

*Draft Order laid before Parliament under sections 141(3) and 190(1) of the Social Security Administration Act 1992, section 166(10A) of the Social Security Administration (Northern Ireland) Act 1992, section 2(8) of the Social Security Act 1993 and Article 4(8) of the Social Security (Northern Ireland) Order 1993, for approval by resolution of each House of Parliament.*

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DRAFT STATUTORY INSTRUMENTS

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**2003 No.**

**SOCIAL SECURITY**

**The Social Security (Contributions) (Re-rating and  
National Insurance Funds Payments) Order 2003**

*Made* - - - -

*Coming into force* - - *6th April 2003*

Whereas the Treasury, as a result of carrying out in the tax year 2002-03 a review of the general level of earnings in Great Britain pursuant to section 141(1) and (2) of the Social Security Administration Act 1992<sup>(1)</sup> (“the Administration Act”) have determined that an Order should be made under that section amending Part 1 of the Social Security Contributions and Benefits Act 1992<sup>(2)</sup> by altering the amount of earnings below which an earner may be excepted from liability for Class 2 contributions and the amount of a Class 3 contribution:

And whereas this Order makes provision for Northern Ireland corresponding to that mentioned in the preceding recital pursuant to section 129 of the Social Security Administration (Northern Ireland) Act 1992<sup>(3)</sup>:

And whereas the Treasury, with a view to adjusting the level at which the National Insurance Fund stands for the time being and having regard to estimated benefit expenditure for the financial year ending 31st March 2004, think it expedient that an Order should be made under section 2(2) of the Social Security Act 1993 (“the 1993 Act”)<sup>(4)</sup>:

And whereas the Treasury with a view to adjusting the level at which the Northern Ireland National Insurance Fund stands for the time being and having regard to estimated benefit expenditure for the financial year ending 31st March 2004, think it expedient that an Order should be made under Article 4(3) of the Social Security (Northern Ireland) Order 1993 (“the 1993 Order”)<sup>(5)</sup>:

And whereas a draft of this Order was laid before Parliament in accordance with the provisions of sections 141(3) and 190(1) of the Administration Act, section 166(10A) of the Social Security

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(1) 1992 c. 5; subsections (1) and (2) of section 141 were amended by paragraph 44 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) (“the Transfer Act”).

(2) 1992 c. 4.

(3) 1992 c. 8; the relevant amendment to section 129 is that made by paragraph 43 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671) (“the Transfer Order”).

(4) 1993 c. 3; section 2 was amended by paragraph 60 of Schedule 3 to the Transfer Act.

(5) S.I. 1993/592 (N.I. 2); Article 4(3) was amended by paragraph 52(2) of Schedule 3 to the Transfer Order.

Administration (Northern Ireland) Act 1992(6), section 2(8) of the 1993 Act and Article 4(8) of the 1993 Order and approved by resolution of each House of Parliament:

Now therefore the Treasury, in exercise of the powers conferred upon them by sections 141(4), 142(2) and (3), and 189(3) of the Administration Act, sections 129 and 165(11A) of the Social Security Administration (Northern Ireland) Act 1992(7), section 2(2) and (8) of the 1993 Act and Article 4(3) and (8) of the 1993 Order and now vested in them(8), and of all other powers enabling them in that behalf, hereby make the following Order:

### **Citation, commencement and interpretation**

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2003 and shall come into force on 6th April 2003.

(2) In this Order—

“the Act” means the Social Security Contributions and Benefits Act 1992; and

“the Northern Ireland Act” means the Social Security Contributions and Benefits (Northern Ireland) Act 1992(9).

### **Small earnings exception from Class 2 contributions**

2. In both section 11(4) of the Act(10) and section 11(4) of the Northern Ireland Act(11) (Class 2 contributions) for “£4,025” substitute “£4,095”.

### **Amount of a Class 3 contribution**

3. In both section 13(1) of the Act(12) and section 13(1) of the Northern Ireland Act(13) (amount of a Class 3 contribution) for “£6.85” substitute “£6.95”.

### **Prescribed percentage of estimated benefit expenditure — Great Britain**

4. Section 2(2) of the Social Security Act 1993 (payments into the National Insurance Fund out of money provided by Parliament) shall have effect with respect to the tax year 2003-04 and the prescribed percentage of estimated benefit expenditure for the financial year ending with 31st March in that year shall be 2 per cent.

### **Prescribed percentage of estimated benefit expenditure — Northern Ireland**

5. Article 4(3) of the Social Security (Northern Ireland) Order 1993 (payments into the Northern Ireland National Insurance Fund out of appropriated money) shall have effect with respect to the tax

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(6) Section 166(10A) was inserted by paragraph 50(4) of Schedule 3 to the Transfer Order.

(7) Section 165(11A) was inserted by paragraph 49(4) of Schedule 3 to the Transfer Order.

(8) See paragraphs 44 to 46, 48, 57 and 60 of Schedule 3 to the Transfer Act and paragraphs 43, 49, 50 and 52 of Schedule 3 to the Transfer Order.

(9) 1992 c. 7.

(10) Section 11 was amended by paragraph 12 of Schedule 3 to the Transfer Act and the figure in subsection (4) was last substituted by article 3 of S.I. 2002/830.

(11) Section 11 was amended by paragraph 13 of Schedule 3 to the Transfer Order and the figure in subsection (4) was last substituted by article 3 of S.I. 2002/830.

(12) Section 13 was amended by paragraph 14 of Schedule 3 to the Transfer Act and the figure in subsection (1) was last substituted by article 4 of S.I. 2002/830.

(13) Section 13 was amended by paragraph 15 of Schedule 3 to the Transfer Order and the figure in subsection (1) was last substituted by article 4 of S.I. 2002/830.

year 2003-04 and the prescribed percentage of estimated benefit expenditure for the financial year ending with 31st March in that year shall be 2 per cent.

2003

Two of the Lords Commissioners of Her  
Majesty's Treasury

## EXPLANATORY NOTE

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

This Order increases from £4,025 to £4,095 the amount of earnings below which an earner may be excepted from liability for Class 2 contributions, specified in section 11(4) of the Social Security Contributions and Benefits Act 1992 (c. 4: “the Act”) (Article 2). It also amends the amount of a Class 3 contribution specified in section 13(1) of the Act from £6.85 to £6.95 (article 3).

Articles 2 and 3 of the Order also make provision for Northern Ireland corresponding to that in the preceding paragraph (the section numbers of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) are the same as those in the Act).

The Order provides for section 2(2) of the Social Security Act 1993 (c. 3) to have effect for the tax year 2003-04. It also provides that the amount of any money that may be provided by Parliament to be paid into the National Insurance Fund in that year shall not exceed in aggregate 2 per cent. of the estimated benefit expenditure for the financial year ending 31st March (Article 4). The Order also makes corresponding provision for Northern Ireland (Article 4(3) of the Social Security (Northern Ireland) Order 1993 (S.I.1993/592 (N.I. 2)) being the provision brought into effect (article 5)).

In accordance with sections 142(1) and 144(1) of the Social Security Administration Act 1992 (c. 5), a copy of the report of the Government Actuary (Cm ), giving his opinion of the likely effect upon the National Insurance Fund of the making of the Order, insofar as it amends sections 11(4) and 13(1) of the Act, was laid before Parliament with the draft of this Order.

This Order does not impose any new costs on business.