
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004: “the principal Regulations”).

Regulation 1 provides for the citation, commencement and effect of the Regulations.

Regulation 2 introduces the amendments to the principal Regulations.

Regulation 3 amends regulation 47(2) of the principal Regulations to extend the time period within which a person may make an application for the repayment of Class 2 contributions from the 31st December to the 31st January following the end of the relevant tax year.

Regulation 4 inserts regulation 94A in the principal Regulations. This exempts the earner from liability to pay Class 4 contributions in respect of certain amounts which are chargeable to income tax under Schedule D.

Regulation 5 substitutes new paragraphs for paragraphs 5 and 6 of Part 5 and paragraph 9 of Part 7 of Schedule 3 to the principal Regulations.

Schedule 3 allows certain payments to be disregarded in the calculation of earnings for the purposes of earnings-related social security contributions. Paragraphs 5 and 6 of Part 5 of that Schedule allow certain non-cash vouchers to be disregarded in that calculation.

Regulation 5(2) of these Regulations substitutes new paragraphs 5, 5A, 5B and 6 for the original paragraphs 5 and 6 of Schedule 3 to the principal Regulations. The new paragraph 5A adds employer subsidies in support of public bus services, which are disregarded for income tax purposes by virtue of section 243 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1: “ITEPA 2003”), to the items previously disregarded by virtue of the original paragraphs 5 and 6. In addition, as ITEPA 2003 re-enacts all the provisions of the Income and Corporation Taxes Act 1988 (c. 1) mentioned in the original paragraph 5, and legislates the Inland Revenue Extra-Statutory Concessions mentioned in the original paragraph 6 the opportunity has been taken to reflect these changes.

Regulation 5(3) of these Regulations substitutes paragraph 9 of Part 7 of Schedule 3 to the principal Regulations. The new paragraph 9 provides that a payment made to a participant in a Return to Work Credit Scheme is to be disregarded in the calculation of earnings for the purposes of earnings-related contributions.