
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the provisions of the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004: “the principal Regulations”). They reflect the re-writing of tax legislation dealing with employment income by the Income Tax (Earnings and Pensions) Act 2003 (c. 1: “ITEPA 2003”) and the replacement of the Income Tax (Employments) Regulations 1993 (S.I. 1993/744) by the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682: “the PAYE Regulations”). They also amend the provisions of the principal Regulations dealing with the refund of contributions to ensure that, in the light of changes to the structure of the National Insurance contributions system by the National Insurance (Contributions) Act 2002, those provisions enable the appropriate calculations to be made. Further changes are made in respect of the time during which contributions may be recovered from an employed earner, and the circumstances in which a primary contribution may be recovered directly from a primary contributor.

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

Regulation 2 introduces the amendments to the principal Regulations.

Regulation 3 amends the definitions in regulation 1(2) of the principal Regulations, mainly in consequence of changes made by ITEPA 2003.

Regulations 4 to 10 make amendments which are, in the main, consequential upon changes made by ITEPA 2003.

Regulation 12 substitutes two new regulations (52 and 52A) which specify the amounts to be refunded to contributors in case of error and excess payments respectively. The main changes are that payments made in error and excess payments are now dealt with in separate provisions and, in the case of excess payments, contributions payable at different rates are dealt with separately. Regulations 11, 14 and 26 make amendments consequent on this restructuring.

Regulations 13, 15, 17, 18, 20 and 24 to 33 make other amendments consequential upon changes made by ITEPA 2003.

Regulation 22 extends the scope of regulation 86 of the principal Regulations to enable recovery of primary Class 1 contributions directly from an earner where an officer of the Board is satisfied that the earner knows of the secondary contributor’s wilful failure to pay the contribution and of his failure to collect it from the earner.

Regulations 16 to 21 and 23 make amendments to mirror, in relation to the collection of contributions, requirements for the electronic delivery of information and payments in respect of income subject to PAYE recovery contained in Part 10 of the PAYE Regulations.

Regulation 28 also makes amendments providing further disregards in Schedule 3 to the principal Regulations in respect of the introduction of Working Neighbourhoods Pilots and the In-Work Credit Pilot Scheme, and in respect of payments by way of daily subsistence allowance paid by the European Commission.

Regulation 31 also extends, by a year, the time limit for an employer to recover primary Class 1 contributions from the earner’s future earnings where there has been an error in good faith or where the employee is employed outside the United Kingdom and Class 1 contributions are, but income tax is not, payable upon their earnings.

Regulations 34 and 35 make amendments to the Social Security (Categorisation of Earners) Regulations 1978 (S.I. 1978/1689) and the Social Security (Contributions) (Intermediaries)

Status: This is the original version (as it was originally made).

Regulations 2000 ([S.I. 2000/727](#)) and their equivalents in Northern Ireland, in each case as a consequence of the rewriting of tax provisions by ITEPA 2003 and the PAYE Regulations.

Regulation 36 provides for the Schedule of revocations to have effect.

These Regulations do not impose any new costs on business.