

## SCHEDULE

Article 2

### **Social Security Contributions and Benefits Act 1992**

1. After paragraph 6(4B) of Schedule 1 to the Social Security Contributions and Benefits Act 1992 (power to combine collection of contributions with tax)(1) insert—

“(4C) Interest payable under section 101 of the Finance Act 2009 (late payment interest on sums due to HMRC) on sums due in respect of Class 1 contributions is not to be taken into account in computing any income, profits or losses for any tax purposes.”.

### **Social Security Administration Act 1992**

2. In section 121C of the Social Security Administration Act 1992 (liability of directors etc. for company’s contributions)(2)—

- (a) in subsection (5) for “at the prescribed rate” substitute “at the Class 1 rate on the Class 1 element of the specified sum, and otherwise at the prescribed rate,”;
- (b) in subsection (7)(c) after “interest on it” insert “at the Class 1 rate on the Class 1 element of it and otherwise”; and
- (c) in subsection (9)—

(i) before the definition of “contributions” insert—

““the Class 1 rate”—

- (a) in subsection (5) means the rate from time to time applicable under section 103(1) of the Finance Act 2009; and
- (b) in subsection (7)(c) means the rate from time to time applicable under section 103(2) of that Act;

“the Class 1 element”, in relation to any amount, means so much of that amount as is calculated by—

- (a) multiplying that amount by so much of the specified amount as consists of Class 1 contributions; and
- (b) dividing the product of that multiplication by the specified amount;”;

(ii) in the definition of “contributions” after “in respect of contributions” insert “(and accordingly, in the definition of “the Class 1 element” given by this subsection, “Class 1 contributions” includes any interest or penalty in respect of Class 1 contributions)”.

### **Social Security Contributions and Benefits (Northern Ireland) Act 1992**

3. In paragraph 6 of Schedule 1 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (power to combine collection of contributions with tax) after subparagraph (4B)(3) insert—

“(4C) Interest payable under section 101 of the Finance Act 2009 (late payment interest on sums due to HMRC) on sums due in respect of Class 1 contributions is not to be taken into account in computing any income, profits or losses for any tax purposes.”.

(1) 1992 c. 4. Paragraph 6(4B) was inserted by section 147(2) of the Finance Act 2003 (c. 14).

(2) 1992 c. 5. Section 121C was inserted by section 64 of the Social Security Act 1998 (c. 14) and has been amended by paragraph 10 of Schedule 5 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) and by section 5(3) of the National Insurance Contributions and Statutory Payments Act 2004 (c. 3).

(3) 1992 c. 7. Paragraph 6(4B) was inserted by section 147(2) of the Finance Act 2003.

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**Social Security Administration (Northern Ireland) Act 1992**

4. In section 115B of the Social Security Administration (Northern Ireland) Act 1992 (liability of directors, etc. for company’s contributions)(4)—

- (a) in subsection (5) for “at the prescribed rate” substitute “at the Class 1 rate on the Class 1 element of the specified sums, and otherwise at the prescribed rate,”;
- (b) in subsection (7)(c) after “interest on it” insert “at the Class 1 rate on the Class 1 element of it and otherwise”; and
- (c) in subsection (9)—
  - (i) before the definition of “contributions” insert—
    - ““the Class 1 rate”—
    - (a) in subsection (5) means the rate from time to time applicable under section 103(1) of the Finance Act 2009; and
    - (b) in subsection (7)(c) means the rate from time to time applicable under section 103(2) of that Act;
    - “the Class 1 element”, in relation to any amount, means so much of that amount as is calculated by—
    - (a) multiplying that amount by so much of the specified amount as consists of Class 1 contributions; and
    - (b) dividing the product of that multiplication by the specified amount;”;
  - (ii) in the definition of “contributions” after “in respect of contributions” insert “(and accordingly, in the definition of “the Class 1 element” given by this subsection, “Class 1 contributions” includes any interest or penalty in respect of Class 1 contributions)”.

**Income Tax (Trading and Other Income) Act 2005**

5. In section 54(2) of ITTOIA 2005 (penalties and interest that are not deductible for the purposes of computing profits of a trade)(5), for the entry relating to regulations made under section 71 of FA 2004, substitute—

<p>“Interest under section 101 of FA 2009(6) in connection with sums required to be deducted under section 61 of FA 2004 (construction industry)”</p>	
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**Corporation Tax Act 2009**

6. In section 1303(2) of CTA 2009 (penalties and interest that are not deductible for the purposes of calculating profits)(7), for the entry relating to regulations made under section 71 of FA 2004, substitute—

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(4) 1992 c. 8. Section 115B was inserted by article 60 of S.I. 1998/1506 (N.I. 10) and has been amended by section 6 of the National Insurance Contributions and Statutory Payments Act 2004 and by paragraph 9 of Schedule 4 to S.I. 1999/671.

(5) 2005 c. 5. The Table in section 54(2) has been amended by paragraph 438 of Schedule 1 to S.I. 2009/56; by paragraphs 27 and 28 of Schedule 1 to S.I. 2009/571 and by paragraphs 7 and 8 of the Schedule to S.I. 2010/530. The term “ITTOIA 2005” is defined in section 126(1) of the Finance Act 2009.

(6) The term “FA” followed by a year is defined in Schedule 4 to the Income Tax (Trading and Other Income) Act 2005.

(7) 2009 c. 4. The table has been amended by paragraph 10 of the Schedule to S.I. 2010/530.

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“Interest under section 101 of FA 2009 <sup>(8)</sup> in connection with sums required to be deducted under section 61 of FA 2004 (construction industry)”	
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<sup>(8)</sup> The term “FA” followed by a year is defined in section 1312 of the Corporation Tax Act 2009.