
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”).

The principal Regulations make provision, amongst other things, for amounts which would not otherwise be earnings for the purpose of National Insurance Contributions to be treated as earnings.

Regulation 3 amends regulation 22 of the principal Regulations to ensure that contributions are payable on the amount treated as earnings for the purposes of income tax in relation to the receipt of shares as part of the new Employee Shareholder employment relationship.

Regulation 4 amends Schedule 3 to the principal Regulations. Schedule 3 makes provisions for certain payments to be disregarded in the calculation of earnings for the purposes of earnings-related contributions. Regulation 4(a) inserts a new paragraph 16(ca) into Part 8 of Schedule 3 to the principal Regulations to ensure there is no liability to National Insurance contributions in respect of the UK travel expenses of elected officials. Regulation 4(b) inserts a new paragraph 23 into Part 10 of Schedule 3 to the principal Regulations to ensure there is no liability to National Insurance contributions in respect of the reimbursement of reasonable legal costs associated with obtaining the advice required to be able to enter into the agreement.

A Tax Information and Impact Note covering regulations 3 and 4(b) of this instrument was published on 4th June 2013 alongside an Amendment to the Finance Bill 2013 and is available on HM Government website <https://www.gov.uk/government/publications/finance-bill-2013>. It remains an accurate summary of the impacts that apply to this instrument.

A Tax Information and Impact Note covering regulation 4(a) of this instrument was published on 11th December 2012 alongside the draft Finance Bill 2013 and is available on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>. It remains an accurate summary of the impacts that apply to this instrument.