
STATUTORY INSTRUMENTS

2011 No. 1036

The Social Security (Reduced Rates of Class 1 Contributions, Rebates and Minimum Contributions) Order 2011

Citation, commencement, interpretation and extent

1.—(1) This Order may be cited as the Social Security (Reduced Rates of Class 1 Contributions, Rebates and Minimum Contributions) Order 2011 and shall come into force on 6th April 2012.

(2) In this Order—

“the 1993 Act” means the Pension Schemes Act 1993;

“the low earnings threshold”, in relation to a tax year, means the low earnings threshold for that tax year as specified in—

- (a) section 44A of the Social Security Contributions and Benefits Act 1992(1) (deemed earnings factors); or
- (b) in relation to Northern Ireland, section 44A of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(2) (deemed earnings factors);

“the Northern Ireland Act” means the Pension Schemes (Northern Ireland) Act 1993.

(3) These provisions of this Order extend to England and Wales and Scotland—

- (a) articles 2 to 4;
- (b) this article, and the Schedules, so far as they relate to articles 2 to 4.

(4) These provisions of this Order extend to Northern Ireland—

- (a) articles 5 to 7;
- (b) this article, and the Schedules, so far as they relate to articles 5 to 7.

Alteration of reduced rates of Class 1 contributions for salary related contracted-out schemes

2.—(1) This article applies for the purposes of section 41 of the 1993 Act (reduced rates of Class 1 contributions).

(2) In section 41(1A) of the 1993 Act (reduced rates of primary Class 1 contributions in contracted-out employment) for “1.6 per cent” substitute “1.4 per cent”.

(3) In section 41(1B) of the 1993 Act (reduced rates of secondary Class 1 contributions in contracted-out employment) for “3.7 per cent” substitute “3.4 per cent”.

(1) 1992 c.4. Section 44A was inserted by section 30(3) of the 2000 Act and amended by paragraph 11 of Schedule 1 to the 2002 Act, paragraph 2 of the Schedule to S.I. 2002/1457, paragraph 34 of Schedule 1 to the 2007 Act, and paragraph 4 of Schedule 1 to the 2008 Act.

(2) 1992 c.7. Section 44A was inserted by section 29(3) of the [Child Support, Pensions and Social Security Act \(Northern Ireland\) 2000 \(c.4 \(N.I.\)\)](#).

Reduced rates of Class 1 contributions and rebates for money purchase contracted-out schemes

3.—(1) This article applies for the purposes of section 42A of the 1993 Act (reduced rates of Class 1 contributions, and rebates).

(2) For the purposes of section 42A(2) of the 1993 Act (reduction of primary Class 1 contributions), the appropriate flat-rate percentage for the 2012-2013 tax year is 1.4 per cent.

(3) For the purposes of section 42A(2A) of the 1993 Act (reduction of secondary Class 1 contributions), the appropriate flat-rate percentage for the 2012-2013 tax year is 1.0 per cent.

(4) For the purposes of section 42A(3) of the 1993 Act (appropriate age-related percentage), the appropriate age-related percentage in respect of an earner for the 2012-2013 tax year is the percentage given in the table in Schedule 1 by reference to the age of the earner on the day immediately before the start of that tax year.

Appropriate age-related percentages for appropriate personal pension schemes

4.—(1) This article applies for the purposes of section 45(1) of the 1993 Act (amount of minimum contributions).

(2) For the 2012-2013 tax year, the appropriate age-related percentage in respect of earnings of an earner is determined in accordance with paragraph (3) or (4).

(3) If the earnings do not exceed the low earnings threshold, the appropriate age-related percentage is the column B percentage.

(4) If the earnings exceed the low earnings threshold, then—

- (a) in respect of the part of the earnings that does not exceed the low earnings threshold, the appropriate age-related percentage is the column B percentage; and
- (b) in respect of the part of the earnings that exceeds the low earnings threshold, the appropriate age-related percentage is the column C percentage.

(5) In respect of earnings of an earner—

- (a) the column B percentage is the percentage given in column B of the table in Schedule 2 by reference to the age of the earner on the day immediately before the start of the 2012-2013 tax year; and
- (b) the column C percentage is the percentage given in column C of the table in Schedule 2 by reference to the age of the earner on the day immediately before the start of the 2012-2013 tax year.

Alteration of reduced rates of Class 1 contributions for salary related contracted-out schemes – Northern Ireland

5.—(1) This article applies for the purposes of section 37 of the Northern Ireland Act (reduced rates of Class 1 contributions).

(2) In section 37(1A) of the Northern Ireland Act (reduced rates of primary Class 1 contributions) for “1.6 per cent” substitute “1.4 per cent”.

(3) In section 37(1B) of the Northern Ireland Act(3) (reduced rates of secondary Class 1 contributions) for “3.7 per cent” substitute “3.4 per cent”.

(3) Section 37(1B) was inserted by paragraph 95 of Schedule 6 to the Social Security (Northern Ireland) Order 1998 (S.I.1998/1506) (N.I. 10) (“the 1998 Order”), substituted by paragraph 6(3) of Schedule 10 to the WRAP Act and amended by article 4 of S.I. 2006/1009.

Reduced rates of Class 1 contributions and rebates for money purchase contracted-out schemes – Northern Ireland

6.—(1) This article applies for the purposes of section 38A of the Northern Ireland Act(4) (reduced rates of Class 1 contributions, and rebates).

(2) For the purposes of section 38A(2) of the Northern Ireland Act (reduction of primary Class 1 contributions), the appropriate flat-rate percentage for the 2012-2013 tax year is 1.4 per cent.

(3) For the purposes of section 38A(2A) of the Northern Ireland Act (reduction of secondary Class 1 contributions), the appropriate flat-rate percentage for the 2012-2013 tax year is 1.0 per cent.

(4) For the purposes of section 38A(3) of the Northern Ireland Act (appropriate age-related percentage), the appropriate age-related percentage in respect of an earner for the 2012-2013 tax year is the percentage given in the table in Schedule 1 by reference to the age of the earner on the day immediately before the start of that tax year.

Appropriate age-related percentages for appropriate personal pension schemes – Northern Ireland

7.—(1) This article applies for the purposes of section 41(1) of the Northern Ireland Act(5) (amount of minimum contributions).

(2) For the 2012-2013 tax year, the appropriate age-related percentage in respect of earnings of an earner is determined in accordance with paragraph (3) or (4).

(3) If the earnings do not exceed the low earnings threshold, the appropriate age-related percentage is the column B percentage.

(4) If the earnings exceed the low earnings threshold, then—

- (a) in respect of the part of the earnings that does not exceed the low earnings threshold, the appropriate age-related percentage is the column B percentage; and
- (b) in respect of the part of the earnings that exceeds the low earnings threshold, the appropriate age-related percentage is the column C percentage.

(5) In respect of earnings of an earner—

- (a) the column B percentage is the percentage given in column B of the table in Schedule 2 by reference to the age of the earner on the day immediately before the start of the 2012-2013 tax year; and
- (b) the column C percentage is the percentage given in column C of the table in Schedule 2 by reference to the age of the earner on the day immediately before the start of the 2012-2013 tax year.

(4) Section 38A was inserted by article 134(4) of the 1995 Order and amended by paragraph 96 of Schedule 6 to 1998 Order, paragraph 52 of Schedule 1 to the 1999 Order, paragraph 7 of Schedule 10 to the WRAP Act, paragraph 42 of Schedule 1 to the 2002 Act and paragraph 11 of Schedule 7 to the [Pensions \(No.2\) Act \(Northern Ireland\) 2008 \(c.13 \(N.I.\)\)](#).

(5) Section 41(1) was substituted by article 135(2) of the 1995 Order and amended by paragraph 56(2) of Schedule 1 to the 1999 Order, and paragraph 12 of Schedule 7 to the [Pensions \(No.2\) Act \(Northern Ireland\) 2008 \(c.13 \(N.I.\)\)](#).

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Signed by authority of the Secretary of State for Work and Pensions.

31st March 2011

Steve Webb
Minister of State,
Department for Work and Pensions