

1988 No. 429

SOCIAL SECURITY

**The Social Security (Earnings Factor) Amendment
Regulations 1988**

<i>Made - - - -</i>	<i>7th March 1988</i>
<i>Laid before Parliament</i>	<i>14th March 1988</i>
<i>Coming into force</i>	<i>4th April 1988</i>

The Secretary of State for Social Services, in exercise of powers conferred on him by sections 13(5) and 5(A) and 168(1) of, and Schedule 20 to, the Social Security Act 1975(a), sections 6(5A) and 35(3) of the Social Security Pensions Act 1975(b), section 32(6) of the Social Security Act 1985(c) and sections 84(1) and 89(1) of the Social Security Act 1986(d) and of all other powers enabling him in that behalf, by this instrument, which contains only Regulations made under sections 84(1) and 89(1) of, and provisions consequential upon sections 42 and 75 of and Schedule 8 to, the Social Security Act 1986 and which is made before the end of a period of 12 months from their commencement, makes the following Regulations:-

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Social Security (Earnings Factor) Amendment Regulations 1988 and shall come into force on 4th April 1988.

(2) In these Regulations, “the principal Regulations” means the Social Security (Earnings Factor) Regulations 1979(e).

Amendment of principal Regulations

2.—(1) The principal Regulations shall be amended in accordance with the following paragraphs of this regulation.

(2) For regulation 2 (ascertainment of earnings factors) there shall be substituted the following regulation—

“Ascertainment of earnings factors

2.—(1) The earnings factors derived from a person’s earnings paid in, or from earnings credited or Class 2 or Class 3 contributions in respect of, any year shall, subject to paragraph (2) of this regulation, be ascertained in accordance with the rules contained in Schedule 1 to these Regulations.

(2) A person’s earnings factors in respect of the year commencing on 6th April 1988, or any subsequent year, shall not in respect of any such year together exceed an amount equal to 58 times the upper earnings limit of that year.”

(a) 1975 c.14; section 13(5) was amended by the Social Security Act 1986 (c.50), section 75, Schedule 8, paragraph 2(4); section 13(5A) was inserted by the Social Security Act 1985 (c.53), section 29(1), Schedule 5, paragraph 6(b). See the definition of “regulations” in Schedule 20 to the Social Security Act 1975. Section 168(1) applies, by virtue of section 66(2) of the Social Security Pensions Act 1975 (c.60), to the exercise of certain powers conferred by that Act.

(b) 1975 c.60; section 6(5A) was inserted by the Social Security Act 1985, section 29(1), Schedule 5, paragraph 16(b).
(c) 1985 c.53.

(d) 1986 c.50; see the definition of “regulations” in section 84(1).

(e) S.I. 1979/676, amended by S.I. 1985/1417, 1987/316, 411.

(3) In Schedule 1 (rules for the ascertainment of earnings factors), Part I (Class 1 contributions) shall be amended as follows—

(a) in paragraph 2, for sub-paragraph (1) there shall be substituted the following sub-paragraph—

“ (1) Subject to sub-paragraph (2) below, a person’s earnings factor derived in respect of the year commencing on 6th April 1987, or any subsequent year, from—

(a) those of his earnings paid in that year upon which Class 1 contributions have been paid or treated as paid in respect of that year, and

(b) earnings with which he has been credited in respect of that year, shall be equal to the amount of those actual and credited earnings.”;

(b) for paragraph 3 there shall be substituted the following paragraph—

“ 3. Where a person’s earnings paid in the year commencing on 6th April 1987, or in any subsequent year, are earnings upon which Class 1 contributions have been paid or treated as paid in respect of that year and are, or are to be, recorded as separate sums in the records of the Department of Health and Social Security, the earnings factor derived from those earnings shall be equal to the aggregate of the amounts ascertained by rounding down each sum separately to the nearest whole pound.”;

(c) in paragraph 6, for the words from the beginning to “treated as paid” there shall be substituted the words “Where Class 1 contributions have been paid or treated as paid in respect of the year commencing on 6th April 1987, or any subsequent year, upon a person’s earnings paid in that year”;

(d) in paragraph 7, for sub-paragraph (3) there shall be substituted the following sub-paragraph—

“ (3) Where a person’s earnings paid in the year commencing on 6th April 1987, or in any subsequent year, are earnings upon which contracted-out contributions have been paid or treated as paid in respect of that year and are, or are to be, recorded as separate sums in the records of the Department of Health and Social Security, the earnings factor derived from those earnings shall be equal to the aggregate of the amounts ascertained by rounding down each sum separately to the nearest whole pound.”.

Revocations and savings

3.—(1) Subject to the savings in paragraph (2) below, the Social Security (Earnings Factor) Amendment Regulations 1985(a), the Social Security (Earnings Factor) Amendment Regulations 1987(b) and the Social Security (Earnings Factor) Amendment (No. 2) Regulations 1987(c) are hereby revoked.

(2) Notwithstanding the revocations in paragraph (1) above—

(a) the principal Regulations shall have effect for the purposes of the ascertainment of a person’s earnings factors in respect of any year before 6th April 1987 as if these Regulations had not been made; and

(b) regulation 1 of those Regulations shall continue to have effect with the omission from paragraph (2) of the definition of “contributions” and the inclusion after that paragraph of the paragraph (3) inserted by regulation 2(2)(b) of the Social Security (Earnings Factor) Amendment (No. 2) Regulations 1987.

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

7th March 1988

Michael Portillo
Parliamentary Under-Secretary of State,
Department of Health and Social Security

(a) S.I. 1985/1417.

(b) S.I. 1987/316.

(c) S.I. 1987/411.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations further amend the Social Security (Earnings Factor) Regulations 1979 ("the principal Regulations"). They clarify the principal Regulations, as amended by the Social Security (Earnings Factor) Amendment (No. 2) Regulations 1987 (S.I. 1987/411), by making it clear that insofar as a person's earnings factors in respect of the tax year commencing on 6th April 1987, or any subsequent tax year, are derived from his earnings upon which primary Class 1 contributions have been paid or treated as paid, they are derived from his earnings paid in that tax year upon which primary Class 1 contributions have been paid or treated as paid in respect of such year.

In the principal Regulations, regulation 2 (ascertainment of earnings factors) and paragraphs 2(1), 3 and 7(3) of Schedule 1 (rules for the ascertainment of earnings factors) are substituted, and paragraph 6 of Schedule 1 is amended.

These Regulations also provide, in the substituted regulation 2 of the principal Regulations, that a person's earnings factors in respect of the tax year commencing on 6th April 1988, or any subsequent tax year, shall not together exceed an amount equal to 58 times the upper earnings limit for that tax year.

Regulation 3 contains revocations and savings.