

2003 No. 193

SOCIAL SECURITY

**The Social Security (Contributions) (Amendment) Regulations
2003**

<i>Made</i> - - - -	<i>4th February 2003</i>
<i>Laid before Parliament</i>	<i>4th February 2003</i>
<i>Coming into force</i> - -	<i>6th April 2003</i>

The Treasury, in exercise of the powers conferred upon them by sections 3(2), 5, 14(1) and (5), 17, 19(1), (2) and (5A) and 175(3) of the Social Security Contributions and Benefits Act 1992(a), with the concurrence of the Secretary of State insofar as required, and in exercise of the powers conferred upon them by sections 3(2), 5, 14(1) and (5), 17, 19(1), (2) and (5A) and 171(3) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(b), with the concurrence of the Department for Social Development insofar as required, and the Commissioners of Inland Revenue, in exercise of the powers conferred upon them by paragraphs 3 and 6(1) of Schedule 1 to each of those Acts(c), hereby make the following Regulations:

Citation, commencement, effect and interpretation

1.—(1) These Regulations may be cited as the Social Security (Contributions) (Amendment) Regulations 2003, shall come into force on 6th April 2003 and shall have effect for the tax year beginning on that date and for subsequent tax years.

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- (a) 1992 c. 4 (“the Benefits Act”). Section 3(2) was amended by paragraph 3 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) (“the Transfer Act”). Section 5 was substituted by paragraph 1 of Schedule 9 to the Welfare Reform and Pensions Act 1999 (c.30) (“the Welfare Reform Act”). Section 14 was amended by paragraph 59 of Schedule 7 to the Social Security Act 1998 (c. 14) (“the 1998 Act”) and paragraph 15 of Schedule 3 to the Transfer Act. Section 17 was amended by paragraph 6 of Schedule 1, paragraph 17 of Schedule 3, and Part 1 of Schedule 10 to the Transfer Act and paragraph 4 of Schedule 1, and Schedule 2 to the National Insurance Contributions Act 2002 (c. 19) (“the Contributions Act”). Section 19(1) was amended by paragraph 5(2) of Schedule 1 to the Contributions Act, and subsection (5A) was inserted by paragraph 19 of Schedule 3 to the Transfer Act.
- (b) 1992 c.7 (“the Northern Ireland Benefits Act”). Section 3(2) was amended by paragraph 4 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671) (“the Transfer Order”). Section 5 was substituted by paragraph 1 of Schedule 10 to the Welfare Reform Act. Section 14 was amended by paragraph 41 of Schedule 6 to the Social Security (Northern Ireland) Order 1998 (S.I. 1998/1506 (N.I. 10)) (“the 1998 Order”) and paragraph 16 of Schedule 3 to the Transfer Order. Section 17 was amended by paragraph 7 of Schedule 1, paragraph 17 of Schedule 3 and Part 1 of Schedule 9 to the Transfer Order and paragraph 23 of Schedule 1, and Schedule 2, to the Contributions Act. Section 19(1) was amended by paragraph 24(2) of Schedule 1 to the Contributions Act and subsection (5A) was inserted by paragraph 19 of Schedule 3 to the Transfer Order. The functions of the Department of Health and Social Services for Northern Ireland under the Northern Ireland Benefits Act were transferred to the Department for Social Development by Article 8(b) of, and Part II of Schedule 6 to, the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (S.R. 1999 No. 481).
- (c) Paragraph 3 of Schedule 1 to the Benefits Act was amended by paragraph 77(5) of Schedule 7 to the 1998 Act, paragraph 33 of Schedule 3 to the Transfer Act, Part 8 of Schedule 9 to the Child Support, Pensions and Social Security Act 2000 (c. 19) (“the 2000 Act”) and paragraph 13(3) of Schedule 1 to the Contributions Act. Paragraph 6(1) of Schedule 1 to the Benefits Act was amended by paragraph 77(8) of Schedule 7 to the 1998 Act and paragraph 35 of Schedule 3 to the Transfer Act. Paragraph 3 of Schedule 1 to the Northern Ireland Benefits Act was amended by paragraph 58(5) of Schedule 6 to the 1998 Order, paragraph 32 of Schedule 3 to the Transfer Order, and Part 8 of Schedule 9 to the 2000 Act and paragraph 32(3) of Schedule 1 to the Contributions Act. Paragraph 6(1) of Schedule 1 to the Northern Ireland Benefits Act was amended by paragraph 58(8) of Schedule 6 to the 1998 Order and paragraph 34 of Schedule 3 to the Transfer Order.

(2) In these Regulations “the principal Regulations” means the Social Security (Contributions) Regulations 2001(a).

Amendment of the principal Regulations

2. Amend the principal Regulations as follows.

3. In regulation 1(2) (interpretation), in the definition of “non-contracted-out rate” for “the primary percentage for the time being specified in section 8(2) of the Act;” substitute “the main primary percentage for the time being specified in section 8(2)(a) of the Act(b)”.

4.—(1) Amend regulation 9 (earnings period for statutory maternity pay and statutory sick pay) as follows.

(2) In the heading to the regulation, after “statutory maternity pay” insert “, statutory paternity pay, statutory adoption pay”.

(3) For paragraph (2) substitute—

“(2) If the Board make a payment of statutory maternity pay, statutory paternity pay or statutory adoption pay(c) under regulations made under the relevant provision—

(a) that payment of statutory maternity pay, statutory paternity pay or statutory adoption pay (as the case may be) shall not be aggregated with any other earnings; and

(b) the earnings period in respect of that payment for any week shall be a week.

(2A) In paragraph (2) “the relevant provision” means—

(a) in relation to statutory maternity pay, section 164(9)(b)(d),

(b) in relation to statutory paternity pay, section 171ZD(3)(e), and

(c) in relation to statutory adoption pay, section 171ZM(3)(f),

of the Act (liability to make payments of the relevant statutory pay to be that of the Board).”.

5. Amend regulation 10 (earnings limits and thresholds)(g) as follows—

(a) for “2002” substitute “2003”;

(b) in paragraph (a) for “£75” substitute “£77”; and

(c) in paragraph (b) for “£585” substitute “£595”.

6. For regulation 21 substitute—

“Annual maxima for those with more than one employment

21.—(1) For the purposes of section 19(1) and (2) of the Act (power to prescribe maximum amounts of contributions and repayments of excess) if an earner is employed in more than one employment his liability in any year—

(a) for primary Class 1 contributions; or

(a) S.I. 2001/1004: the relevant amending instruments are S.I. 2001/3728 and 2002/238.

(b) Section 8 of the Benefits Act and section 8 of the Northern Ireland Benefits Act are substituted for the tax year commencing on 6th April 2003 and subsequent tax years by section 1(1) and (2) respectively of the Contributions Act. As to the construction of references in the principal Regulations to enactments applying only to Great Britain in the application of those Regulations in Northern Ireland, see regulation 156(3) of those Regulations.

(c) Statutory paternity pay and statutory adoption pay are payable in Great Britain under Parts 12ZA and 12ZB of the Benefits Act, inserted by sections 2 and 4 respectively of the Employment Act 2002 (c.22), and in Northern Ireland under Parts XIIZA and XIIZB of the Northern Ireland Benefits Act, inserted by Articles 5 and 6 respectively of the Employment (Northern Ireland) Order 2002 (S.I. 2002/2836 (N.I. 2)).

(d) Section 164(9)(b) was amended by paragraph 12(2) of Schedule 1 to the Transfer Act.

(e) Section 171ZD was inserted by section 2 of the Employment Act 2002.

(f) Section 171ZM was inserted by section 4 of the Employment Act 2002.

(g) Regulation 10 was amended by regulation 3 of S.I. 2002/238.

- (b) where both primary Class 1 contributions and Class 2 contributions are payable by him, for both primary Class 1 contributions and Class 2 contributions,

shall not exceed an amount which equals the amount found in accordance with paragraph (2).

(2) The amount is found as follows.

Step One

Calculate—

$$53 \times (UEL - PT)$$

Here *UEL* is the upper earnings limit, and *PT* the primary threshold, specified for the year.

Step Two

Multiply the result of Step One by 11 per cent.

Step Three

Add together, in respect of all of the employed earner's employments, so much of the earnings in each of those employments as exceeds the primary threshold and does not exceed the upper earnings limit.

Step Four

From the sum produced by Step Three subtract the amount found by the formula in Step One.

Step Five

If the result produced by Step Four is a positive value, multiply it by 1 per cent.

If that result is nil or a negative value, it is treated for the purposes of Step Eight as nil.

Step Six

Add together, in respect of all of the employed earner's employments, so much of the earnings in each of those employments as exceeds the upper earnings limit.

Step Seven

Multiply the sum produced by Step Six by 1 per cent.

Step Eight

Add together the amounts produced by Steps Two, Five and Seven.

The result of Step Eight is the annual maximum, subject to the further qualifications in paragraphs (3) and (4).

(3) For the purpose only of determining the extent of the earner's liability for contributions under paragraph (2), the amount of a primary Class 1 contribution which is paid at a rate less than 11 per cent.—

- (a) because the earner is in contracted-out employment, or
- (b) because the earner is a married woman who has made an election to pay contributions at the reduced rate as mentioned in regulation 127,

shall be treated as equal to the amount of the primary Class 1 contribution which would be payable if the employment were not contracted-out or the election had not been made.

(4) Paragraph (2) is subject to—

- (a) section 12 of the Act (late paid Class 2 contributions); and
- (b) regulations 63 to 65 (special provisions about Class 2 and Class 3 contributions paid late).

(5) Notwithstanding paragraphs (1) to (4), an earner shall be liable, in the first instance, for the full amount of the contributions which would have been payable but for this regulation.”

7. In regulation 49(1) (precluded Class 3 contributions) (a) for “primary Class 1 contributions”, in each place where that expression occurs, substitute “primary Class 1 contributions, payable at the main primary percentage,”.

8. For regulation 84 (special provisions relating to primary Class 1 contributions) substitute—

“84.—(1) If in accordance with an arrangement authorised under regulation 68, notwithstanding paragraph 3(1) of Schedule 1 to the Act (method of paying Class 1 contributions), an earner is required to make direct payments in respect of primary Class 1 contributions in respect of earnings paid to him or for his benefit, the following provisions of this regulation apply.

(2) In a case to which this regulation applies—

(a) the earner shall be liable for such of the primary Class 1 contributions as are specified in the arrangements authorised under regulation 68, and

(b) the secondary contributor shall be liable for any other Class 1 contributions,

in respect of earnings paid to the earner or for the earner’s benefit from the employment in question.

(3) The Board shall notify the secondary contributor in writing of—

(a) the arrangement,

(b) the contributions for which, notwithstanding the arrangement, he will remain accountable to the Board, and

(c) the period to which the arrangement relates (“the relevant period”).

(4) During the relevant period, paragraph 3(1) of Schedule 1 to the Act (method of paying Class 1 contributions) shall not apply to the secondary contributor in respect of those contributions—

(a) to which the arrangement relates, and

(b) for which he would otherwise have been accountable to the Board,

unless and until the arrangement has been cancelled before the end of the period and the secondary contributor has been notified in writing of its cancellation.”.

9. Omit regulation 85 (exception in relation to earnings to which regulation 84 applies).

10. In regulation 90(4) (condition for approval of alternative arrangements for payment of Class 2 and Class 3 contributions)—

(a) for “total amount of primary Class 1 contributions” substitute “total amounts of primary Class 1 contributions and Class 2 contributions”; and

(b) for “the maximum amount prescribed in regulation 21 for that year” substitute “the amount equal to 53 primary Class 1 contributions payable on earnings at the upper earnings limit for that year at the main primary percentage”.

11.—(1) Amend regulation 94 (exception from Class 4 liability by reference to Class 1 contributions paid on earnings chargeable to income tax under Schedule D) as follows.

(2) For the heading substitute—

“Exception from Class 4 liability in respect of earnings from employed earner’s employment chargeable to income tax under Schedule D”.

(3) For paragraph (1) substitute—

“(1) If, for any year of assessment—

(a) Regulation 49 was amended by regulation 2 of S.I. 2001/3728.

- (a) an earner has earnings from employment which is employed earner's employment;
and
- (b) those earnings are chargeable to income tax under Schedule D;

the earner shall be excepted from liability to pay contributions under section 15 of the Act on those earnings.

This is subject to the following qualification.”.

12. In regulation 95 (deferment of Class 4 liability where such liability is in doubt) for “until such later date” substitute “and for such period”.

13.—(1) Amend regulation 99 (calculation of liability for, and recovery of, Class 4 contributions after issue of certificate of deferment) as follows.

(2) In paragraph (1)(a) for “contributions payable” substitute “contributions, the payment of which has been deferred,”.

(3) In paragraph (3) for the words from “This is subject to paragraph (4)” to the end substitute “This is subject to the following qualification.”.

(4) In paragraph (4) for the words from “final and conclusive” to the end substitute “final and conclusive.”.

14. For regulation 100 (annual maximum of Class 4 contributions due under section 15 of the Act) substitute—

“Annual maximum of Class 4 contributions due under section 15 of the Act

100.—(1) If, in respect of any year, there are payable by or in respect of an earner Class 4 contributions under section 15 of the Act(a) and also—

- (a) primary Class 1 contributions or Class 2 contributions; or
- (b) primary Class 1 contributions and Class 2 contributions,

paragraph (2) applies.

(2) If this paragraph applies, the earner's liability for Class 4 contributions shall not exceed the maximum found in accordance with paragraph (3).

(3) The maximum is found as follows.

Step One

Subtract the lower profits limit from the upper profits limit for the year.

Step Two

Multiply the result of Step One by 8 per cent.

Step Three

Add to the result of Step Two 53 times the weekly amount of the appropriate Class 2 contribution.

Step Four

Subtract from the result of Step Three the aggregate amount of any Class 2 contributions and primary Class 1 contributions paid at the main primary percentage.

The application of the following steps is determined by reference to the following three Cases.

Case 1

If the result of this step is a positive value, and exceeds the aggregate of—

- (a) primary Class 1 contributions payable at the main primary percentage,

(a) Section 15 has been amended: relevant amendments are those made by section 13 of the Limited Liability Partnerships Act 2000 (c. 12) and section 3(1) of the Contributions Act.

- (b) Class 2 contributions; and
- (c) Class 4 contributions payable at the main Class 4 percentage,

in respect of the earner's earnings, profits and gains for the year, the result of this step is the maximum amount of Class 4 contributions payable.

Case 2

If the result of this step is a positive value, but does not exceed the aggregate mentioned in Case 1, the result of this step is the maximum amount of Class 4 contributions payable at the main Class 4 percentage.

Case 3

If the result of this step is a negative value, the maximum amount of a Class 4 contribution payable at the main Class 4 percentage is nil and the result of this step is treated as nil.

If Case 1 applies, Steps Five to Nine do not, but if Case 2 or Case 3 applies those Steps do apply.

Step Five

Multiply the result of Step Four by $\frac{100}{8}$

Step Six

Subtract the lower profits limit from the lesser of the upper profits limit and the amount of profits for the year.

Step Seven

Subtract the result of Step Five from the result of Step Six.

If the result of this step is a negative value, it is treated as nil.

Step Eight

Multiply the result of Step Seven by 1 per cent.

Step Nine

Multiply the amount by which the profits and gains for the year exceed the upper profits limit for the year by 1 per cent.

The maximum amount of Class 4 contributions payable is—

- (a) where Case 1 of Step Four applies, the result of that step, and
- (b) where Case 2 or Case 3 of Step Four applies, the amount produced by adding together the results of Steps Four, Eight and Nine.

This is subject to the qualifications in paragraphs (4) to (6).

In this paragraph—

“lower profits limit” means the lesser of the two monetary sums specified in section 15(3)(a) of the Act^(a); and

“upper profits limit” means the greater of those sums.

(4) For the purpose only of determining the extent of the earner's liability for contributions under paragraph (3), the amount of a primary Class 1 contribution which would otherwise be payable at the main primary percentage but which is paid at a rate less than 11 per cent. because the earner—

- (a) is in contracted-out employment, or
- (b) is a married woman who has made an election to pay contributions at the reduced rate as mentioned in regulation 127,

(a) Subsection (3) was substituted by section 3(1) of the Contributions Act.

shall be treated as equal to the amount of the primary Class 1 contribution payable at the main primary percentage, which would be so payable if the employment were non-contracted-out employment or the election had not been made (as the case may be).

(5) Paragraph (2) is subject to the provisions of section 12 of the Act and to regulations 63 to 65.

(6) Notwithstanding paragraphs (1) to (5), an earner shall be liable, in the first instance, for the full amount of the contributions which would have been payable but for this regulation.”.

15. In regulation 103(2) (Class 4 liability of earners treated as self-employed who would otherwise be employed earners) for the words from “of an amount equal” to the end substitute—

“of an amount equal to the aggregate of—

- (a) the main Class 4 percentage of so much of the total of those earnings as exceeds the lower, but does not exceed the higher, of the money sums, and
 - (b) the additional Class 4 percentage of so much of the total of those earnings as exceeds the higher of the money sums,
- for the time being specified in section 18(1A)(a).”.

16.—(1) Amend Schedule 4 (provisions derived from the Income Tax Acts and the Income Tax (Employments) Regulations 1993(b)) as follows.

(2) In paragraph 7(13)—

(a) in paragraph (b)—

(i) for sub-paragraphs (iv) and (v) substitute—

“(iv) the sum of the primary Class 1 contributions and secondary Class 1 contributions payable on all the employee’s earnings, other than contributions recovered under sub-paragraph (3); and

(v) the primary Class 1 contributions payable on the employee’s earnings;”;

(ii) after sub-paragraph (vi) insert—

“(vii) any statutory paternity pay; and

(viii) any statutory adoption pay.

The amounts to be recorded under sub-paragraphs (iv) and (v) are the amounts of contributions after deducting the amount of any reduction calculated in accordance with section 41(1) to (1B) or section 42A(1) to (2A) of the Pensions Act(c) (“the reduction”), subject to the following qualification.

If the amount of the reduction exceeds the amount of the contributions in respect of which it falls to be made, the amount to be entered under sub-paragraph (v) is nil.”; and

(b) omit paragraph (c).

(3) In paragraph 9(1)—

(a) after paragraph (e) insert—

“(f) the amount of statutory maternity pay paid to the employee;

(g) the amount of statutory paternity pay paid to the employee; and

(h) the amount of statutory adoption pay paid to the employee;”;

(b) for “head (e)” substitute “paragraph (e)”.

(a) Subsection (1A) was inserted by section 3(3) of the Contributions Act.

(b) S.I. 1993/744.

(c) Section 41 was amended by paragraph 127 of Schedule 7 to the 1998 Act, paragraph 6 of Schedule 9 to the Welfare Reform Act and paragraph 36 of Schedule 1 to the Contributions Act. Section 42A was inserted by section 137(5) of the Pensions Act 1995 (c. 26); relevant amendments were made by paragraph 128 of Schedule 7 to the 1998 Act, paragraph 7 of Schedule 9 to the Welfare Reform Act and paragraph 37 of Schedule 1 to the Contributions Act.

(4) For paragraph 11(4) substitute—

“(4) The condition specified in this sub-paragraph is that for income tax months falling within the current year, the average monthly amount found by the formula below will be less than £1500.

The formula is—

$$(N+P+L+S) — (T+SP+CD)$$

The expressions used in the formula have the following values.

N is the amount which would be payable to the Collector under the Social Security Contributions and Benefits Act 1992 and these Regulations but disregarding—

(a) any amount of secondary Class 1 contributions in respect of which liability has been transferred to the employed earner by an election made jointly by the employed earner and the secondary contributor for the purpose of paragraph 3B(1) of Schedule 1 to the Act (**a**) (transfer of liability to be borne by the earner); and

(b) any adjustment to the amount so payable to the Collector under regulation 7(2) of the Working Tax Credit (Payment by Employers) Regulations 2002 (funding of payment of working tax credit) (**b**).

P is the amount which would be payable to the Collector under regulation 40 of the Income Tax Regulations if any adjustment to that amount under regulation 7(2) of the Working Tax Credit (Payment by Employers) Regulations 2002 were disregarded.

L is the amount which would be payable to the Collector under regulation 39(1) of the Education (Student Loans) (Repayment) Regulations 2000 (payment of repayments deducted to the Inland Revenue) (**c**) if the reduction referred to in paragraph (3) of that regulation and in regulation 7(2) of the Working Tax Credit (Payment by Employers) Regulations 2002 were disregarded.

S is the sum of the amounts which the employer would be liable to deduct, under section 559 of the Taxes Act and the Income Tax (Sub-contractors in the Construction Industry) Regulations 1993(**d**), from payments made by him.

T is the amount payable by the employer to his employees by way of tax credit under the Working Tax Credit (Payment by Employers) Regulations 2002.

SP is the amount—

(a) recoverable by the employer from the Board, or

(b) deductible from amounts for which the employer would otherwise be accountable to the Board,

in respect of payments to his employees by way of statutory sick pay, statutory maternity pay, statutory paternity pay and statutory adoption pay.

CD is the amount which would be deducted by others from sums due to the employer, in his position as a sub-contractor, under section 559 of the Taxes Act.”.

(5) In paragraph 22—

(a) in sub-paragraph (1)(c)—

(i) in sub-paragraph (i) for “heads (i) to (iv)” substitute “sub-paragraphs (i) to (v)”; and

(ii) omit sub-paragraphs (ii) and (iii);

(b) at the end of sub-paragraph (1)(d) omit “and” and insert—

“(da) the total amount of statutory paternity pay paid during the year;

(a) Paragraph 3B was inserted into Schedule 1 to the Benefits Act by section 77(2) of the 2000 Act and into Schedule 1 to the Northern Ireland Benefits Act by section 81(2) of the 2000 Act.

(b) S.I. 2002/2172.

(c) S.I. 2000/944.

(d) S.I. 1993/743.

- (db) the total amount of statutory adoption pay paid during the year; and”; and
- (c) at the end of sub-paragraph (2)(d) omit “and” and insert—
- “(da) in respect of statutory paternity pay paid during that year to all his employees the total of the amounts determined under regulation 5 of the Statutory Paternity Pay and Statutory Adoption Pay (Administration) Regulations 2002(a);
- (db) in respect of statutory adoption pay paid during that year to all his employees the total of the amounts determined under regulation 5 of the Statutory Paternity Pay and Statutory Adoption Pay (Administration) Regulations 2002; and”.
- (6) In paragraph 26 (inspection of employer’s records) after sub-paragraph (3) insert—
- “(3A) Where records are maintained by computer, the employer shall provide the officer with all facilities necessary for obtaining information from them.”.

4th February 2003

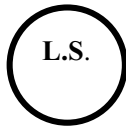
Nick Ainger
Philip Woolas
Two of the Lords Commissioners of Her Majesty’s Treasury

The Secretary of State hereby concurs.

3rd February 2003

Ian McCartney
Minister of State,
Department for Work and Pensions

The Department for Social Development hereby concurs.
Sealed with the Official Seal of the Department for Social Development on 31st January 2003.



John O’Neill
Senior Officer of the Department for Social Development

3rd February 2003

Tim Flesher
Dave Hartnett
Two of the Commissioners of Inland Revenue

(a) S.I. 2002/2820.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004: “the principal Regulations”) to reflect the changes made to the structure of the contributory system by the National Insurance Contributions Act 2002 (c. 19: “the Contributions Act”). That Act imposes an additional 1 per cent. charge in respect of national insurance contributions.

Regulation 1 provides for the citation, commencement, effect and interpretation of the Regulations.

Regulation 2 introduces the changes made to the principal Regulations.

Regulation 3 amends the definition, in regulation 1(2) of the principal Regulations, of “non-contracted-out rate” consequent on the introduction of the main and additional primary percentages by the Contributions Act.

Regulation 4 amends regulation 9 of the principal Regulations to provide the rules about earnings periods for statutory paternity pay and statutory adoption pay, which are introduced in Great Britain under Parts 12ZA and 12ZB of the Social Security Contributions and Benefits Act 1992 (c. 4) inserted by the Employment Act 2002 (c. 22) and, in Northern Ireland, under Parts XIIZA and XIIZB of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) inserted by the Employment (Northern Ireland) Order 2002 (S.I. 2002/2836 (N.I. 2)).

Regulation 5 amends regulation 10 of the principal Regulations to specify the levels of the lower and upper earnings limits for primary Class 1 contributions for the tax year beginning on 6th April 2003. The primary and secondary thresholds remain unchanged from those for the tax year beginning 6th April 2002.

Regulation 6 substitutes a new regulation 21 of the principal Regulations. The new regulation provides for the computation of annual maxima for contributions in the case of those with more than one employment.

Regulation 7 amends regulation 49(1) of the principal Regulations consequent on the restructuring of primary Class 1 contributions.

Regulation 8 substitutes a new regulation 84 of the principal Regulations dealing with the circumstances in which and extent to which the Commissioners of Inland Revenue (“the Board”) may make an arrangement with the primary contributor so that he is to account directly to the Board in respect of primary contributions.

Regulation 9 omits regulation 85 of the principal Regulations.

Regulation 10 amends regulation 90 of the principal Regulations so as to widen the Board’s discretion to permit deferment of contributions.

Regulation 11 amends regulation 94 of the principal Regulations to provide a wider exception from Class 4 liability where the earnings in question, although chargeable to income tax under Schedule D, are derived from employed earner’s employment.

Regulation 12 amends regulation 95 of the principal Regulations to make it clear that the Board may specify both the extent to which, and the period for which, liability for Class 4 contributions may be deferred.

Regulation 13 amends regulation 99 as a consequence of the fact that it is now possible for the Board to authorise deferment of part of the liability for Class 4 contributions payable. It also amends paragraph (3) of that regulation consequent on changes made to section 17 of the Social Security Contributions and Benefits Act 1992 by the Contributions Act.

Regulation 14 substitutes a new regulation 100 of the principal Regulations providing for the computation of an annual maximum of Class 4 contributions and reflecting the new structure of Class 4 contributions.

Regulation 15 amends regulation 103 of the principal Regulations (Class 4 liability of earners treated as self-employed) to reflect the new structure of Class 4 contributions.

Regulation 16 amends Schedule 4 to the principal Regulations by altering the information which an employer is required to record on a deductions working sheet under paragraph 7, on a deduction certificate under paragraph 9 and on an end of year return under paragraph 22, to require information about payments of statutory paternity pay and statutory adoption pay and information needed to ensure that the additional 1 per cent. national insurance charge is properly applied. It substitutes a new paragraph 11(4) amending the basis upon which an employer is entitled to elect to account to the Board quarterly in respect of his liability for contributions. Finally it amends paragraph 26 so as to make it clear that, if an employer's records are being inspected by an officer of the Board and they are maintained by computer, the employer must provide the officer with all facilities necessary to enable him to obtain the information contained in those records.

These Regulations do not in themselves impose any new costs on business. A regulatory impact assessment in respect of the effects on business of the National Insurance Contributions Act 2002 was placed in the libraries of both Houses of Parliament, and a copy is accessible on the Inland Revenue's website (www.inlandrevenue.gov.uk), and one in respect of the Employment Act 2002 (introducing statutory paternity pay and statutory adoption pay) is accessible on the Department for Trade and Industry's website (www.dti.gov.uk/er/employ/index.htm#Impact).

STATUTORY INSTRUMENTS

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2003**

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