
STATUTORY INSTRUMENTS

2018 No. 120

**The Social Security (Contributions)
(Amendment) Regulations 2018**

PART 1

Optional remuneration arrangements: consequential amendments

5.—(1) Schedule 2 (calculation of earnings for the purposes of earnings-related contributions in particular cases) is amended as follows.

(2) After paragraph 14(1) insert—

“(1A) This paragraph is subject to paragraph 14A (valuation of non-cash vouchers provided under optional remuneration arrangements).”.

(3) After paragraph 14 insert—

“Valuation of non-cash vouchers provided under optional remuneration arrangements

14A.—(1) This paragraph applies for calculating the amount of earnings comprised in any payment by way of a non-cash voucher which falls to be taken into account in calculating an employed earner’s earnings, if this is made pursuant to optional remuneration arrangements.

(2) The amount of earnings is the relevant amount.

(3) To find the relevant amount, first determine which (if any) is the greater of—

(a) the chargeable expense (without taking account of the qualification in paragraph 14(3)); or

(b) the amount foregone.

(4) If the amount in sub-paragraph (3)(a) is greater than or equal to the amount foregone, the “relevant amount” is the chargeable expense (taking account of the qualification in paragraph 14(3)).

(5) Otherwise, “the relevant amount” is the difference between—

(a) the amount foregone; and

(b) any part of the chargeable expense that the employed earner makes good to the person incurring it.

(6) For the purposes of sub-paragraphs (3) to (5), assume that the amount in sub-paragraph (3)(a) is zero if the condition in sub-paragraph (7) is met.

(7) The condition is that the payment would be exempt from income tax but for section 228A(1) of ITEPA 2003(1).

(8) In this paragraph—

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- (a) “chargeable expense” has the meaning given in paragraph 14; and
- (b) “amount foregone” means the amount foregone with respect to the benefit of the non-cash voucher for the purposes of the benefits code as mentioned in section 69B of ITEPA 2003⁽²⁾.

(9) Where a payment by way of a non-cash voucher is made partly pursuant to optional remuneration arrangements and partly otherwise than pursuant to such arrangements, these Regulations are to apply with any modifications (including provision for just and reasonable apportionments) that may be required for ensuring that it is treated—

- (a) in accordance with this paragraph so far as it is made pursuant to optional remuneration arrangements; and
- (b) in accordance with any other treatment that is applicable so far as it is made otherwise than pursuant to such arrangements.”.

(2) Section 69B was inserted by paragraph 1 of Schedule 2 to FA 2017.