

1990 No. 321

SOCIAL SECURITY

**The Social Security (Contributions) (Re-rating)
Order 1990**

Made - - - - - *20th February 1990*

Coming into force *6th April 1990*

Whereas the Secretary of State for Social Security, as a result of carrying out in the tax year 1989–90 a review of the general level of earnings pursuant to subsections (2) and (3) of section 120 of the Social Security Act 1975(a), has determined that an Order should be made under that section amending Part I of the said Act by altering the rates of Class 2 and Class 3 contributions, the amount of earnings below which an earner may be excepted from liability for Class 2 contributions and the lower and upper limits of profits or gains to be taken into account for Class 4 contributions:

And whereas the Secretary of State, for the purposes of adjusting amounts payable by way of secondary Class 1 contributions, has determined that an Order should be made under section 123A(2) of that Act(b) amending section 4(6E) of that Act(c) by altering the weekly earnings figures therein specified:

And whereas a draft of the following Order was laid before Parliament in accordance with the provisions of sections 120(4), 121(2), 123A(6) and 167(1) of that Act(d) and approved by resolution of each House of Parliament:

Now, therefore, the Secretary of State for Social Security, in conjunction with the Treasury so far as relates to matters with regard to which the Treasury has so directed(e) in exercise of powers conferred by sections 120(5) and (6), 121(2), and 123A(2) of the said Act and of all other powers enabling him in that behalf, hereby makes the following Order:

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating) Order 1990 and shall come into force on 6th April 1990.

(2) In this Order “the Act” means the Social Security Act 1975.

Weekly earnings figures for secondary earnings brackets

2.—(1) Section 4 of the Act (incidence of Class 1 contributions) shall be amended in accordance with the provisions of this article.

(a) 1975 c.14; section 120(2) was amended by the Social Security Pensions Act 1975 (c.60), section 65 and Schedule 4, paragraph 50(b), and *see* paragraph 50(a).

(b) Section 123A was inserted by section 7(5) of the Social Security Act 1985 (c.53) and amended by section 74(1) and (2) of the Social Security Act 1986 (c.50) and by section 1(6) and (7) of the Social Security Act 1989 (c.24).

(c) Section 4(6E) was inserted by section 7(2) of the Social Security Act 1985; the relevant instrument amending section 4(6E) is S.I. 1989/26.

(d) Section 167(1) was amended by the Social Security (Contributions) Act 1981 (c.1), section 4(5) and the Social Security Act 1986, sections 62(3) and 74(4).

(e) *See* section 166(5) of the Social Security Act 1975.

(2) In subsection (6E)(a) (secondary earnings brackets)—

- (a) for the figure £74.99 specified in respect of Bracket 1 there shall be substituted the figure £79.99;
- (b) for the figures £75.00 and £114.99 specified in respect of Bracket 2 there shall be substituted respectively the figures £80.00 and £124.99;
- (c) for the figures £115.00 and £164.99 specified in respect of Bracket 3 there shall be substituted respectively the figures £125.00 and £174.99;
- (d) for the figure £165.00 specified in respect of Bracket 4 there shall be substituted the figure £175.00.

Rate of, and small earnings exception from, Class 2 contributions

3. In section 7 of the Act (Class 2 contributions)—

- (a) in subsection (1) (weekly rate) for the figure £4.25(b) there shall be substituted the figure £4.55;
- (b) in subsection (5) (small earnings exception) for the figure £2,350(c) there shall be substituted the figure £2,600.

Amount of Class 3 contributions

4. In section 8(1) of the Act (amount of Class 3 contributions) for the figure £4.15(d) there shall be substituted the figure £4.45.

Lower and upper limits for Class 4 contributions

5. In sections 9(2) and 10(1) of the Act (Class 4 contributions recoverable under Tax Acts and regulations)—

- (a) for the figure £5,050 (lower limit)(e) wherever it appears there shall be substituted in each of those sections the figure £5,450;
- (b) for the figure £16,900 (upper limit)(f) there shall be substituted in each of those sections the figure £18,200.

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

13th February 1990

We Consent,

20th February 1990

Nicholas Scott
Minister of State,
Department of Social Security

John Taylor
D. Lightbown
Two of the Lords Commissioners
of Her Majesty's Treasury

(a) See S.I. 1989/26, article 2(3).
(b) See S.I. 1989/26, article 3(a).
(c) See S.I. 1989/26, article 3(b).
(d) See S.I. 1989/26, article 4.
(e) See S.I. 1989/26, article 5(a).
(f) See S.I. 1989/26, article 5(b).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for matters in respect of which the Social Security (Contributions and Allocation of Contributions) (Re-rating) Order 1989 (S.I. 1989/26) contained provisions.

This Order increases the amounts of weekly earnings specified in the secondary earnings brackets in section 4(6E) of the Social Security Act 1975 ("the Act"), determining the appropriate percentage rate at which Class 1 contributions are payable under that Act (article 2). The increases in respect of Bracket 1 are from £74.99 to £79.99, in respect of Bracket 2 from £75.00 and £114.99 to £80.00 and £124.99, in respect of Bracket 3 from £115.00 and £164.99 to £125.00 and £174.99 and in respect of Bracket 4, from £165.00 to £175.00.

The Order increases the rates of Class 2 and Class 3 contributions payable under the Act from £4.25 to £4.55 and from £4.15 to £4.45 respectively (articles 3(a) and 4). It increases from £2,350 to £2,600 the amount of earnings below which an earner may be excepted from liability for Class 2 contributions (article 3(b)). It also increases, from £5,050 to £5,450 and from £16,900 to £18,200, the lower and upper limits of profits or gains between which Class 4 contributions are payable (article 5).

In accordance with sections 121(1) and 123A(6A) of the Act, a copy of the report by the Government Actuary (Cm 948), giving his opinion on the likely effect on the National Insurance Fund of the making of the Order in so far as it amends sections 4(6E), 7, 8(1), 9(2) and 10(1) of the Act, was laid before Parliament with a draft of this Order.