Changes to legislation: *Welfare Reform and Pensions Act 1999, SCHEDULE 9 is up to date with all changes known to be in force on or before 13 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

SCHEDULES

SCHEDULE 9

Section 73.

NEW THRESHOLD FOR PRIMARY CLASS 1 CONTRIBUTIONS

PART I

NEW PRIMARY THRESHOLD

Earnings limits and thresholds for Class 1 contributions

1 For section 5 of the Contributions and Benefits Act substitute—

"**5 Earnings limits and thresholds for Class 1 contributions.**

(1) For the purposes of this Act there shall for every tax year be—

(a) the following for primary Class 1 contributions—

(i) a lower earnings limit,

(ii) a primary threshold, and

(iii) an upper earnings limit; and

(b) a secondary threshold for secondary Class 1 contributions.

Those limits and thresholds shall be the amounts specified for that year by regulations which, in the case of those limits, shall be made in accordance with subsections (2) and (3) below.

(2) The amount specified as the lower earnings limit for any tax year shall be an amount equal to or not more than 99p less than—

(a) the sum which at the beginning of that year is specified in section 44(4) below as the weekly rate of the basic pension in a Category A retirement pension; or

(b) that sum as increased by any Act or order passed or made before the beginning of that year and taking effect before 6th May in that year.

(3) The amount specified as the upper earnings limit for any tax year shall be an amount which either—

(a) is equal to 7 times the sum which is the primary threshold for that year; or

(b) exceeds or falls short of 7 times that sum by an amount not exceeding half that sum.

(4) Regulations may, in the case of each of the limits or thresholds mentioned in subsection (1) above, prescribe an equivalent of that limit or threshold in relation to earners paid otherwise than weekly (and references in this or any other Act to "the prescribed equivalent", in the context of any of those limits

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or thresholds, are accordingly references to the equivalent prescribed under this subsection in relation to such earners).

(5) The power conferred by subsection (4) above to prescribe an equivalent of any of those limits or thresholds includes power to prescribe an amount which exceeds, by not more than £1.00, the amount which is the arithmetical equivalent of that limit or threshold.

(6) Regulations under this section shall be made by the Treasury."

Commencement Information

I1 Sch. 9 para. 1 wholly in force at 6.4.2000; Sch. 9 para. 1 not in force at Royal Assent see s. 89(3); Sch. 9 para. 1 in force for certain purposes at 22.12.1999 and for all other purposes at 6.4.2000 by S.I. 1999/3420, **art. 2**

Liability for Class 1 contributions

2 For section 6 of the Contributions and Benefits Act substitute—

"**6 Liability for Class 1 contributions.**

(1) Where in any tax week earnings are paid to or for the benefit of an earner over the age of 16 in respect of any one employment of his which is employed earner's employment—

(a) a primary Class 1 contribution shall be payable in accordance with this section and section 8 below if the amount paid exceeds the current primary threshold (or the prescribed equivalent); and

(b) a secondary Class 1 contribution shall be payable in accordance with this section and section 9 below if the amount paid exceeds the current secondary threshold (or the prescribed equivalent).

(2) No primary or secondary Class 1 contribution shall be payable in respect of earnings if a Class 1B contribution is payable in respect of them.

(3) Except as may be prescribed, no primary Class 1 contribution shall be payable in respect of earnings paid to or for the benefit of an employed earner after he attains pensionable age, but without prejudice to any liability to pay secondary Class 1 contributions in respect of any such earnings.

(4) The primary and secondary Class 1 contributions referred to in subsection (1) above are payable as follows—

(a) the primary contribution shall be the liability of the earner; and

(b) the secondary contribution shall be the liability of the secondary contributor;

but nothing in this subsection shall prejudice the provisions of paragraph 3 of Schedule 1 to this Act relating to the manner in which the earner's liability falls to be discharged.

(5) Except as provided by this Act, the primary and secondary Class 1 contributions in respect of earnings paid to or for the benefit of an earner in respect of any one employment of his shall be payable without regard to any other such payment of earnings in respect of any other employment of his.

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(6) Regulations may provide for reducing primary or secondary Class 1 contributions which are payable in respect of persons to whom Part XI of the Employment Rights Act 1996 (redundancy payments) does not apply by virtue of section 199(2) or 209 of that Act.

(7) Regulations under this section shall be made by the Treasury."

Commencement Information

I2 Sch. 9 para. 2 wholly in force at 6.4.2000; Sch. 9 para. 2 not in force at Royal Assent see s. 89(3); Sch. 9 para. 2 in force for certain purposes at 22.12.1999 and for all other purposes at 6.4.2000 by S.I. 1999/3420, **art. 2**

Notional payment of primary Class 1 contribution where earnings not less than lower earnings limit

3 After section 6 of the Contributions and Benefits Act insert—

"**6A Notional payment of primary Class 1 contribution where earnings not less than lower earnings limit.**

(1) This section applies where in any tax week earnings are paid to or for the benefit of an earner over the age of 16 in respect of any one employment of his which is employed earner's employment and the amount paid—

(a) is not less than the current lower earnings limit (or the prescribed equivalent), but

(b) does not exceed the current primary threshold (or the prescribed equivalent).

(2) Subject to any prescribed exceptions or modifications—

(a) the earner shall be treated as having actually paid a primary Class 1 contribution in respect of that week, and

(b) those earnings shall be treated as earnings upon which such a contribution has been paid,

for any of the purposes mentioned in subsection (3) below.

(3) The purposes are—

(a) the purposes of section 14(1)(a) below;

(b) the purposes of the provisions mentioned in section 21(5A)(a) to (c) below;

(c) any other purposes relating to contributory benefits; and

(d) any purposes relating to jobseeker's allowance.

(4) Regulations may provide for any provision of this Act which, in whatever terms, refers—

(a) to primary Class 1 contributions being payable by a person, or

(b) otherwise to a person's liability to pay such contributions,

to have effect for the purposes of this section with any prescribed modifications.

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(5) Except as may be prescribed, nothing in this section applies in relation to earnings paid to or for the benefit of an employed earner after he attains pensionable age.

(6) Except as provided by this Act, this section applies in relation to earnings paid to or for the benefit of an earner in respect of any one employment of his irrespective of any other such payment of earnings in respect of any other employment of his.

(7) Regulations under this section shall be made by the Treasury."

Commencement Information

I3 Sch. 9 para. 3 wholly in force at 6.4.2000; Sch. 9 para. 3 not in force at Royal Assent see s. 89(3); Sch. 9 para. 3 in force for certain purposes at 22.12.1999 and for all other purposes at 6.4.2000 by S.I. 1999/3420, **art. 2**

Calculation of primary Class 1 contributions

F1 4 . . . . . .

Textual Amendments

F1 Sch. 9 para. 4 repealed (8.7.2002 with effect for 2003-2004 and subsequent tax years) by 2002 c. 19, ss. 7, 8(2), **Sch. 2**

Calculation of secondary Class 1 contributions

5 For section 9 of the Contributions and Benefits Act substitute—

"**9 Calculation of secondary Class 1 contributions.**

(1) Where a secondary Class 1 contribution is payable as mentioned in section 6(1)(b) above, the amount of that contribution shall be the secondary percentage of so much of the earnings paid in the tax week, in respect of the employment in question, as exceeds the current secondary threshold (or the prescribed equivalent).

(2) For the purposes of subsection (1) above, the secondary percentage shall be 12.2 per cent; but the percentage is subject to alteration under sections 143 and 145 of the Administration Act.

(3) Subsection (1) above is subject to regulations under section 6(6) above and sections 116 to 120 below and to section 41 of the Pensions Act."

Commencement Information

I4 Sch. 9 para. 5 wholly in force at 6.4.2000; Sch. 9 para. 5 not in force at Royal Assent see s. 89(3); Sch. 9 para. 5 in force for certain purposes at 22.12.1999 and for all other purposes at 6.4.2000 by S.I. 1999/3420, **art. 2**

Changes to legislation: *Welfare Reform and Pensions Act 1999, SCHEDULE 9 is up to date with all changes known to be in force on or before 13 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

PART II

REDUCED CONTRIBUTIONS IN RESPECT OF MEMBERS OF CONTRACTED-OUT SCHEMES

Reduced rates for members of salary related contracted-out schemes

6 (1) Section 41 of the [M1]Pension Schemes Act 1993 is amended as follows.

(2) In subsection (1), for "(1C)" substitute " (1E) ".

(3) For subsections (1A) to (1C) substitute—

"(1A) The amount of any primary Class 1 contribution in respect of the earnings shall be reduced by an amount equal to 1.6 per cent of the relevant part of the earnings ("Amount R1").

(1B) The amount of any secondary Class 1 contribution in respect of the earnings shall be reduced by an amount equal to 3 per cent of the relevant part of the earnings ("Amount R2").

(1C) The aggregate of Amounts R1 and R2 shall be set off—

(a) first against the aggregate amount which the secondary contributor is liable to pay in respect of the contributions mentioned in subsections (1A) and (1B); and

(b) then (as to any balance) against any amount which the secondary contributor is liable to pay in respect of any primary or secondary Class 1 contribution in respect of earnings—

(i) paid to or for the benefit of any other employed earner (whether in contracted-out employment or not), and

(ii) in relation to which the secondary contributor is such a contributor;

and in this subsection any reference to a liability to pay an amount in respect of a primary Class 1 contribution is a reference to such a liability under paragraph 3 of Schedule 1 to the Social Security Contributions and Benefits Act 1992.

(1D) If—

(a) any balance remains, and

(b) the secondary contributor makes an application for the purpose to the Inland Revenue,

the Inland Revenue shall, in such manner and at such time (or within such period) as may be prescribed, pay to the secondary contributor an amount equal to the remaining balance.

But regulations may make provision for the adjustment of an amount that would otherwise be payable under this subsection so as to avoid the payment of trivial or fractional amounts.

(1E) If the Inland Revenue pay any amount under subsection (1D) which they are not required to pay, they may recover that amount from the secondary contributor in such manner and at such time (or within such period) as may be prescribed."

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Commencement Information

I5 Sch. 9 para. 6 wholly in force at 6.4.2000; Sch. 9 para. 6 not in force at Royal Assent see s. 89(3); Sch. 9 para. 6 in force for certain purposes at 22.12.1999 and for all other purposes at 6.4.2000 by S.I. 1999/3420, **art. 2**

Marginal Citations

M1 1993 c. 48.

Reduced rates for members of money purchase contracted-out schemes

7 (1) Section 42A of the Pension Schemes Act 1993 is amended as follows.

(2) In subsection (1), for "(3)" substitute " (2D) and (3) ".

(3) For subsections (2) to (2B) substitute—

"(2) The amount of any primary Class 1 contribution in respect of the earnings shall be reduced by an amount equal to the appropriate flat-rate percentage of the relevant part of the earnings ("Amount R1").

(2A) The amount of any secondary Class 1 contribution in respect of the earnings shall be reduced by an amount equal to the appropriate flat-rate percentage of the relevant part of the earnings ("Amount R2").

(2B) The aggregate of Amounts R1 and R2 shall be set off—

(a) first against the aggregate amount which the secondary contributor is liable to pay in respect of the contributions mentioned in subsections (2) and (2A); and

(b) then (as to any balance) against any amount which the secondary contributor is liable to pay in respect of a primary or secondary Class 1 contribution in respect of earnings—

(i) paid to or for the benefit of any other employed earner (whether in contracted-out employment or not), and

(ii) in relation to which the secondary contributor is such a contributor;

and in this subsection any reference to a liability to pay an amount in respect of a primary Class 1 contribution is a reference to such a liability under paragraph 3 of Schedule 1 to the Social Security Contributions and Benefits Act 1992.

(2C) If—

(a) any balance remains, and

(b) the secondary contributor makes an application for the purpose to the Inland Revenue,

the Inland Revenue shall, in such manner and at such time (or within such period) as may be prescribed, pay to the secondary contributor an amount equal to the remaining balance.

But regulations may make provision for the adjustment of an amount that would otherwise be payable under this subsection so as to avoid the payment of trivial or fractional amounts.

Changes to legislation: *Welfare Reform and Pensions Act 1999, SCHEDULE 9 is up to date with all changes known to be in force on or before 13 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(2D) If the Inland Revenue pay any amount under subsection (2C) which they are not required to pay, they may recover that amount from the secondary contributor in such manner and at such time (or within such period) as may be prescribed.”

Commencement Information

I6 Sch. 9 para. 7 wholly in force at 6.4.2000; Sch. 9 para. 7 not in force at Royal Assent see s. 89(3); Sch. 9 para. 7 in force for certain purposes at 22.12.1999 and for all other purposes at 6.4.2000 by S.I. 1999/3420, **art. 2**

Payments by Inland Revenue out of and into National Insurance Fund

8 (1) Section 177 of the [M2]Pension Schemes Act 1993 is amended as follows.

(2) In subsection (2)(za), for “section 42A(3)” substitute “ section 41(1D) or section 42A(2C) or (3) ”.

(3) In subsection (7)(a), for “42A(5) or” substitute “ 41(1E), 42A(2D) or (5) or ”.

Commencement Information

I7 Sch. 9 para. 8 wholly in force at 6.4.2000; Sch. 9 para. 8 not in force at Royal Assent see s. 89(3); Sch. 9 para. 8 in force for certain purposes at 22.12.1999 and for all other purposes at 6.4.2000 by S.I. 1999/3420, **art. 2**

Marginal Citations

M2 1993 c. 48.

PART III

NATIONAL HEALTH SERVICE ALLOCATION

9 (1) Section 162 of the Administration Act is amended as follows.

(2) In subsection (5)—

(a) in paragraph (a), for “the lower earnings limit” substitute “ the primary threshold ”; and

(b) in paragraph (b), before “earnings” insert “ total ”.

(3) In subsection (6A)—

(a) for “the lower or upper earnings limit” substitute “ the primary threshold or the upper earnings limit ”; and

(b) for “that limit prescribed under section 8(3)” substitute “ that threshold or limit prescribed under section 5(4) ”.

Changes to legislation: *Welfare Reform and Pensions Act 1999, SCHEDULE 9 is up to date with all changes known to be in force on or before 13 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

Commencement Information

I8 Sch. 9 para. 9 wholly in force at 6.4.2000; Sch. 9 para. 9 not in force at Royal Assent see s. 89(3); Sch. 9 para. 9 in force for certain purposes at 22.12.1999 and for all other purposes at 6.4.2000 by S.I. 1999/3420, **art. 2**

Changes to legislation:
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Changes and effects yet to be applied to :

– Sch. 9 para. 7 repealed by 2007 c. 22 Sch. 7 Pt. 7