

2020 No. 285 (C. 14)

SOCIAL SECURITY

The National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019 (Commencement and Transitional Provisions) Regulations 2020

Made - - - -

12th March 2020

The Treasury, in exercise of the powers conferred by section 5(3) and (4) of the National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019(a), make the following Regulations:

Citation and interpretation

1.—(1) These Regulations may be cited as the National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019 (Commencement and Transitional Provisions) Regulations 2020.

(2) In these Regulations “the Act” means the National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019.

Commencement of sections 1 and 2 of the Act and transitional provision

2. The day appointed for the coming into force of sections 1 and 2 of the Act is 6th April 2020(b) except in relation to—

- (a) termination awards received on or after 6th April 2020 in respect of employment which was terminated before 6th April 2020; or
- (b) termination awards which are received in instalments where the first instalment of the termination award was received before 6th April 2020.

Commencement of sections 3 and 4 of the Act and transitional provision

3. The day appointed for the coming into force of sections 3 and 4 of the Act is 6th April 2020(c) except in relation to sporting testimonials which take place on or after 6th April 2020 but which were announced before 6th April 2020.

(a) 2019 c. 23.

(b) Section 1 of the Act amends section 10 of the Social Security Contributions and Benefits Act 1992 (c. 4) and section 162(5) of the Social Security Administration Act 1992 (c. 5). Section 2 of the Act amends section 10 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) and section 142(5) of the Social Security Administration (Northern Ireland) Act 1992 (c. 8).

(c) Section 3 of the Act amends sections 10(2), 10ZA(1) and 10ZB of the Social Security Contributions and Benefits Act 1992 (c. 4). Section 4 of the Act amends sections 10(2), 10ZA and 10ZB of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7).

David Rutley
Rebecca Harris

12th March 2020

Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

Regulation 1 of these Regulations provides for citation and interpretation.

Regulation 2 of these Regulations appoints 6th April 2020 as the day on which sections 1 and 2 of the National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019 (c. 23) (“the Act”) come into force. Section 1 of the Act amends section 10 of the Social Security Contributions and Benefits Act 1992 (c. 4) (“SSCBA 1992”) and inserts an amendment into section 162(5) of the Social Security Administration Act 1992 (c. 5). Section 2 of the Act amends section 10 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) (“SSCB(NI)A 1992”) and inserts an amendment into section 142(5) of the Social Security Administration (Northern Ireland) Act 1992 (c. 8). These amendments require employers to pay a Class 1A contribution in respect of a termination award if and so far as it exceeds the £30,000 threshold set out in section 403 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1). It also provides that these amendments will not take effect in relation to termination awards which were received on or after 6th April 2020 in respect of employment which was terminated before 6th April 2020 or termination awards which are received in instalments where the first instalment of the termination award was received before 6th April 2020.

Regulation 3 of these Regulations appoints 6th April 2020 as the day on which sections 3 and 4 of the Act come into force. Section 3 of the Act amends section 10(2) of SSCBA 1992 and inserts an amendment into section 10ZA(1) of SSCBA 1992 and section 10ZB into SSCBA 1992. Section 4 of the Act amends section 10(2) of SSCB(NI)A 1992 and inserts an amendment into section 10ZA of SSCB(NI)A 1992 and section 10ZB into SSCB(NI)A 1992. These amendments make the controller of a sporting testimonial liable to pay the Class 1A contribution where that liability arises in respect of a sporting testimonial payment. It also provides that these amendments will not take effect in relation to sporting testimonials which take place on or after 6th April 2020 but which were announced before 6th April 2020.

A Tax Information and Impact Note covering this instrument insofar as it relates to termination awards was published on 5th December 2016 and is available at <https://www.gov.uk/government/publications/income-tax-and-national-insurance-contributions-treatment-of-termination-payments/income-tax-and-national-insurance-contributions-treatment-of-termination-payments>. It remains an accurate summary of the impacts that apply to this instrument.

A Tax Information and Impact Note covering this instrument insofar as it relates to sporting testimonial payments was published on 16th March 2016 and is available at <https://www.gov.uk/government/publications/income-tax-update-to-treatment-of-income-from-sporting-testimonials/income-tax-update-to-treatment-of-income-from-sporting-testimonials>. It remains an accurate summary of the impacts that apply to this instrument.

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