



Social Security (Contributions) Act 1991

1991 CHAPTER 42

An Act to introduce contributions under the Social Security Act 1975 in respect of cars made available for private use and car fuel. [25th July 1991]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Class 1A contributions

- (1) The Social Security Act 1975 (“the 1975 Act”) shall be amended as follows.
- (2) In subsection (2) of section 1 (outline of contributory system) for “four” there shall be substituted “five” and after the description of Class 1 contributions there shall be inserted—

“Class 1A, payable under section 4A in respect of cars made available for private use and car fuel by persons liable to pay secondary Class 1 contributions and certain other persons;”.
- (3) In subsection (6)(a) and (c) of that section after “Class 1” there shall be inserted “, Class 1A”.
- (4) In the heading before section 4 for “four” there shall be substituted “five”.
- (5) The following section shall be inserted after section 4—

“4A Class 1A contributions

- (1) Where—
 - (a) for any tax year an amount in respect of a car is by virtue of section 157 of the Income and Corporation Taxes Act 1988 chargeable on an earner to income tax under Schedule E; and

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- (b) the employment by reason of which the car is made available is employed earner's employment,
a Class 1A contribution shall be payable for that tax year, in accordance with this section, in respect of the earner and car in question.
- (2) The Class 1A contribution referred to in subsection (1) above is payable by—
- (a) the person who is liable to pay the secondary Class 1 contribution relating to the last (or only) relevant payment of earnings in the tax year in relation to which there is a liability to pay such a contribution; or
 - (b) if no such contribution is payable in relation to a relevant payment of earnings in the tax year, the person who would be liable but for section 4(2)(b) above to pay a secondary Class 1 contribution relating to the last (or only) relevant payment of earnings in the tax year.
- (3) A payment of earnings is a "relevant payment of earnings" for the purposes of subsection (2) above if it is made to or for the benefit of the earner in respect of the employment by reason of which the car is made available.
- (4) The amount of the Class 1A contribution referred to in subsection (1) above shall be—
- (a) the Class 1A percentage of the cash equivalent of the benefit of the car to the earner in the tax year; or
 - (b) where for the tax year an amount in respect of fuel for the car is by virtue of section 158 of the Income and Corporation Taxes Act 1988 also chargeable on the earner to income tax under Schedule E, the aggregate of—
 - (i) the Class 1A percentage of the cash equivalent of the benefit of the fuel to the earner in the tax year; and
 - (ii) the amount mentioned in paragraph (a) above,
 the cash equivalents of the benefit of a car or fuel being ascertained, subject to the provisions of this section, in accordance with section 157 or, as the case may be, 158 of the Income and Corporation Taxes Act 1988 and Schedule 6 to that Act.
- (5) In subsection (4) above "the Class 1A percentage" means a percentage rate equal to the percentage rate for secondary Class 1 contributions specified in section 4(6E) above as appropriate for the highest secondary earnings bracket for the tax year in question.
- (6) In calculating for the purposes of subsection (4) above the cash equivalent of the benefit of a car or fuel—
- (a) the car shall not be treated as being unavailable on a day by virtue of paragraph 2(2)(b) of Schedule 6 to the Income and Corporation Taxes Act 1988 for the purposes of section 158(5) of that Act or paragraph 2(2), 3(2) or 5(2) of that Schedule, unless the person liable to pay the contribution has information to show that the condition specified in paragraph 2(2)(b) is satisfied as regards that day;
 - (b) the use of the car for the earner's business travel shall be taken—
 - (i) for the purposes of section 158(5) of that Act and subparagraph (1) of paragraph 3 of that Schedule to have amounted to less than 18,000 miles (or such lower figure as is

- applicable by virtue of sub-paragraph (2) of that paragraph);
and
- (ii) for the purposes of sub-paragraph (1) of paragraph 5 of that Schedule to have amounted to not more than 2,500 miles (or such lower figure as is applicable by virtue of sub-paragraph (2) of that paragraph),
unless in either case the person liable to pay the contribution has information to show the contrary; and
- (c) for the purposes of paragraph 5(3) of that Schedule, the car shall be treated as not having been the car used to the greatest extent for the employee's business travel, unless the person liable to pay the contribution has information to show the contrary.
- (7) Regulations may make such amendments of this section as appear to the Secretary of State to be necessary or expedient in consequence of any alteration to section 157 or 158 of the Income and Corporation Taxes Act 1988 or Schedule 6 to that Act.
- (8) A person shall be liable to pay different Class 1A contributions in respect of different earners, different cars and different tax years.
- (9) Regulations may provide—
- (a) for persons to be excepted in prescribed circumstances from liability to pay Class 1A contributions;
- (b) for reducing Class 1A contributions in prescribed circumstances.”.

2 Computation, collection and recovery

- (1) In the 1975 Act—
- (a) in paragraph (a) of section 1(4) (which introduces Schedule 1, containing supplementary provisions relating to contributions); and
- (b) in the heading for Schedule 1,
after “Classes 1,” there shall be inserted “1A,”.
- (2) The following paragraph shall be inserted after paragraph 4 of that Schedule—

*“Class 1A contributions where car made
available by reason of more than one employment*

- 4A Regulations may modify section 4A above in relation to cases where a car is made available by reason of two or more employed earner's employments under different employers.”.

- (3) In paragraph 5 of that Schedule (power to combine collection of contributions with tax)—
- (a) in sub-paragraph (1)(a) after “Class 1” there shall be inserted “, Class 1A”; and
- (b) in sub-paragraph (1A)—
- (i) after “Class 1”, in each place where it occurs, there shall be inserted “or Class 1A”; and
- (ii) in paragraph (a) after “(being” there shall be inserted “, in the case of Class 1 contributions,”.

- (4) In sub-paragraph (11)(a) of paragraph 5A of that Schedule (special penalties in the case of certain returns) after “Class 1” there shall be inserted “and Class 1A”.
- (5) In paragraph 6(1) of that Schedule (general regulation-making powers)—
- (a) the following paragraph shall be inserted after paragraph (a)—
 - “(aa) for requiring persons to maintain, in such form and manner as may be prescribed, records of such matters as may be prescribed for the purpose of enabling the incidence of liability for Class 1A contributions to be determined, and to retain the records for so long as may be prescribed;”;
 - (b) in paragraph (g) for the words from “enabling” to the end there shall be substituted the words “enabling—
 - (i) the whole or part of any payment of secondary Class 1 contributions to be treated as a payment of Class 1A contributions;
 - (ii) the whole or part of any payment of Class 1A contributions to be treated as a payment of secondary Class 1 contributions or Class 2 contributions;
 - (iii) the whole or part of any payment of Class 2 contributions to be treated as a payment of secondary Class 1 contributions or Class 1A contributions;”;
 and
 - (c) after paragraph (gg) there shall be inserted—
 - “(ggg) for the repayment in prescribed cases, of a prescribed part of any Class 1A contribution as to which the Secretary of State is satisfied in the light of information of a kind mentioned in section 4A(6)(a), (b) or (c) above that has become available to him, that too much has been paid;”.
- (6) In section 151 of the 1975 Act (proof of previous offences)—
- (a) in subsection (3) after the word “contributions,” there shall be inserted the words “or any Class 1A contributions”;
 - (b) the following subsection shall be inserted after that subsection—
 - “(3A) If the offence is one of failure to pay a Class 1A contribution, evidence may be given of failure on his part to pay (whether or not in respect of the same person or the same car) such contributions, or any Class 1 contributions or state scheme premiums, on the date of the offence, or during the 2 years preceding that date.”; and
 - (c) in subsection (5), after “(3)” there shall be inserted “, (3A)”.

3 Determination of questions

- (1) The following paragraph shall be inserted after subsection (1)(b) of section 93 of the 1975 Act (principal questions for Secretary of State)—
- “(bb) a question whether a Class 1A contribution is payable or otherwise relating to a Class 1A contribution;”.
- (2) The following subsection shall be inserted after subsection (4) of section 115 of that Act (procedure)—

“(4A) In proceedings for the determination of a question mentioned in section 93(1) (bb) above (including proceedings on an inquiry)—

- (a) in England and Wales, there shall be available to a witness (other than the person who is liable, or alleged to be liable, to pay the Class 1A contribution in question) any privilege against self-incrimination or incrimination of a spouse which is available to a witness in legal proceedings; and
- (b) in Scotland, section 3 of the Evidence (Scotland) Act 1853 (competence and compellability of witnesses) shall apply as it applies to civil proceedings.”.

4 National health service allocation

In section 134 of the 1975 Act (national health service allocation from contributions)

- (a) the following paragraph shall be inserted after subsection (4)(b)—
 - “(bb) in the case of Class 1A contributions, 0.9 per cent. of the amount estimated to be the aggregate of the cash equivalents of the benefits of the cars and car fuel used in calculating those contributions;”;
- (b) the following paragraph shall be inserted after subsection (4B)(a)—
 - “(aa) 0.1 per cent. of the relevant aggregate, in the case of paragraph (bb);”.

5 Provision for Northern Ireland

An Order in Council under paragraph 1(1)(b) of Schedule 1 to the Northern Ireland Act 1974 (legislation for Northern Ireland in the interim period) which states that it is made only for purposes corresponding to those of this Act—

- (a) shall not be subject to paragraph 1(4) and (5) of that Schedule (affirmative resolution of both Houses of Parliament); but
- (b) shall be subject to annulment in pursuance of a resolution of either House of Parliament.

6 Short title, commencement, financial provision and extent

- (1) This Act may be cited as the Social Security (Contributions) Act 1991, and this Act shall be included among the Acts which may be cited together as the Social Security Acts 1975 to 1991.
- (2) There shall be paid out of money provided by Parliament any increase attributable to the provisions of this Act in the sums payable out of such money under any other Act.
- (3) There shall be paid into the Consolidated Fund any increase by virtue of this Act in the sums so payable by virtue of any other Act.
- (4) Any provision of this Act which amends an enactment not in force when this Act is passed shall come into force on the day on which that enactment comes into force.
- (5) This Act has effect in relation to the tax year beginning with 6th April 1991 and subsequent tax years; and in this subsection “tax year” has the meaning assigned to it by Schedule 20 to the 1975 Act.

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- (6) The following provisions of this Act extend to Northern Ireland—
section 5; and
this section.
- (7) Except as provided by this section, this Act does not extend to Northern Ireland.