
EXPLANATORY NOTE

(This note is not part of the Regulations)

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

Regulation 2(2) amends regulation 7 of the principal Regulations by increasing the weekly lower and upper earnings limits for Class 1 contributions for the tax year beginning on 6th April 1996. The lower earnings limit is increased from £58 to £61 and the upper earnings limit from £440 to £455.

Regulation 2(3) revokes regulation 115 of the principal Regulations, which reduced the rate of Class 1 contributions payable in respect of earnings by serving members of H.M. forces and the Crown as their employer.

Regulation 2(2) of these Regulations is made under section 5 of the Social Security Contributions and Benefits Act 1992 and the proposals for it are exempt from reference to the Social Security Advisory Committee by virtue of section 172(3) of, and paragraph 4 of Part I of Schedule 7 to, the Social Security Administration Act 1992.

Regulations 1, 2(1) and 2(3) do not impose any additional costs on business. The effect of regulation 2(2) will be to increase administrative costs to business. These costs will be contained in the overall costs for business of implementing the National Insurance Contributions re-rating package and will not represent any additional expense.

An assessment of the cost to business of applying regulation 2(2) has been placed in the Libraries of both Houses of Parliament. Copies can be obtained by post from the Department of Social Security, Deregulation Unit, 11th Floor, Adelphi, 1–11 John Adam Street, London WC2N 6HT.