
STATUTORY INSTRUMENTS

2001 No. 1004

The Social Security (Contributions) Regulations 2001

PART 4

CLASS 1B CONTRIBUTIONS

Calculation of Class 1B contributions

41. Where a person is liable to pay a Class 1B contribution in accordance with section 10A of the Act (Class 1B contributions) ^{F1}, the amount of that contribution shall be calculated to the nearest penny, and any amount of a half penny or less shall be disregarded.

Textual Amendments

F1 Section 10A was inserted by section 53 of the Social Security Act 1998 and amended by paragraph 11 of Schedule 3 to the Transfer Act and section 77 of the Welfare Reform Act.

Exception from liability to pay Class 1B contributions

42.—(1) A person shall be excepted from liability to pay a Class 1B contribution for any year in respect of—

- (a) the amount of any [^{F2}general earnings which are chargeable emoluments] under section 10A(4) of the Act of an employee included in a PAYE settlement agreement; and
- (b) the total amount of income tax in respect of which that person is accountable to the Board in relation to [^{F3}general earnings] of such an employee in accordance with a PAYE settlement agreement,

where the employee is a person falling within paragraph (2) or (3).

(2) The employee falls within this paragraph if he is subject to the legislation of a contracting party, other than the United Kingdom, to the Agreement on the European Economic Area signed at Oporto on 2nd May 1992 as adjusted by the Protocol signed at Brussels on 17th March 1993 ^{F4}.

(3) The employee falls within this paragraph if he is subject to the legislation of a country outside the United Kingdom in respect of which there is an Order in Council under section 179 of the Administration Act (reciprocal agreements with countries outside the United Kingdom) ^{F5} giving effect to a reciprocal agreement.

(4) If a person is excepted from liability to pay a Class 1B contribution for any year under paragraphs (1) to (3), he shall be entitled, if he so wishes, to pay that contribution for that year.

Textual Amendments

F2 Words in reg. 42(1)(a) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **10(a)**

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- F3** Words in reg. 42(1)(b) substituted (6.4.2004) by [The Social Security \(Contributions, Categorisation of Earners and Intermediaries\) \(Amendment\) Regulations 2004 \(S.I. 2004/770\)](#), regs. 1(1), **10(b)**
- F4** OJ No. L1, 3.1.1994, p. 7.
- F5** Section 179 was amended by paragraph 70 of Schedule 2 to the [Jobseekers Act 1995 \(c. 18\)](#), **paragraph 107** of Schedule 7 to the Social Security Act 1998, paragraph 15 of Schedule 7 to the Transfer Act, paragraph 2 of Schedule 6 to [S.I. 1999/671](#) and paragraph 3(g) of Schedule 1 to the [Tax Credits Act 1999 \(c. 10\)](#).

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Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- Sch. 3 Pt. 10 para. 2930 inserted by [S.I. 2024/289 reg. 2](#)
- Sch. 4 para. 21AE inserted by [S.I. 2024/306 reg. 2\(4\)](#)
- reg. 7(3A) inserted by [S.I. 2024/306 reg. 2\(3\)\(b\)](#)