

## 1977 No. 1755

## SOCIAL SECURITY

**The Social Security (Contributions) Miscellaneous  
Amendments Regulations 1977**

<i>Made</i> - - - -	28th October 1977
<i>Laid before Parliament</i>	7th November 1977
<i>Coming into Operation:</i>	
<i>Regulations 1 and 14</i> -	28th November 1977
<i>Remainder</i> - -	6th April 1978

The Secretary of State for Social Services with the concurrence of the Inland Revenue in so far as their concurrence is required, in exercise of powers conferred upon him by sections 1(6), 8(1), 9(7) and (9)(a), 11, 13(4) and 131 of, and paragraphs 4(a) and 6(1)(d) and (h) of Schedule 1 to, the Social Security Act 1975(a) and section 5 of the Social Security Pensions Act 1975(b) and of all other powers enabling him in that behalf, after considering the report of the National Insurance Advisory Committee on the draft submitted to them in accordance with section 139 of the Social Security Act 1975, hereby makes the following regulations:—

*Citation, interpretation and commencement*

1. These regulations which may be cited as the Social Security (Contributions) Miscellaneous Amendments Regulations 1977 shall be read as one with the Social Security (Contributions) Regulations 1975(c) as amended (d) (hereinafter referred to as “the principal regulations”) and shall come into operation as to this regulation and regulation 14 on 28th November 1977 and as to the remainder on 6th April 1978 immediately after regulation 5 of the Social Security (Contributions) (Consequential Amendments) Regulations 1975(e) comes into operation.

*Amendment of regulation 7 of the principal regulations*

2. In regulation 7 of the principal regulations (calculation of earnings-related contributions)—

- (a) in paragraph (1) for the words “paragraphs (3) to (5)” there shall be substituted the words “paragraphs (3) and (4)”; and
- (b) for paragraphs (2) to (6) there shall be substituted the following paragraphs—

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(a) 1975 c. 14.

(b) 1975 c. 60.

(c) S.I. 1975/492 (1975 I, p. 1516).

(d) The relevant amending instruments are S.I. 1975/1855, 1976/88 (1975 III, p. 6983; 1976 I, p. 282).

(e) S.I. 1975/1855 (1975 III, p. 6983).

“(2) In the alternative, but subject to the provisions of paragraphs (3) to (5) of this regulation, the contributions specified in the last preceding paragraph may be calculated in accordance with the appropriate scale prepared by the Secretary of State.

(3) Where the amount of earnings to which the appropriate scale is to be applied does not appear in the scale, the amount of contributions payable shall be calculated by reference to the next smaller amount of earnings in the appropriate column in the scale.

(4) Where a scale would, but for the period to which it relates, be appropriate and the earnings period in question is a multiple of the period in that scale, the scale shall be applied by dividing the earnings in question so as to obtain the equivalent earnings for the period to which the scale relates and multiplying the amount of contributions shown in the scale as appropriate to those equivalent earnings by the same factor as the earnings were divided.

(5) Unless the Secretary of State agrees to the contrary, all the contributions payable in a year in respect of the earnings paid to or for the benefit of an earner in respect of his employed earner's employment or, where he has more than one such employment and the earnings therefrom are aggregated under paragraph 1(1) of Schedule 1 to the Act, in respect of those employments, shall be calculated either in accordance with paragraph (1) or in accordance with paragraph (2) of this regulation but not partly in accordance with one and partly in accordance with the other of those paragraphs.”

*Amendment of regulation 15 of the principal regulations*

**3.** In regulation 15 of the principal regulations (annual maximum)—

(a) in paragraph (1)—

- (i) for the words “as respects earners specified in the following provisions of this paragraph” there shall be substituted the words “where an earner is employed in more than one employment”;
- (ii) for all the words following the words “shall not exceed” there shall be substituted the words “an amount equal to 53 primary Class 1 contributions at the maximum standard rate.”

(b) after paragraph (1) there shall be inserted the following paragraph—

“(1A) For the purpose only of determining the extent of an earner's liability for contributions under the last preceding paragraph, the amount of any primary Class 1 contributions paid at a rate less than the standard rate shall be treated as equal to the amount of any primary Class 1 contributions payable at the standard rate on the same amount of earnings.”

(c) in paragraph (2) there shall be deleted all the words after the words “for the time being”.

*Insertion of new regulation 17A in the principal regulations*

**4.** After regulation 17 of the principal regulations there shall be inserted the following regulation—

*“Exception of persons over pensionable age from Class 1 liability*

17A. Where earnings are paid to or for the benefit of an earner on or after the date on which he attains pensionable age in respect of a period before that date and those earnings would not normally fall to be paid before that date, he shall be excepted from liability for primary Class 1 contributions payable in respect of those earnings.”

*Amendment of regulation 24 of the principal regulations*

5. In paragraph (1) of regulation 24 of the principal regulations (Class 3 contributions) for the words “the following provisions of this regulation” there shall be substituted the words “section 5(1) of the Pensions Act (circumstances in which persons shall not be entitled to pay Class 3 contributions) and of these regulations,”.

*Insertion of new regulation 24A in the principal regulations*

6. After regulation 24 of the principal regulations there shall be inserted the following regulation—

*“Precluded Class 3 contributions*

24A.—(1) Subject to the provisions of the next succeeding paragraph no person shall be entitled to pay a Class 3 contribution—

- (a) in respect of any year if he would, but for the payment of such a contribution, be entitled to be credited with a contribution;
- (b) in respect of any year in which the aggregate of his earnings factors derived from contributions paid or credited is less than 25 times the lower earnings limit and either the period has passed within which any Class 3 contributions may be treated as paid for that year under regulation 33 of these regulations, or he has sooner, in accordance with regulation 29 of these regulations, applied for the return of any Class 3 contributions paid in respect of that year;
- (c) in respect of any year if the aggregate of his earnings factors derived from contributions paid or credited is more than 25 times the lower earnings limit but less than the qualifying earnings factor and either the period referred to in sub-paragraph (b) above has passed or he has sooner as aforesaid applied for the return of any Class 3 contributions paid in respect of that year;
- (d) in respect of any year if it causes the aggregate of his earnings factors derived from contributions paid or credited to exceed the qualifying earnings factor by an amount which is half or more than half that year's lower earnings limit;
- (e) in respect of the year in which he attains pensionable age or in respect of any subsequent year;
- (f) in respect of the years in which he attains 17 or 18 years of age if in an earlier year he has satisfied the first contribution condition for retirement pension or widow's pension or widowed mother's allowance.

(2) Notwithstanding the provisions of sub-paragraph (a), (b) or (c) of the last preceding paragraph a person shall be entitled to pay a Class 3 contribution in respect of any year if it would enable him to satisfy—

- (a) the first contribution condition for retirement pension or widow's pension or widowed mother's allowance and he has not satisfied that condition at the beginning of that year; or
- (b) the first contribution condition for maternity grant or the contribution condition for widow's allowance or death grant and he has not satisfied those conditions at the beginning of that year; or
- (c) the second contribution condition for maternity grant in respect of that year; or
- (d) the second contribution condition for unemployment or sickness benefit in any case to which regulation 10(8) of the Social Security (Credits) Regulations 1975(a) applies.

(3) In this regulation "credited" means credited for the purposes of retirement pension, widowed mother's allowance and widow's pension; and "qualifying earnings factor" has the same meaning as in section 5(3) of the Pensions Act."

*Amendment of regulation 28 of the principal regulations*

7. In regulation 28 of the principal regulations (return of contributions)—

- (a) in paragraph (1)—
  - (i) there shall be deleted the words "unless the net amount of the contributions (other than Class 3 contributions) to be returned does not exceed in value £0.50";
  - (ii) at the end there shall be added the following "unless the net amount of the contributions to be returned—
    - (a) in the case of Class 1 contributions, does not exceed in value £0.50; or
    - (b) in the case of Class 2 contributions, does not exceed the amount prescribed in the said regulation 15 by an amount which is half or more than half a Class 2 contribution."
- (b) for paragraph (2) there shall be substituted the following paragraphs—
 

"(2) Where an application under this regulation has been made for the return of contributions paid in excess of the amount prescribed in the said regulation 15 they shall, subject to paragraph (2A) of this regulation, be returned in the following order of priority—

  - (a) primary Class 1 contributions at the reduced rate;
  - (b) Class 2 contributions;
  - (c) primary Class 1 contributions at the standard rate;
  - (d) any amount of primary Class 1 contributions at the percentages applying under section 27 of the Pensions Act in respect of contracted-out employment as specified in heads (i), (ii) or (iii) below—
    - (i) where the amount paid at the contracted-out percentage is equal to or exceeds 53 times the amount payable on earnings at the upper earnings limit for that year, the amount paid at the normal percentage in excess of 53 times the amount payable on earnings at the lower earnings limit for that year and the amount paid at the contracted-out percentage if any;

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(a) S.I. 1975/556 (1975 I, p. 1941).

- (ii) where the amount paid at the contracted-out percentage is less than 53 times the amount payable on earnings at the upper earnings limit for that year, the amount paid at the normal percentage;
- (iii) where no amount has been paid at the contracted-out percentage, the amount paid at the normal percentage.

(2A) Where any primary Class 1 contributions referred to in sub-paragraph (a), (c) or (d) above fall to be returned and any other primary Class 1 contributions which would, but for the provisions of regulation 109 of these regulations, have been paid at the rate or, as the case may be, the percentages specified in that sub-paragraph, are paid at the rate reduced in accordance with the said regulation 109, those other contributions shall be returned in priority to the contributions referred to in the said sub-paragraph."

*Substitution for regulation 29 of the principal regulations*

**8.** For regulation 29 of the principal regulations (special provisions for return of Class 3 contributions) there shall be substituted the following provisions—

*"Return of precluded Class 3 contributions*

29.—(1) Subject to the provisions of regulations 27 and 30 of these regulations and to paragraph (2) below, where a contributor has paid a Class 3 contribution which by virtue of section 5(1) of the Pensions Act or regulation 24A of these regulations he was not entitled to pay, the Secretary of State shall, on application of the contributor, return such contribution to the contributor.

(2) A contributor wishing to apply for the return of any such contribution as aforesaid shall make written application to the Secretary of State in such manner as the Secretary of State shall approve."

*Amendment of regulation 30 of the principal regulations*

**9.** In regulation 30 of the principal regulations (calculation of return of contributions)—

- (a) at the end of paragraph (a) there shall be deleted the word "and";
- (b) after paragraph (b) there shall be added the following provisions—
  - "(c) the amount of any contributions equivalent premium payable under Part III of the Pensions Act;
  - (d) the amount of any limited revaluation premium payable under Part III of the Pensions Act.

(2) In this regulation the expression "contributions equivalent premium" has the same meaning as in section 42 of the Pensions Act and the expression "limited revaluation premium" has the same meaning as in section 45 of that Act."

*Amendment of regulation 31 of the principal regulations*

**10.** In regulation 31 of the principal regulations (crediting of Class 3 contributions)—

- (a) for the figure “50” there shall be substituted the figure “52”;
- (b) there shall be deleted all the words after the words “for that year”.

*Amendment of regulation 32 of the principal regulations*

**11.** In regulation 32 of the principal regulations (reallocation of contributions for benefit purposes) after the words “employed earner” there shall be inserted the words “or, as the case may be, the direction of the Secretary of State”.

*Amendment of regulation 52 of the principal regulations*

**12.** In regulation 52(1) of the principal regulations (exception from Class 4 liability)—

- (a) after the words “an earner has” there shall be inserted the words “or, but for the provisions of regulation 41B of these regulations, would have”;
- (b) in sub-paragraphs (a), (b) and (c)—
  - (i) for the words “who has paid such Class 1 contributions” there shall be substituted the words “who has or, but for the said provisions, would have paid Class 1 contributions”;
  - (ii) after the words “the value of the Class 1 contributions so paid” there shall be inserted the words “or which, but for the said provisions, would have been paid”.

*Amendment of regulation 58 of the principal regulations*

**13.** In regulation 58 of the principal regulations (annual maximum of Class 4 contributions) there shall be added the following paragraph—

“(2) For the purpose only of determining the extent of an earner’s liability for Class 4 contributions under the last preceding paragraph, the amount of any primary Class 1 contributions paid at a rate less than the standard rate shall be treated as equal to the amount of any primary Class 1 contributions payable at the standard rate on the same amount of earnings.”

*Insertion of regulation 60A in the principal regulations*

**14.** After regulation 60 of the principal regulations (repayment of Class 4 contributions under section 9(1) of the Act which are not due) there shall be inserted the following regulation—

*“Disapplication of section 47 of the Finance (No. 2) Act 1975 to repayments of Class 4 contributions paid under section 9(1) of the Act*

60A. Section 47 of the Finance (No. 2) Act 1975(a) (repayment supplement in respect of delayed repayments of certain taxes to persons other than companies) shall not apply to any repayment of any Class 4 contributions paid under section 9(1) of the Act.”

*Amendment of regulation 82 of the principal regulations*

**15.** In regulation 82 of the principal regulations (calculation of earnings-related contributions for mariners)—

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(a) 1975 c. 45.

(a) for sub-paragraph (b) of paragraph (1) there shall be substituted the following sub-paragraph—

“(b) in the alternative, paragraphs (2), (3), (4) and (5) of that regulation shall, except in relation to secondary contributions payable at a rate reduced in accordance with the provisions of regulation 80 of these regulations, apply in respect of those earnings.”

(b) for paragraph (2) there shall be substituted the following paragraph—

“(2) Subject to the provisions of the said paragraphs (3), (4) and (5), where the secondary contribution is payable at a rate reduced in accordance with regulation 80 of these regulations, that contribution may be calculated in accordance with the scale prepared by the Secretary of State appropriate to that rate.”

*Amendment of regulation 109 of the principal regulations*

16. For paragraph 3 of regulation 109 of the principal regulations (calculation of earnings-related contributions for members of the forces) there shall be substituted the following paragraph—

“(3) In the alternative the contributions specified in paragraph (1) of this regulation may be calculated in accordance with the appropriate scale prepared by the Secretary of State and in that case the provisions of regulation 7(2), (3), (4) and (5) of these regulations shall apply.”

*Amendment of regulation 115 of the principal regulations*

17. In regulation 115(3)(a) of the principal regulations (Class 2 and Class 3 contributions for periods abroad) for the figure “50” there shall be substituted the figure “52”.

David Ennals,  
Secretary of State for Social Services.

27th October 1977.

The Commissioners of Inland Revenue hereby concur.  
By Order of the Commissioners of Inland Revenue.

J. D. Taylor Thompson,  
Secretary.

28th October 1977.

## EXPLANATORY NOTE

*(This Note is not part of the Regulations.)*

These Regulations further amend the Social Security (Contributions) Regulations 1975 ("the principal regulations").

The Regulations provide that Class 1 contributions may be calculated according to a scale prepared by the Secretary of State.

They amend the principal regulations by providing that an earner's liability for contributions shall not exceed an amount equal to 53 primary Class 1 contributions at the maximum standard rate. They also provide that for the purposes of determining that liability any primary Class 1 contribution paid at less than the standard rate shall be treated as paid at that rate and they substitute new provisions which determine the priority in which contributions paid in excess of that amount should be returned.

The Regulations prescribe the circumstances in which an earner is not entitled to pay Class 3 contributions and make provision concerning the return of any such contributions.

They add contribution equivalent premiums and limited revaluation premiums payable under Part III of the Social Security Pensions Act 1975 to the deductions to be made from any contributions falling to be returned.

The Regulations provide that section 47 of the Finance (No. 2) Act 1975 (repayment supplement in respect of certain delayed repayments of taxes) shall not apply to Class 4 contributions collected under the Income Tax Acts as it would otherwise have applied by virtue of section 9(3) of the Social Security Act 1975 (application of the Income Tax Acts to Class 4 contributions as if they were income tax).

They make provision for excepting an earner from primary Class 1 liability on earnings paid on or after the date on which he has attained pensionable age in respect of a period before that date. They also amend the principal regulations to except an earner from Class 4 liability on earnings chargeable under Schedule D and in respect of which he is excepted from Class 1 liability.

The Regulations also provide for contributions paid in one year to be treated at the direction of the Secretary of State as paid in another year for the purposes of entitlement to benefit.

The other amendments are of a minor or consequential nature.

The report of the National Insurance Advisory Committee on the draft of these Regulations dated 11th October 1977 is contained in Command Paper (Cmnd. 7008) published by Her Majesty's Stationery Office.

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