” means the 19th July in the year immediately following the end of the year in respect of which the Class 1A contribution is payable to the Inland Revenue.”

Amendment of regulation 47G of the principal Regulations

15.—(1) Regulation 47G of the principal Regulations (payment of interest on a repaid direct payment Class 1A contribution) shall be amended as follows.

- (2) In the heading and in paragraph (1)(a) the words “direct payment” shall be omitted.

(3) For paragraph (2) there shall be substituted the following paragraph—

“(2) For the purposes of this regulation, “the relevant date” means—

- (a) the 14th day after the end of the year in respect of which the Class 1A contribution was paid; or
- (b) if later than that day, the date on which that contribution was paid.”

Amendment of regulation 47H of the principal Regulations

16. In regulation 47H of the principal Regulations (repayment of interest paid on a direct payment Class 1A contribution) and in the heading to that regulation the words “direct payment” shall be omitted.

Amendment of regulation 47I of the principal Regulations

17.—(1) Regulation 47I of the principal Regulations (remission of interest on a direct payment Class 1A contribution) shall be amended as follows.

- (2) In the heading the words “direct payment” shall be omitted.
- (3) In paragraph (1)—
 - (a) the words “as a result of an official error being made” shall be omitted;
 - (b) for the words from “from the first relevant date” to the end there shall be substituted the words “commencing on the first relevant date and ending on the second relevant date in the circumstances specified in paragraph (1A) of this regulation”.
- (4) After paragraph (1) there shall be inserted the following paragraph—

“(1A) For the purposes of paragraph (1) of this regulation, the circumstances are that the liability, or a greater liability, to pay interest in respect of a Class 1A contribution arises as the result of an official error being made.”
- (5) In paragraph (2)(c) the words “in writing” shall be omitted.

Amendment of regulation 47J of the principal Regulations

18.—(1) Regulation 47J of the principal Regulations (return by employer) shall be amended as follows.

- (2) In paragraph (1)—
 - (a) the words “direct payment” shall be omitted;
 - (b) for the words “regulation 47A(1) of these Regulations” there shall be substituted the words “regulation 47A(1), 47B(2) or 47C(2) of these Regulations, as the case may be,”;
 - (c) for the words “105 days after” there shall be substituted the words “6th July following”;
 - (d) in sub-paragraph (a) the words “and employee” shall be omitted;
 - (e) in sub-paragraph (c) for the words “the number of cars” there shall be substituted the words “the amounts which are emoluments”.
- (3) For paragraph (2) there shall be substituted the following paragraph—

“(2) The return referred to in paragraph (1) of this regulation shall include a declaration by the person making the return to the effect that the return is to the best of his knowledge correct and complete.”
- (4) Paragraph (3) shall be omitted.

Amendment of regulation 47K of the principal Regulations

19.—(1) Regulation 47K of the principal Regulations (penalties for incorrect and incomplete returns) shall be amended as follows.

- (2) In the heading for the words “incorrect and incomplete” there shall be substituted the words “failure to make a return and incorrect”.

(3) In paragraph (2) for the words “regulation 47A(1), 47B(2) or 47C(2) of these Regulations, as the case may be,” there shall be substituted the words “regulation 47J(1) of these Regulations”.

(4) For paragraph (3) there shall be substituted the following paragraphs—

“(3) For the purposes of paragraph (2) of this regulation, “the relevant monthly amount” in the case of a failure to make a return is—

(a) where the number of earners in respect of whom particulars of the amount of any Class 1A contribution payable should be included in the return is 50 or less, £100; or

(b) where that number is greater than 50, £100 for each 50 such earners and an additional £100 where that number is not a multiple of 50.

(3A) The total penalty payable under paragraph (2)(a) of this regulation shall not exceed the total amount of Class 1A contributions payable in respect of the year to which the return in question relates.”

(5) For paragraph (4) there shall be substituted the following paragraph—

“(4) Any penalty imposed in accordance with the provisions of this regulation shall be recoverable as if it were a Class 1A contribution which the employer is liable to pay to the Inland Revenue under regulation 47A of these Regulations.”

(6) For paragraph (6) there shall be substituted the following paragraph—

“(6) The Inland Revenue may, in their discretion, mitigate any penalty, or stay or compound any proceedings for any penalty imposed in accordance with the provisions of this regulation, and may also, after judgment, further mitigate or entirely remit such a penalty.”

(7) After paragraph (6) there shall be added the following paragraph—

“(7) For the purposes of this regulation, a person shall be deemed not to have failed to have done anything required to be done within a limited time if that person—

(a) did it within such further time, if any, as the Inland Revenue allowed; or

(b) had a reasonable excuse for not having done it and, if that excuse ceased, did it without unreasonable delay after it had ceased.”

Insertion of regulations 47L and 47M in the principal Regulations

20. After regulation 47K of the principal Regulations there shall be inserted the following regulations—

“Application of the Management Act to penalties for failure to make a return and incorrect returns

47L.—(1) Section 100(a) of the Management Act (determination of penalties by officer of Board) shall apply with any necessary modifications in relation to the determination of any penalty under regulation 47K of these Regulations as it applies to the determination of a penalty under the Taxes Acts.

(2) Section 100D(b) of the Management Act (penalty proceedings before court) shall apply with any necessary modifications in relation to any proceedings for a penalty under regulation 47K of these Regulations as it applies in relation to proceedings for a penalty under the Taxes Acts.

(3) Section 104 of the Management Act (saving for criminal proceedings) shall apply with any necessary modifications in relation to the provisions of regulation 47K of these Regulations as it applies in relation to the provisions of the Taxes Acts.

(a) Sections 100 to 100D were substituted for section 100 by section 167 of the Finance Act 1989. Section 100 was amended by paragraph 3(2) of Schedule 11 to the Finance Act 1990 (c. 29), paragraph 14 of Schedule 1, and Part I of Schedule 2, to the General and Special Commissioners (Amendment of Enactments) Regulations 1994 (S.I. 1994/1813), and paragraph 38 of Schedule 19 to the Finance Act 1998 (c. 36).

(b) Section 100D was amended by the Transfer of Functions (Lord Advocate and Advocate General for Scotland) Order 1999, S.I. 1999/679, Article 2 and the Schedule.

(4) Section 105(a) of the Management Act (evidence in cases of fraudulent conduct) shall apply with any necessary modifications in relation to any proceedings for a penalty under regulation 47K of these Regulations, or on appeal against the determination of such a penalty, as it applies in relation to any proceedings for a penalty, or on appeal against the determination of a penalty, under the Management Act.

(5) In this regulation—

“the Management Act” means the Taxes Management Act 1970(b).

“the Taxes Acts” has the same meaning as in section 118(1)(c) of the Management Act (interpretation).

Set-off of Class 1A contributions falling to be repaid against earnings-related contributions

47M.—(1) In the circumstances prescribed by paragraph (2) of this regulation, an amount in respect of a Class 1A contribution that falls to be repaid in accordance with these Regulations may be set off to the extent prescribed by paragraph (3) of this regulation against liabilities under these Regulations.

(2) The circumstances prescribed by this paragraph are where an employer has paid to the Inland Revenue in accordance with regulations 47 to 47L of these Regulations an amount in respect of Class 1A contributions which he was not liable to pay.

(3) The extent prescribed by this paragraph is that the employer shall be entitled to deduct the amount in respect of Class 1A contributions which he was not liable to pay from any payment in respect of secondary earnings-related contributions which he is subsequently liable to pay to a Collector under Regulation 26 or 26A(d) of Schedule 1 to these Regulations for any income tax period in the same year.

(4) In this regulation “Collector”, “income tax period” and “year” have the same meanings as in Regulations 2(1)(e) of Schedule 1 to these Regulations.”

Amendment of regulation 48 of the principal Regulations

21. In regulation 48 of the principal Regulations (special provisions relating to primary Class 1 contributions) in paragraph (1)—

- (a) for the words “authorised under the last preceding regulation” there shall be substituted the words “authorised under regulation 46A of these Regulations”;
- (b) for the words “the Secretary of State” there shall be substituted the words “the Inland Revenue”.

Amendment of heading to Parts II and III of Schedule 1

22. In the heading to Parts II and III of Schedule 1(f) the words “AND RECORDING OF CLASS 1A CONTRIBUTIONS” shall be omitted.

Amendment of Regulation 13 of Schedule 1

23. In Regulation 13(6)(g) of Schedule 1 (calculation of deduction) the words “and Regulations 13A(b) and 26D(4)” shall be omitted.

(a) Section 105 was amended by sections 149(5) and 168(5) of the Finance Act 1989.

(b) 1970 c. 9.

(c) The definition of “the Taxes Acts” in section 118(1) was amended by paragraph 32(d) of Schedule 8 to the Development Land Tax Act 1976 (c. 24), Schedule 31 to the Income and Corporation Taxes Act 1988 (c. 1), and paragraph 2(1) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12).

(d) Regulations 26, 26A and 26B were substituted for regulation 26 by S.I. 1991/1632, regulation 2(3). Regulation 26 as substituted was amended by S.I. 1996/195, regulation 13(3). Regulation 26A was amended by S.I. 1996/195, regulation 13(4), and S.I. 1999/827, regulation 2.

(e) In Regulation 2(1), the definition of “income tax period” was inserted by S.I. 1991/1632, regulation 2(2).

(f) The heading was amended by S.I. 1992/97, regulation 11.

(g) Regulation 13(6) was substituted by S.I. 1999/568, regulation 19.

Omission of Regulation 13A of Schedule 1

24. Regulation 13A(a) of Schedule 1 (recording of Class 1A contributions) shall be omitted.

Amendment of Regulation 26C of Schedule 1

25.—(1) Regulation 26C(b) of Schedule 1 (payment of Class 1A contributions and Class 1B contributions) shall be amended as follows.

- (2) In the heading the words “Class 1A contributions and” shall be omitted.
- (3) Paragraph (1) shall be omitted.
- (4) In paragraph (3) the words “Class 1A contributions or” shall be omitted.

Omission of Regulations 26D of Schedule 1

26. Regulation 26D(c) of Schedule 1 (payment of Class 1A contributions on succession to or cessation of, business) shall be omitted.

Amendment of Regulation 27 of Schedule 1

27.—(1) Regulation 27(d) of Schedule 1 (employer failing to pay earnings-related contributions or Class 1A contributions) shall be amended as follows.

- (2) In the heading the words “or Class 1A contributions” shall be omitted.
- (3) Paragraph (2A) shall be omitted.
- (4) For paragraph (3) there shall be substituted the following paragraph—

“(3) If the Collector is not satisfied that an amount of earnings-related contributions paid to him by the employer under Regulation 26 or 26A for any income tax period is the full amount which the employer is liable to pay to him, the Collector may give a notice under paragraph (1) of this Regulation notwithstanding such payment.”

Omission of Regulation 27B of Schedule 1

28. Regulation 27B(e) of Schedule 1 (specified amount of Class 1A contributions) shall be omitted.

Amendment of Regulation 28 of Schedule 1

29.—(1) Regulation 28(f) of Schedule 1 (recovery of earnings-related contributions, Class 1A contributions or Class 1B contributions) shall be amended as follows.

(2) In the heading for the words “earnings-related contributions, Class 1A contributions or” there shall be substituted the words “earnings-related contributions or”.

- (3) In paragraph (1)—
- (a) immediately following sub-paragraph (a) the word “or” shall be inserted;
- (b) sub-paragraph (b) and the word “or” immediately following it shall be omitted.
- (4) In paragraph (2)—

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- (a) Regulation 13A was inserted by S.I. 1992/97, regulation 13, and amended by S.I. 1992/1440, regulation 5, and S.I. 1996/2407, regulation 7(2).
- (b) Regulation 26C was inserted by S.I. 1992/97, regulation 15, and amended by S.I. 1992/1440, regulation 8, S.I. 1996/2407, regulation 7(3), and S.I. 1999/567, regulation 11(4).
- (c) Regulation 26D was inserted by S.I. 1992/1440, regulation 9, and amended by S.I. 1997/820, regulation 3.
- (d) Regulation 27 was substituted by S.I. 1990/605, regulation 2(1), and amended by S.I. 1991/1632, regulation 2(4), S.I. 1992/97, regulation 16, S.I. 1992/1440, regulation 10, and S.I. 1996/2407, regulation 7(4)(a).
- (e) Regulation 27B was inserted by S.I. 1992/97, regulation 17, and amended by S.I. 1992/1440, regulation 11, S.I. 1995/730, regulation 3(4), and S.I. 1996/2407, regulation 7(4)(b).
- (f) Regulation 28 was substituted by S.I. 1999/567, regulation 11(5).

- (a) sub-paragraph (b) shall be omitted;
- (b) in sub-paragraphs (d) and (e) the word “, (b)” shall be omitted.
- (5) Paragraph (4)(b) shall be omitted.

Amendment of Regulation 28A of Schedule 1

30.—(1) Regulation 28A(a) of Schedule 1 (interest on overdue earnings-related contributions, Class 1A contributions or Class 1B contributions) shall be amended as follows.

(2) In the heading for the words “earnings-related contributions, Class 1A contributions or” there shall be substituted the words “earnings-related contributions or”.

(3) In paragraph (1)(a) the words “or a Class 1A contribution which he is liable to pay in that year” shall be omitted.

(4) In paragraph (2)—

- (a) for the words “an earnings-related contribution, a Class 1A contribution or” there shall be substituted the words “an earnings-related contribution or”;
- (b) for the words “Regulation 26, 26A, 26C or 26D” there shall be substituted the words “Regulation 26, 26A, or 26C”.

(5) Paragraph (3)(b)(ii) shall be omitted.

Amendment of Regulation 28B of Schedule 1

31.—(1) Regulation 28B(b) of Schedule 1 (payment of interest on repaid earnings-related contributions, Class 1A contributions or Class 1B contributions) shall be amended as follows.

(2) In the heading for the words “earnings-related contributions, Class 1A contributions or” there shall be substituted the words “earnings-related contributions or”.

(3) In paragraph (1) the words “or a Class 1A contribution” shall be omitted.

(4) In paragraph (2)(a) the words “or a Class 1A contribution” shall be omitted.

(5) In paragraph (3) for the words “an earnings-related contribution, a Class 1A contribution or” there shall be substituted the words “an earnings-related contribution or”.

(6) In paragraph (4)—

- (a) in sub-paragraph (a)—
 - (i) immediately following paragraph (i) there shall be inserted the word “or”;
 - (ii) paragraph (ii) and the word “or” immediately following it shall be omitted;
- (b) in sub-paragraph (b) for the words “the earnings-related contribution, Class 1A contribution or” there shall be substituted the words “the earnings-related contribution or”.

Amendment of Regulation 28C of Schedule 1

32. In Regulation 28C(c) of Schedule 1 (repayment of interest)—

- (a) the words “a Class 1A contribution or” in the first place where they occur shall be omitted;
- (b) for the words “an earnings-related contribution, a Class 1A contribution or” there shall be substituted the words “an earnings-related contribution or”;
- (c) in paragraph (b) for the words “the earnings-related contribution, Class 1A contribution or” there shall be substituted the words “the earnings-related contribution or”.

Amendment of Regulation 28D of Schedule 1

33. In Regulation 28D(d) of Schedule 1 (remission of interest for official error) in paragraph (2) for the words “an earnings-related contribution, a Class 1A contribution or” there shall be substituted the words “an earnings-related contribution or”.

(a) Regulation 28A was inserted by S.I. 1993/821, regulation 2, and amended by S.I. 1999/567, regulation 11(6).
(b) Regulation 28B was substituted by S.I. 1999/567, regulation 11(7).
(c) Regulation 28C was substituted by S.I. 1999/567, regulation 11(8).
(d) Regulation 28D was substituted by S.I. 1999/1965, regulation 2.

Amendment of Regulation 30 of Schedule 1

34.—(1) Regulation 30(a) of Schedule 1 (return by employer at end of year) shall be amended as follows.

(2) In paragraph (1)—

- (a) the word “and” immediately following sub-paragraph (gg) shall be omitted;
- (b) sub-paragraphs (h) and (i) shall be omitted.

(3) In paragraph (2)—

- (a) the words “and” immediately following sub-paragraph (gg) shall be omitted;
- (b) sub-paragraphs (h) and (i) shall be omitted.

(4) For paragraph (6) there shall be substituted the following paragraph—

“(6) If within 14 days of the end of any year an employer has failed to pay to the Collector the total amount of earnings-related contributions which he is liable so to pay, the Collector may prepare a certificate showing the amount of such contributions remaining unpaid for the year in question, excluding any amount deducted by the employer by virtue of the Compensation of Employers Regulations, and the provisions of Regulation 28 shall with any necessary modifications apply to the amount shown in such a certificate.”

Amendment of Regulation 32 of Schedule 1

35.—(1) Regulation 32(b) of Schedule 1 (inspection of employer’s records) shall be amended as follows.

(2) In paragraph (2)—

- (a) in sub-paragraph (aa) the words “Class 1A contributions or” shall be omitted;
- (b) in sub-paragraph (b) for the words “earnings-related contributions, Class 1A contributions or” there shall be substituted the words “earnings-related contributions or”.

(3) In paragraph (5) the words “under Regulation 26C(1)” shall be omitted.

(4) For paragraph (6) there shall be substituted the following paragraph—

“(6) For the purposes of this Regulation “employer”—

- (a) includes, in relation to a Class 1A contribution, the person liable to pay such a contribution in accordance with section 10ZA of the Social Security Contributions and Benefits Act 1992 (liability of third party provider of benefits in kind); and
- (b) means, in relation to a Class 1B contribution, the person liable to pay such a contribution in accordance with section 10A(c) of that Act (Class 1B contributions).”

Amendment of Regulation 34A of Schedule 1

36. In Regulation 34A(d) of Schedule 1 (payments by cheque) for the words “Regulations 26, 26A, 26C, 26D, 27A, 27B, 28A and 28B” there shall be substituted the words “Regulations 26, 26A, 26C, 27A, 28A and 28B”.

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- (a) Regulation 30 was amended by S.I. 1981/82, regulation 7, S.I. 1985/396, regulation 5, S.I. 1987/413, regulation 11(7), S.I. 1990/605, regulation 2(3), S.I. 1990/1935, regulation 2(2), S.I. 1992/97, regulation 19, S.I. 1992/1440, regulation 13, S.I. 1994/667, regulation 3, S.I. 1996/195, regulation 13(5), S.I. 1996/777, regulation 5(4), S.I. 1999/567, regulation 11(10), S.I. 1999/568, regulation 19(5), and S.I. 2000/747, regulation 9(4).
 - (b) Regulation 32 was amended by S.I. 1981/82, regulation 8, S.I. 1983/395, regulation 12, S.I. 1984/77, regulation 18, S.I. 1987/413, regulation 11(9), S.I. 1991/1632, regulation 2(7), S.I. 1992/97, regulation 20, S.I. 1992/1440, regulation 15, S.I. 1996/2407, regulation 7(4)(d), and S.I. 1999/567, regulation 11(11).
 - (c) Section 10A was inserted by section 53 of the Social Security Act 1998 and amended by paragraph 11 of Schedule 3 to the Transfer Act and section 77 of the Welfare Reform and Pensions Act 1999 (c. 30).
 - (d) Regulation 34A was inserted by S.I. 1996/1047, regulation 2.

10th August 2000

Jim Dowd
Bob Ainsworth
Two of the Lords Commissioners of Her Majesty's Treasury

7th August 2000

Nick Montagu
Tim Flesher
Two of the Commissioners of Inland Revenue

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security (Contributions) Regulations 1979 (S.I. 1979/591) (“the principal Regulations”).

Regulation 1 provides for citation, commencement and effect, and regulation 2 for interpretation.

Regulations 3 and 4 make amendments to the principal Regulations in consequence of the amendment of the Social Security Contributions and Benefits Act 1992 (c. 4) by section 74 of the Child Support, Pensions and Social Security Act 2000 (c. 19) (Class 1A contributions: benefits in kind etc.) (“section 74”). Section 74 has effect in relation to the tax year beginning on 6th April 2000 and any subsequent tax year and these regulations have retrospective effect in relation to the tax year beginning on 6th April 2000 by virtue of subsection (9) of that section.

Regulation 3 amends regulation 22E of the principal Regulations (reduction of certain Class 1A contributions on account of the number of employments in the cases of a car made available by reason of two or more employments and of a car made available to two or more employed earners) so that it applies to anything provided or made available rather than to cars only.

Regulation 4 inserts a new regulation 22HA in the principal Regulations. The new regulation prescribes emoluments in respect of which Class 1A contributions are not payable.

Those emoluments prescribed by paragraphs (2) and (3) of regulation 22HA are already excluded from the computation, or disregarded in the calculation, of earnings for the purposes of earnings-related contributions by virtue of regulation 19 of the principal Regulations (payments to be disregarded). Paragraph (4) of regulation 22HA prescribes certain emoluments paid in respect of removal expenses. Paragraph (5) of regulation 22HA prescribes emoluments which consist in the provision, or are provided in connection with all or part of the costs and expenses, of child care. Paragraph (6) of regulation 22HA prescribes emoluments by way of any benefit pursuant to certain schemes or funds.

Paragraph (7) of regulation 22HA prescribes emoluments which, for tax purposes, are the subject of extra-statutory concessions published by the Inland Revenue. Extra-statutory concessions may be obtained from the Inland Revenue Leaflets and Booklets Orderline, PO Box 37, St Austell, Cornwall, PL25 5YN and are available also on the Inland Revenue website (<http://www.inlandrevenue.gov.uk>).

Regulation 5 amends regulation 33A of the principal Regulations (repayment of Class 1A contributions) so as to reflect that Class 1A contributions are payable in respect of anything provided or made available rather than in respect of cars and fuel only.

The purpose of the amendments to the principal Regulations made by regulations 6 to 36 is to replace the two existing systems for the payment of Class 1A contributions with a single system. The existing systems are contained in regulations 47 to 47K of the principal Regulations (payment direct to the Inland Revenue) and in Schedule 1 to the principal Regulations (PAYE/contributions returns) (“Schedule 1”). The amendments made by regulations 6 to 36 have effect in relation to contributions to be paid in respect of the tax year beginning on 6th April 2000 and any subsequent tax year. They provide for a single system for the payment of Class 1A contributions to the Inland Revenue, with provisions for the charging of interest, and the imposition of penalties, in respect of non-payment or late payment, and interest on refunds of such contributions.

Regulation 6 amends regulation 42 of the principal Regulations (treatment for the purpose of any contributory benefit of contributions paid under an arrangement).

Regulation 7 amends regulation 46 of the principal Regulations (collection and recovery of earnings-related contributions, Class 1A contributions and Class 1B contributions).

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Regulation 8 inserts a new regulation 46A in the principal Regulations providing for the authorisation by the Inland Revenue of alternative arrangements for the payment of earnings-related contributions.

Regulation 9 substitutes regulation 47 of the principal Regulations (direct payment of Class 1A contributions).

Regulation 10 amends regulation 47A of the principal Regulations (due date for a direct payment Class 1A contribution).

Regulation 11 amends regulations 47B and 47C of the principal Regulations (provisions relating to a direct payment Class 1A contribution due on succession to, and cessation of, business).

Regulation 12 amends regulation 47D of the principal Regulations (employer failing to pay a direct payment Class 1A contribution).

Regulation 13 amends regulation 47E of the principal Regulations (specified amount of a direct payment Class 1A contribution).

Regulation 14 amends regulation 47F of the principal Regulations (interest on an overdue direct payment Class 1A contribution).

Regulation 15 amends regulation 47G of the principal Regulations (payment of interest on a repaid direct payment Class 1A contribution).

Regulation 16 amends regulation 47H of the principal Regulations (repayment of interest paid on a direct payment Class 1A contribution).

Regulation 17 amends regulation 47I of the principal Regulations (remission of interest on a direct payment Class 1A contribution).

Regulation 18 amends regulation 47J of the principal Regulations (return by employer).

Regulation 19 amends regulation 47K of the principal Regulations (penalties for incorrect and incomplete returns).

Regulation 20 inserts new regulations 47L and 47M in the principal Regulations. Regulation 47L provides for the application of certain provisions of the Taxes Management Act 1970 (c. 9) to penalties for failure to make a return and incorrect returns relating to Class 1A contributions. Regulation 47M provides for amounts in respect of Class 1A contributions which fall to be repaid to an employer to be set off against secondary earnings-related contributions which he is subsequently liable to pay.

Regulation 21 amends regulation 48 of the principal Regulations (special provisions relating to primary Class 1 contributions).

Regulations 22 to 36 amend certain of the Regulations of Schedule 1 (PAYE/contributions returns) so that they no longer apply to the payment of Class 1A contributions.

The costs to business of the amendments in the Child Support, Pensions and Social Security Act 2000 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 is available also on the Department of Social Security website (<http://www.dss.gov.uk>) and has been placed in the libraries of both Houses of Parliament.

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