

**EXPLANATORY MEMORANDUM TO THE  
SOCIAL SECURITY (CONTRIBUTIONS) (AMENDMENT No. 5)  
REGULATIONS 2005**

**2005 No. 2422**

1. This explanatory memorandum has been prepared by the HM Revenue and Customs and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Description**

- 2.1 These Regulations amend the Social Security (Contributions) Regulations 2001 (the Regulations) to disregard from the calculation of earnings for contributions purposes payments made under the Return To Work Credit Scheme in Northern Ireland.

3. **Matters of special interest to the Select Committee on Statutory Instruments**

- 3.1 None

4. **Legislative Background**

- 4.1 This instrument uses the powers at section 3(2) and 3(3) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to disregard Return to Work Credits paid under section 1(1) of the Employment and Training Act (Northern Ireland) 1950.

5. **Extent**

- 5.1 These Regulations extend only to Northern Ireland.

6. **European Convention on Human Rights**

- 6.1 This instrument is subject to the negative resolution procedure and does not amend primary legislation. Accordingly, no statement of compliance with the European Convention on Human Rights is required.

7. **Policy background**

- 7.1 In October 2003 the Government introduced a number of measures to help make work pay. These included a pilot aimed at people who have claimed Incapacity Benefit for 3 months or more. They were eligible for a Return To Work Credit of £40 a week from October 2003. The pilots only applied to Great Britain. Ministers decided that the payments should be disregarded for National Insurance purposes and regulations were introduced with that effect. The pilots have now been extended to cover Northern Ireland and in order to ensure uniformity in treatment for National Insurance purposes we need to provide for

Return To Work Credit payments made to employees in Northern Ireland to be disregarded in the same way as those payable to earners in Great Britain.

**8. Impact**

8.1 A regulatory impact assessment has not been prepared for this instrument as it does not impose any new costs on business.

**9. Contact**

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