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STATUTORY INSTRUMENTS

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**2002 No. 703**

**SOCIAL SECURITY**

**The Social Security Contributions  
(Intermediaries) (Amendment) Regulations 2002**

<i>Made</i>	- - - -	<i>14th March 2002</i>
<i>Laid before Parliament</i>		<i>15th March 2002</i>
<i>Coming into force</i>	- -	<i>6th April 2002</i>

The Treasury, with the concurrence of the Secretary of State, in exercise of the powers conferred on them by sections 4A, 122(1) and 175(1A) and (2) to (4) of the Social Security Contributions and Benefits Act 1992(1) and of all other powers enabling them in that behalf, hereby make the following Regulations:

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Social Security Contributions (Intermediaries) (Amendment) Regulations 2002 and shall come into force on 6th April 2002.

(2) These Regulations have effect for the year of assessment 2002–03 and subsequent years of assessment and apply in relation to services performed, or to be performed, on or after 6th April 2002.

(3) Payments or other benefits in respect of such services received before that date shall be treated as if received in the year of assessment 2002–03.

**Interpretation**

2. In these Regulations “the principal Regulations” means the Social Security Contributions (Intermediaries) Regulations 2000(2) and “regulation” means a regulation of the principal Regulations.

**Amendments to the principal Regulations**

3. In regulation 2(1) for the definition of “the Contributions Regulations” substitute the following definition—

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(1) 1992 c. 4. Section 4A was inserted by section 75 of the Welfare Reform and Pensions Act 1999 (c. 30). Section 122(1) is cited because of the meaning ascribed to the word “prescribe”. Section 175 was amended by paragraph 29 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2).

(2) S.I. 2000/727.

““the Contributions Regulations” means the Social Security (Contributions) Regulations 2001(3);”.

4. In regulation 7(1), in paragraph (a) of Step Seven, for “ 17A” substitute “22(2)”.

5. After regulation 7(5) add the following paragraphs—

“(6) The reference in Step Three of the calculation in paragraph (1) to expenses met by the intermediary includes expenses met by the worker and reimbursed by the intermediary.

(7) Where the intermediary is a partnership and the worker is a member of the partnership, expenses met by the worker for and on behalf of the intermediary shall be treated for the purposes of paragraph (6) as expenses met by the worker and reimbursed by the intermediary.

(8) Where—

(a) the intermediary provides a vehicle for the worker, and

(b) the worker would have been entitled to an amount of mileage allowance relief under section 197AF of the Taxes Act(4) for a tax year in respect of the use of the vehicle if the worker had been employed by the client, or would have been so entitled if the worker had been employed by the client and the vehicle had not been a company vehicle,

Step Three of the calculation in paragraph (1) shall have effect as if that amount were an amount of expenses deductible under that Step.

(9) Where—

(a) the intermediary is a partnership,

(b) the worker is a member of the partnership, and

(c) the worker provides a vehicle for the purposes of the business of the partnership,

then for the purposes of paragraph (8) the vehicle shall be regarded as provided by the intermediary for the worker.

(10) Where the intermediary makes payments to the worker that are exempt from income tax under Schedule E by virtue of section 197AD or 197AE of the Taxes Act (mileage allowance payments and passenger payments), paragraph (a) of Step Seven of the calculation in paragraph (1) shall have effect as if the intermediary had made payments to the worker that constituted remuneration derived from the worker’s employment by the intermediary.”.

6.—(1) In regulation 8—

(a) in paragraph (2) for “6A” substitute “8”;

(b) in paragraph (5) after sub-paragraph (c) add—

“(d) the company ceasing to trade.”.

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(3) S.I. 2001/1004.

(4) 1988 c. 1. Sections 197AD to 197AH of the Income and Corporation Taxes Act 1988 were inserted by section 57(1) of the Finance Act 2001 (c. 9).

14th March 2002

*Tony McNulty*  
*John Heppell*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

The Secretary of State hereby concurs.  
Signed by authority of the Secretary of State.

13th March 2002

*P Hollis*  
Parliamentary Under-Secretary of State  
Department for Work and Pensions

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Social Security Contributions (Intermediaries) Regulations 2000 (S.I.2000/727) (“the principal Regulations”) with effect from 6th April 2002.

Regulation 1 provides for citation, commencement and effect, and regulation 2 for interpretation.

Regulations 3, 4 and 6(a) make consequential amendments following the consolidation of regulations relating to national insurance contributions in the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004).

Regulation 5 extends regulation 7 of the principal Regulations (calculation of worker’s attributable earnings) so as to cater for cases where expenses are met by the worker and reimbursed by the intermediary, and cases involving mileage allowance relief and mileage allowance payments.

Regulation 6(b) amends regulation 8(5) (worker’s attributable earnings—deemed payment) so as to provide, in a case where the intermediary is a company which ceases to trade in the course of a year of assessment, that the deemed payment of worker’s attributable earnings is treated as made on the date that the company ceases to trade and not on the later date of 5th April in that year.