

STATUTORY INSTRUMENTS

**2001 No. 1004**

**The Social Security (Contributions) Regulations 2001**

**PART 3 U.K.**

**CLASS 1A CONTRIBUTIONS**

**Interpretation for the purposes of this Part U.K.**

<sup>F1</sup>32. ....

**Textual Amendments**

**F1** Regs. 32-35 revoked (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 36, **Sch. 1**

**Exception from liability to pay Class 1A contributions in respect of cars made available to members of an employed earner's family or household in certain circumstances U.K.**

<sup>F1</sup>33. ....

**Textual Amendments**

**F1** Regs. 32-35 revoked (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 36, **Sch. 1**

**Class 1A contributions payable where two or more cars are made available concurrently U.K.**

<sup>F1</sup>34. ....

**Textual Amendments**

**F1** Regs. 32-35 revoked (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 36, **Sch. 1**

**Reduction of certain Class 1A contributions in the case of a car provided or made available by reason of two or more employments or to two or more employed earners U.K.**

<sup>F1</sup>35. ....

**Textual Amendments**

**F1** Regs. 32-35 revoked (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), 36, **Sch. 1**

**Reduction of certain Class 1A contributions on account of the number of employments in the cases of something provided or made available by reason of two or more employments and of something provided or made available to two or more employed earners **U.K.****

**36.—(1)** This regulation applies if something is provided or made available—

- (a) an employed earner by reason of two or more employed earner’s employments, whether under the same employer or different employers; or
- (b) two or more employed earners concurrently by reason of their respective employed earner’s employments under the same employer,

and all of those employed earner’s employments are employments [<sup>F2</sup>other than excluded employments within the meaning of the benefits code (see Chapter 2 of Part 3 of ITEPA 2003)].

(2) If this regulation applies the amount of any Class 1A contribution payable for the year by the person liable to pay such contribution shall be reduced <sup>F3</sup>... by deducting from that amount an amount equal to the fraction—

$$\frac{X - 1}{X}$$

of the amount which would be payable but for this regulation.

Here X is the total number of employments in respect of which the thing is provided or made available.

**Textual Amendments**

**F2** Words in reg. 36(1) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **7(a)**

**F3** Words in reg. 36(2) omitted (6.4.2004) by virtue of [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **7(b)**

**Reduction of certain Class 1A contributions in respect of cars made available to disabled employed earners **U.K.****

<sup>F4</sup>**37.** .....

**Textual Amendments**

**F4** Reg. 37 omitted (6.4.2004) by virtue of [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **8**

**Exception from liability to pay Class 1 contributions in respect of cars made available to disabled employed earners only for business and home to work travel U.K.**

**38.**—(1) If the conditions mentioned in paragraphs (2) to (5) are satisfied, the person who would otherwise be liable to pay the Class 1A contribution for that year in respect of the employer earner and the car mentioned in those paragraphs shall be excepted from that liability.

(2) The first condition is that the car is made available to an earner who is disabled.

(3) The second condition is that the car is made available to the earner by reason of his employment.

(4) The third condition is that the car is made available account of the earner’s disability for the purposes of, or for purposes which include assisting, the earner’s travelling between the earner’s home and place of employment.

(5) The fourth condition is that the terms on which the car is made available to the earner prohibit private use other than—

- (a) by the earner to whom it is made available; and
- (b) in travelling between the earner’s home and place of employment.

(6) The fifth condition is that no prohibited private use of the car has been made in the year.

**Calculation of Class 1A contributions U.K.**

**39.** Where a person is liable to pay a Class 1A contribution in accordance with section 10 of the Act (Class 1A contributions: benefits in kind, etc) the amount of that contribution shall be calculated to the nearest penny, and any amount of a halfpenny or less shall be disregarded.

**Prescribed <sup>F5</sup>general earnings] in respect of which Class 1A contributions not payable U.K.**

**40.**—(1) Class 1A contributions shall not be payable in respect of the <sup>F6</sup>general earnings] prescribed by paragraphs (2) to (7).

(2) The <sup>F7</sup>general earnings] prescribed by this paragraph are <sup>F8</sup>those] which are excluded from the calculation of a person’s earnings in respect of any employed earner’s employment by virtue of the following provisions of Schedule 3—

- <sup>F9</sup>(za) .....
- (a) in Part VI, <sup>F10</sup>paragraphs 2(b), 3 to 5, 7, 10 and 11;]
- <sup>F11</sup>(ab) in Part 7, paragraph 12;]
- (b) in Part VIII, paragraphs <sup>F12</sup>4 to 5] and 13;
- (c) in Part IX, paragraphs <sup>F13</sup>3 to 7A]; and
- (d) in Part X, paragraphs 5, <sup>F14</sup>9, 11 to 13 and 15].

(3) The <sup>F7</sup>general earnings] prescribed by this paragraph are <sup>F8</sup>those] which are payments which are not excluded from the calculation of a person’s earnings in respect of any employed earner’s employment by virtue of paragraph 1 of Part II of Schedule 3 (payments in kind), but which are so excluded by virtue of paragraph 3 of Part VIII of Schedule 3 (qualifying travelling expenses) or paragraph 9 of that Part (specific and distinct expenses).

- <sup>F15</sup>(4) .....
- <sup>F16</sup>(5) .....
- <sup>F17</sup>(6) .....

<sup>F17</sup>(6A) .....

(7) [<sup>F18</sup>The general earnings prescribed by this paragraph are so much of any general earnings as are not charged to income tax as employment income by virtue of;] any of the following extra-statutory concessions published by the Board as at 1st September 2000—

<sup>F19</sup>(a) .....

<sup>F20</sup>(b) .....

(c) A11 (residence in the United Kingdom: year of commencement or cessation of residence);

<sup>F21</sup>(d) .....

(e) A37 (tax treatment of directors’ fees received by partnerships and other companies);

(f) A56 (benefits in kind: tax treatment of accommodation in Scotland provided for employees);

<sup>F22</sup>(g) .....

<sup>F22</sup>(h) .....

<sup>F22</sup>(i) .....

<sup>F22</sup>(j) .....

<sup>F22</sup>(k) .....

<sup>F22</sup>(l) .....

<sup>F22</sup>(m) .....

<sup>F22</sup>(n) .....

<sup>F22</sup>(o) .....

(p) A91 (living accommodation provided by reason of employment);

(q) A97 (Jobmatch programme).

Sub-paragraphs (b) and (q) do not apply to Northern Ireland and sub-paragraph (f) applies only to Scotland.

<sup>F16</sup>(8) .....

<sup>F23</sup>

<sup>F16</sup>(9) .....

**Textual Amendments**

**F5** Words in reg. 40 heading substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **6(2)**

**F6** Words in reg. 40(1) substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **6(2)**

**F7** Words in reg. 40(2)-(6) substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **6(3)(a)**

**F8** Word in reg. 40(2)-(6) substituted (1.9.2003) by [The Social Security \(Contributions\) \(Amendment No. 5\) Regulations 2003 \(S.I. 2003/2085\)](#), regs. 1, **6(3)(b)**

**F9** Reg. 40(2)(za) omitted (with application in accordance with reg. 1(2) of the amending S.I.) by virtue of [The Social Security \(Contributions\) \(Amendment and Application of Schedule 38 to the Finance Act 2012\) Regulations 2013 \(S.I. 2013/622\)](#), regs. 1, **33**

- F10** Words in reg. 40(2)(a) substituted (6.4.2006) by The Social Security (Contributions) (Amendment No. 2) Regulations 2006 (S.I. 2006/576), regs. 1, **4(a)**
- F11** Reg. 40(2)(ab) inserted (with effect in accordance with reg. 1 of the amending S.I.) by The Social Security (Contributions) (Amendment No. 2) Regulations 2005 (S.I. 2005/728), regs. 1, **3(2)**
- F12** Words in reg. 40(2)(b) substituted (28.11.2016) by The Social Security (Contributions) (Amendment No. 4) Regulations 2016 (S.I. 2016/1067), regs. 1, **3**
- F13** Words in reg. 40(2)(c) substituted (6.4.2004) by The Social Security (Contributions, Categorisation of Earners and Intermediaries) (Amendment) Regulations 2004 (S.I. 2004/770), regs. 1(1), **9(a)**
- F14** Words in reg. 40(2)(d) substituted (26.7.2001) by The Social Security (Contributions) (Amendment No. 5) Regulations 2001 (S.I. 2001/2412), regs. 1, **3(2)(b)**
- F15** Reg. 40(4) omitted (6.4.2012) by virtue of The Social Security (Contributions) (Amendment No. 2) Regulations 2012 (S.I. 2012/817), regs. 1(1), **7(1)**
- F16** Reg. 40(5)(8)(9) omitted (6.4.2005) by virtue of The Social Security (Contributions) (Amendment No. 3) Regulations 2005 (S.I. 2005/778), regs. 1(1), **5**
- F17** Reg. 40(6)(6A) omitted (6.4.2006) by virtue of The Social Security (Contributions) (Amendment No. 2) Regulations 2006 (S.I. 2006/576), regs. 1, **4(b)**
- F18** Words in reg. 40(7) substituted (1.9.2003) by The Social Security (Contributions) (Amendment No. 5) Regulations 2003 (S.I. 2003/2085), regs. 1, **6(7)(a)**
- F19** Reg. 40(7)(a) omitted (26.7.2001) by virtue of The Social Security (Contributions) (Amendment No. 5) Regulations 2001 (S.I. 2001/2412), regs. 1, **3(3)**
- F20** Reg. 40(7)(b) omitted (1.9.2003) by virtue of The Social Security (Contributions) (Amendment No. 5) Regulations 2003 (S.I. 2003/2085), regs. 1, **6(7)(b)**
- F21** Reg. 40(7)(d) omitted (1.9.2003) by virtue of The Social Security (Contributions) (Amendment No. 5) Regulations 2003 (S.I. 2003/2085), regs. 1, **6(7)(b)**
- F22** Reg. 40(7)(g)-(o) omitted (1.9.2003) by virtue of The Social Security (Contributions) (Amendment No. 5) Regulations 2003 (S.I. 2003/2085), regs. 1, **6(7)(b)**
- F23** Words in reg. 40(8) omitted (1.9.2003) by virtue of The Social Security (Contributions) (Amendment No. 5) Regulations 2003 (S.I. 2003/2085), regs. 1, **6(8)**

**[<sup>F24</sup>Exception from liability to pay Class 1A contributions in respect of an amount representing an amount on which Class 1 or Class 1A contributions have already been paid pursuant to the Social Security Contributions (Limited Liability Partnership) Regulations 2014 **U.K.****

**40A.** Class 1A contributions shall not be payable in respect of a benefit in kind provided by an employer to an employed earner which represents an amount on which Class 1 or Class 1A contributions are payable by a limited liability partnership in respect of that earner by virtue of regulation 3 or 4 of the Social Security Contributions (Limited Liability Partnership) Regulations 2014.]

**Textual Amendments**

- F24** Reg. 40A and heading inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Social Security Contributions (Limited Liability Partnership) Regulations 2014 (S.I. 2014/3159), regs. 1(2), **5(2)**

**[<sup>F25</sup>Exception from liability to pay Class 1A contributions <sup>F26</sup>... in respect of sporting testimonial payments **U.K.****

<sup>F27</sup>**40B.** . . . . .]

### Textual Amendments

- F25** Reg. 40B inserted (6.4.2017) by [The Social Security \(Miscellaneous Amendments\) Regulations 2017 \(S.I. 2017/307\)](#), regs. 1, **3**
- F26** Words in reg. 40B heading omitted (6.4.2018) by virtue of [The Social Security \(Contributions\) \(Amendment\) Regulations 2018 \(S.I. 2018/120\)](#), regs. 1, **8(2)**
- F27** Reg. 40B revoked in part (6.4.2020) by [The Social Security \(Contributions\) \(Amendment No. 2\) Regulations 2020 \(S.I. 2020/300\)](#), regs. 1(1), **4**

### [<sup>F28</sup>Special provisions for reporting, payment and collection of Class 1A contributions relating to termination awards **U.K.**

**40C.**—(1) This regulation applies to a person (“LP”) who is liable to pay Class 1A contributions in respect of a termination award in accordance with section 10(1A) and (3A) of the Act.

(2) LP must—

- (a) on or before making the termination award, deliver to HMRC the information specified in Schedule 4A (real time returns), and
- (b) pay the Class 1A contributions to HMRC within the applicable time limit specified in either paragraph 10 (monthly payment of contributions by employer) of Schedule 4 (provisions derived from income tax acts and pay as you earn regulations) or paragraph 11 (quarterly payments of contributions by employer) of that Schedule.

(3) Paragraphs 11ZA (payments and recoveries for each tax period by Real Time Information employers: returns), 15 (specified amount of earnings-related contributions payable by the employer), 21E (returns under paragraphs 21A and 21D: amendments), 21EA (failure to make a return under paragraph 21A and 21D), 21G (penalty: failure to comply with paragraph 21A or 21D) and 26 (retention by employer of contribution and election records) of Schedule 4 apply to LP with the following modifications—

- (a) references to “earnings” are to be read as references to termination awards,
- (b) references to “the employer” are to be read as references to LP, and
- (c) references to “earnings related contributions” are to be read as references to any Class 1A contributions that LP is liable to pay in respect of the termination award.

(4) Paragraphs (2) and (3) do not apply where paragraph (6) applies.

(5) Paragraph (6) applies where—

- (a) a termination award consists of the provision of a benefit which is an asset provided to a person (“P”) by or on behalf of P’s former employer, and
- (b) the asset is made available to P without any transfer of ownership of that asset.

(6) Where this paragraph applies—

- (a) LP must report and pay to HMRC any Class 1A contributions due in respect of the benefit referred to in paragraph (5) for a tax year in accordance with regulations 70 (payment of Class 1A contributions) and 71 (due date for payment of a Class 1A contribution), and
- (b) regulation 55 (repayment of Class 1A contributions) and regulations 74 (employer failing to pay a Class 1A contribution) to 83A (requirement to give security or further security for amounts of Class 1A contributions) apply with regard to the reporting, repayment and payment of interest on such payments.

(7) Where a termination award consists of a cash benefit and one or more other benefits, the Class 1A liability is calculated by applying the threshold provided for in section 403(1) and (4) of ITEPA 2003 against those benefits in the following order—

- (a) the cash benefit,
- (b) any benefit which consists of an asset where ownership has been transferred to P,
- (c) any other benefit which consists of an asset that has been made available to P without any transfer of ownership.

(8) Regulations 72 (Class 1A contribution due on succession to business) and 73 (Class 1A contribution due on cessation of business) apply to LP as if LP was the employer referred to in paragraph (1)(a) of each of those regulations.]

#### Textual Amendments

**F28** Reg. 40C - Reg. 40D inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Social Security \(Contributions\) \(Amendment No. 2\) Regulations 2020 \(S.I. 2020/300\)](#), regs. 1(1), 7

### [<sup>F28</sup>Special provisions for reporting, payment and collection of Class 1A contributions relating to sporting testimonials **U.K.**

**40D.**—(1) This regulation applies to a controller of a sporting testimonial (“C”) who is liable to pay Class 1A contributions in respect of a sporting testimonial payment in accordance with section 10ZBA of the Act.

(2) C must—

- (a) on or before making a sporting testimonial payment, deliver to HMRC the information specified in Schedule 4A (real time returns), and
- (b) pay the Class 1A contributions to HMRC within the time limit specified in paragraph 10 (monthly payment of contributions by employer) of Schedule 4 (provisions derived from income tax acts and pay as you earn regulations).

(3) Paragraphs 11ZA (payments and recoveries for each tax period by Real Time Information employers: returns), 15 (specified amount of earnings-related contributions payable by the employer), 21E (returns under paragraphs 21A and 21D: amendments), 21EA (returns under paragraphs 21A and 21D), 21G (penalty: failure to comply with paragraph 21A or 21D) and 26 (retention by employer of contribution and election records) of Schedule 4 apply to C with the following modifications—

- (a) references to “earnings” are to be read as references to sporting testimonial payments,
- (b) references to “the employer” are to be read as references to C, and
- (c) references to “earnings related contributions” are to be read as references to any Class 1A contributions that C is liable to pay in respect of sporting testimonial payments.

(4) Paragraphs (2) and (3) do not apply where paragraph (6) applies.

(5) Paragraph (6) applies where—

- (a) a sporting testimonial payment is made in a tax year other than the tax year in which the sporting testimonial took place,
- (b) in the tax year in which the sporting testimonial payment is made, C is no longer making payments and deductions under the PAYE Regulations, or
- (c) a sporting testimonial payment consists of a benefit which is the provision of an asset by or on behalf of C, without transfer of ownership of that asset.

(6) Where this paragraph applies C must report and pay to HMRC any Class 1A contributions due in respect of the sporting testimonial payment referred to in paragraph (5) in accordance with regulations 70 (payment of Class 1A contributions), 71 (due date for payment of a Class 1A

contribution) and 74 (employer failing to pay a Class 1A contribution) to 83A (requirement to give security or further security for amounts of Class 1A contributions).

(7) Regulations 55 (repayment of Class 1A contributions) and 77 (payment of interest on a repaid Class 1A contribution) apply to any repayments of Class 1A contributions under this regulation unless the overpayment has been recovered by C under paragraph 11ZA(3) of Schedule 4.

(8) Where a sporting testimonial payment consists of a cash benefit and one or more other benefits, the Class 1A liability is calculated by applying the threshold provided for in section 306B(5) and (6) of ITEPA 2003 against those benefits in the following order—

- (a) the cash benefit,
- (b) any benefit which consists of an asset where ownership has been transferred by or on behalf of C,
- (c) any other benefit which consists of an asset that has been made available for use without any transfer of ownership by or on behalf of C.]

---

**Textual Amendments**

**F28** Reg. 40C - Reg. 40D inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Social Security (Contributions) (Amendment No. 2) Regulations 2020 (S.I. 2020/300), regs. 1(1), 7



**Changes to legislation:**

There are currently no known outstanding effects for the The Social Security (Contributions) Regulations 2001, PART 3.