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STATUTORY INSTRUMENTS

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**1987 No. 1590**

**SOCIAL SECURITY**

**The Social Security (Contributions)  
Amendment (No.3) Regulations 1987**

*Made* - - - - *4th September 1987*  
*Laid before Parliament* *15th September 1987*  
*Coming into force* - - *6th October 1987*

The Secretary of State for Social Services, in exercise of powers conferred upon him by sections 3(2) and (3) and 168(1) of, and Schedule 20 to, the Social Security Act 1975<sup>(1)</sup> and of all other powers enabling him in that behalf, after reference to the Social Security Advisory Committee<sup>(2)</sup>, hereby makes the following Regulations:—

**Citation, commencement and interpretation**

1.—(1) These Regulations may be cited as the Social Security (Contributions) Amendment (No.3) Regulations 1987 and shall come into force on 6th October 1987.

(2) In these Regulations “the principal Regulations” means the Social Security (Contributions) Regulations 1979<sup>(3)</sup>.

**Amendment of regulation 19 of the principal Regulations**

2. In regulation 19 of the principal Regulations (payments to be disregarded) sub-paragraph (e) of paragraph (1) shall be omitted.

**Insertion of regulation 19A in the principal Regulations**

3. After regulation 19 of the principal Regulations there shall be inserted the following regulation:  
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(1) 1975 c. 14; see definitions of “prescribe” and “regulations” in Schedule 20.

(2) See sections 9 and 10 of the Social Security Act 1980 (c. 30).

(3) S.I.1979/591; the relevant amending instrument is S.I. 1983/395.

**“Certain payments by trustees to be disregarded**

**19A.**—(1) For the purposes of earnings-related contributions, there shall be excluded from the computation of a person’s earnings in respect of any employed earner’s employment any payment, or any part of a payment,—

- (a) which is made by trustees before 6th April 1990,
- (b) the amount of which is or may be dependent upon the exercise by the trustees of a discretion or the performance by them of a duty arising under the trust,
- (c) not being a sickness payment which by virtue of section 3(1A) of the Act is treated as remuneration derived from an employed earner’s employment, and in respect of which either the condition contained in paragraph (2) or the conditions contained in paragraph (3) of this regulation is or are satisfied.

(2) The condition referred to in paragraph (1) of this regulation as being contained in this paragraph is that the trust under which the payment is made was created before 6th April 1985.

(3) The conditions referred to in paragraph (1) of this regulation as being contained in this paragraph are—

- (a) that the trust under which the payment is made was created on or after 6th April 1985,
- (b) that that trust took effect immediately on the termination of a trust created before 6th April 1985,
- (c) that the person to whom the payment is made either
  - (i) was a beneficiary under the earlier trust, or
  - (ii) would have been such a beneficiary if while the earlier trust was subsisting, he had held the employment in respect of which the payment is made,
- (d) that there were or are payments under the earlier trust which—
  - (i) in the case of payments made before 6th October 1987, were excluded from the computation of the earnings of the person or persons to whom they were made by virtue of regulation 19(1)(e) of these Regulations as in force immediately before that date,
  - (ii) in the case of payments made on or after 6th October 1987, are payments made in circumstances to which sub-paragraphs (a), (b) and (c) of this paragraph apply”.

Signed by authority of the Secretary of State for Social Services.

4th September 1987

*Nicholas Scott*  
Minister of State,  
Department of Health and Social Security

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## EXPLANATORY NOTE

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

These Regulations further amend the Social Security (Contributions) Regulations 1979.

They revoke regulation 19(1)(e) and insert regulation 19A. The new regulation provides for the disregard, for the purposes of earnings-related contributions, of certain payments made by trustees before 6th April 1990.

The principal conditions for the exclusion of these payments from the computation of a person's earnings in respect of employed earner's employment are either that the trust was created before 6th April 1985 or, if it was created on or after that date, that it took effect immediately on termination of a trust created before 6th April 1985, some payments under which were or are excluded from the computation of earnings of those to whom they were or are made, and that the person now receiving payment was a beneficiary under the replaced trust or meets a specified requirement in relation to it.