

EXPLANATORY MEMORANDUM TO
THE SOCIAL SECURITY (CONTRIBUTIONS) (AMENDMENT NO. 3)
REGULATIONS 2023

2023 No. 309

1. Introduction

1.1 This explanatory memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) on behalf of His Majesty's Treasury and is laid before Parliament by Command of His Majesty.

2. Purpose of the instrument

2.1 This instrument extends the deadline for paying voluntary National Insurance contributions (NICs) for tax years between 6 April 2006 and 5 April 2016, to 31 July 2023. It also extends the deadline for paying voluntary NICs for the 2016 to 2017 tax year to 31 July 2023. It applies the 2022-23 rates to payments of voluntary NICs made before the new 31 July 2023 deadline for all years which would otherwise become payable at a higher rate on 6 April 2023. The instrument amends the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004).

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Extent and Territorial Application

4.1 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. European Convention on Human Rights

5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

6.1 Sections 12(3) and 13(6) of the Social Security Contributions and Benefits Act 1992 and the Social Security Contributions and Benefits (Northern Ireland) Act 1992 set out the rules regarding the rate of voluntary Class 2 and Class 3 NICs payable when those contributions are paid late.

6.2 Voluntary Class 2 NICs are payable at the rate in force at the time of payment if paid after the end of the tax year following the one in which they were due. Voluntary Class 3 NICs are payable at the rate in force at time of payment if paid after the end of the second tax year following the one in which they were due. Voluntary Class 2 and Class 3 NICs cannot generally be paid after the end of the sixth tax year following the one in which they were due.

- 6.3 Regulations 50C and 61B of the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) were introduced as part of transitional arrangements introduced alongside the new State Pension. These regulations provide that from 6 April 2013 individuals were given until 5 April 2023 to pay voluntary NICs for periods between 6 April 2006 and 5 April 2016.
- 6.4 Regulation 50C provides an extended time period for Class 3 NICs by allowing, subject to conditions, contributions to be paid between 6 April 2013 and 5 April 2023. Class 3 NICs for the years covered by regulation 50C are now payable at the 2022 to 2023 rate.
- 6.5 Regulation 61B provides an extended time period for voluntary Class 2 NICs by allowing, subject to conditions, contributions to be paid between 6 April 2013 and 5 April 2023. Voluntary Class 2 NICs for the years covered by regulation 61B are now payable at the 2022 to 2023 rate.

7. Policy background

What is being done and why?

- 7.1 As part of transitional arrangements introduced alongside the new State Pension, from 6 April 2013, individuals were given until 5 April 2023 to pay voluntary NICs to make up gaps in their National Insurance record between 6 April 2006 and 5 April 2016.
- 7.2 Due to the 5 April 2023 deadline HMRC and the Department for Work and Pensions have experienced a significant level of contact since the start of the year.
- 7.3 Therefore, this instrument extends the deadline to pay voluntary NICs until 31 July 2023. This will give individuals more time to fill gaps in their National Insurance record in order to increase their State Pension.
- 7.4 This extended deadline applies to voluntary NICs paid to fill gaps in National Insurance records for the period 6 April 2006 to 5 April 2016, as well as to the tax year 2016 to 2017, which would otherwise have been too late to pay after 5 April 2023.
- 7.5 This instrument also ensures that where a higher rate would apply from 6 April 2023, voluntary NICs will be payable at the 2022 to 2023 rate until 31 July 2023.
- 7.6 For tax years after 2016 to 2017, there is still time to pay, for example the deadline to pay voluntary NICs for tax year 2017 to 2018 is 5 April 2024.

8. European Union Withdrawal and Future Relationship

- 8.1 This instrument does not relate to withdrawal from the European Union.

9. Consolidation

- 9.1 As this instrument makes a small to change the regulations, there is no plan to consolidate them.

10. Consultation outcome

- 10.1 No formal consultation exercise has been held as these are minor changes which are beneficial to those taxpayers wanting to fill gaps in their National Insurance record in order to increase their State Pension entitlement.

11. Guidance

- 11.1 The changes apply to individuals and guidance will be amended to reflect the changes that are being made. The guidance can be found at <https://www.gov.uk/voluntary-national-insurance-contributions>.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

13. Regulating small business

- 13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

- 14.1 The measure will be kept under review through communication with affected taxpayer groups.
- 14.2 The instrument does not include a statutory review clause because it relates to tax and therefore meets the requirements of the exemption set out in section 28(3)(a) of the Small Business, Enterprise and Employment Act 2015.

15. Contact

- 15.1 Atvie Edebiri at HMRC Telephone: 0300 584748 or email: ativie.edebiri@hmrc.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Edmund Hair, Deputy Director for National Insurance Policy, International and Student Finance, at HMRC can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Victoria Atkins MP, Financial Secretary to the Treasury, can confirm that this Explanatory Memorandum meets the required standard.