
STATUTORY INSTRUMENTS

1997 No. 544

SOCIAL SECURITY

The Social Security (Contributions) (Re-rating and National Insurance Fund Payments) Order 1997

Made - - - - 26th February 1997

Coming into force - - 6th April 1997

Whereas the Secretary of State for Social Security, as a result of carrying out in the tax year 1996–97 a review of the general level of earnings pursuant to section 141(1) and (2) of the Social Security Administration Act 1992⁽¹⁾ (“the Administration Act”), has determined that an Order should be made under that section amending Part I of the Social Security Contributions and Benefits Act 1992⁽²⁾ (“the Contributions and Benefits 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, with a view to adjusting the level at which the National Insurance Fund stands and having regard to the sums which may be expected to be paid from the Fund in the tax year 1997–98, has determined that an Order should be made under section 143(1) of the Administration Act, and, for the purpose of adjusting amounts payable by way of secondary Class 1 contributions, has determined that an Order should be made under that section amending section 9(3) of the Contributions and Benefits Act by altering the percentage rate for Bracket 4 therein specified:

And whereas the Secretary of State, with a view to adjusting the level at which the National Insurance Fund stands for the time being and having regard to estimated benefit expenditure for the financial year ending 31st March 1998, thinks it expedient that an Order should be made under section 2(2) of the Social Security Act 1993 (“the 1993 Act”)⁽³⁾:

And whereas a draft of the following Order was laid before Parliament in accordance with the provisions of sections 141(3) and 190(1) of the Administration Act and section 2(8) of the 1993 Act and approved by resolution of each House of Parliament:

Now, therefore, the Secretary of State for Social Security in exercise of powers conferred by sections 141(4) and (5), 142(2), 143(1) and 189(1) and (3) of the Administration Act and, with the consent of the Treasury, section 2(2) and (8) of the 1993 Act and of all other powers enabling him in that behalf, hereby makes the following Order:

(1) 1992 c. 5.
(2) 1992 c. 4.
(3) 1993 c. 3.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating and National Insurance Fund Payments) Order 1997 and shall come into force on 6th April 1997.

(2) In this Order “the Act” means the Social Security Contributions and Benefits Act 1992.

Appropriate percentage rates for secondary earnings brackets

2. In section 9(3) of the Act (secondary earnings brackets and percentage rates) for “10.2 per cent.” specified in respect of Bracket 4(4), substitute “10 per cent.”.

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

3. In section 11 of the Act (Class 2 contributions)(5)—

(a) in subsection (1) (weekly rate) for “£6.05”, substitute “£6.15”;

(b) in subsection (4) (small earnings exception) for “£3,430”, substitute “£3,480”.

Amount of Class 3 contributions

4. In section 13(1) of the Act (amount of Class 3 contributions)(6) for “£5.95”, substitute “£6.05”.

Lower and upper limits for Class 4 contributions

5. In section 15(3) and section 18(1) of the Act (Class 4 contributions recoverable under the Income Tax Acts and under regulations)(7)—

(a) for “£6,860” (lower limit) in each place where it appears, substitute “£7,010”;

(b) for “£23,660” (upper limit) in both places where it appears, substitute “£24,180”.

Prescribed percentage of estimated benefit expenditure

6. Section 2(2) of the Social Security Act 1993 (payments into the National Insurance Fund out of money provided by Parliament) shall have effect with respect to the tax year 1997–98 and the prescribed percentage of estimated benefit expenditure for the financial year ending with 31st March in that tax year shall be 4 per cent..

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

24th February 1997

Alistair Burt
Minister of State,
Department of Social Security

(4) The percentage rate figure was amended by article 2(2)(d) of [S.I. 1994/544](#) from 6th April 1994.

(5) Section 11 was further amended by article 3 of [S.I. 1996/597](#) from 6th April 1996.

(6) Section 13 was further amended by article 4 of [S.I. 1996/597](#) from 6th April 1996.

(7) The lower and upper limits were further amended by article 5(b) and (c) of [S.I. 1996/597](#) from 6th April 1996.

We consent,

26th February 1997

Richard Ottaway
Patrick McLoughlin
Two of the Lords Commissioners of Her
Majesty's Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order reduces the appropriate percentage rate specified in the secondary earnings brackets in section 9(3) of the Social Security Contributions and Benefits Act 1992 (“the Act”), from 10.2 per cent. to 10 per cent. in respect of Bracket 4 (article 2).

The Order increases the rates of Class 2 and Class 3 contributions specified in sections 11(1) and 13(1) of the Act from £6.05 to £6.15 and from £5.95 to £6.05 respectively. It also increases from £3,430 to £3,480 the amount of earnings specified in section 11(4) below which an earner may be exempted from liability for Class 2 contributions (articles 3 and 4).

The Order increases, from £6,860 to £7,010 and from £23,660 to £24,180 respectively, the lower and upper limits of profits or gains specified in sections 15(3) and 18(1) of the Act between which Class 4 contributions are payable (article 5).

The Order provides for section 2(2) of the Social Security Act 1993 to have effect for the tax year 1997–98. It also provides that the amount of money provided by Parliament to be paid into the National Insurance Fund in that year shall not exceed in aggregate 4 per cent. of the estimated benefit expenditure for the financial year ending 31st March 1998 (article 6).

In accordance with sections 142(1) and 144(1) of the Social Security Administration Act 1992, a copy of the report by the Government Actuary (Cm. 3547) 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 9(3), 11(1) and (4), 13(1), 15(3) and 18(1) of the Act, was laid before Parliament with the draft of this Order.

Articles 3(b), 4, 5 and 6 of this Order do not impose any costs on business. The effect of article 2 will be to impose an administrative cost on business.

An assessment of the costs to business of applying articles 2 and (3a) 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.