

**2003 No. 2079**

**SOCIAL SECURITY**

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

<i>Made</i> - - - -	<i>11th August 2003</i>
<i>Laid before Parliament</i>	<i>11th August 2003</i>
<i>Coming into force</i> - -	<i>1st September 2003</i>

The Treasury, with the concurrence of the Secretary of State, in exercise of the powers conferred upon them by sections 4A and 175(3) and (4) of the Social Security Contributions and Benefits Act 1992(a), make the following Regulations:

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Social Security Contributions (Intermediaries) (Amendment) Regulations 2003 and shall come into force on 1st September 2003.

(2) These Regulations have effect for the tax year 2003-04 and subsequent years and apply in relation to services performed or due to be performed on or after 1st September 2003.

**Interpretation**

2. In these Regulations—

“the principal Regulations” means the Social Security Contributions (Intermediaries) Regulations 2000(b);

“intermediary” has the meaning given in regulation 5 of the principal Regulations;

“worker” has the meaning given in regulation 6(1)(a) of the principal Regulations.

**Amendment of the principal Regulations**

3. The principal Regulations are amended as follows.

4. In regulation 2(1) (interpretation) omit the definition of “business”.

5. In regulation 6(1)(a) for “for the purposes of a business carried on by another person” substitute “for another person”.

6.—(1) Amend regulation 7 as follows.

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(a) 1992 c.4; “the 1992 Act”. Section 4A was inserted by section 75 of the Welfare Reform and Pensions Act 1999 (c.30) and was modified by the Social Security Contributions and Benefits Act 1992 (Modification of Section 4A) Order 2003 (S.I. 2003/1874). Section 175(4) was amended by paragraph 29 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c.2).

(b) S.I. 2000/727, amended by S.I. 2002/703.

- (2) In paragraph (1)—
- (a) in Step Two for “under Schedule E” substitute “as employment income under ITEPA 2003(a)”; and
  - (b) in Step Three—
    - (i) for “the Taxes Act” substitute “ITEPA 2003”;
    - (ii) for “emoluments of the employment” substitute “taxable earnings of the employment, within the meaning of section 10 of ITEPA 2003, in accordance with section 327(3) to (5) of that Act”; and
    - (iii) for “those emoluments” substitute “ those earnings”;
  - (c) in Step Four for “under section 27 of the Capital Allowances Act 1990 (plant and machinery: extension of allowances to employments etc)” substitute “under Part 2 of the Capital Allowances Act 2001(b) (plant and machinery allowances) by virtue of section 15(1)(i) of that Act (which provides that employment is a qualifying activity for the purposes of that Part)”.
- (3) In paragraph (5) for the words from “section 202B of the Taxes Act” to the end of the paragraph substitute “sections 18 and 19 of ITEPA 2003, subject to the qualification that the worker shall not be treated, by virtue of Rule 2 in section 18, as receiving a payment prior to the time of its actual receipt.”.
- (4) In paragraph (8)(b)(c) for “section 197AF of the Taxes Act” substitute “section 231 of ITEPA 2003”.
- (5) In paragraph (10)(d)—
- (a) for “under Schedule E” substitute “as employment income under ITEPA 2003”; and
  - (b) for “section 197AD or 197AE of the Taxes Act” substitute “section 229 or 233 of ITEPA 2003”.

### **Transitional provision**

7.—(1) This regulation applies for the purposes of the tax year 2003-04 (“the relevant year”) in the case of a worker to whom the principal Regulations apply only by virtue of the amendment made by regulation 5 of these Regulations.

(2) For the purposes of the relevant year regulation 7(1) of the principal Regulations shall have effect as if—

- (a) for “a tax year” there were substituted “the relevant period”;
- (b) for each of the references to “in that year” there were substituted “in that period”;
- (c) in Step Six for “for that year” there were substituted “for the relevant period”; and
- (d) at the end there were added—

“In this paragraph “the relevant period” means the period beginning with 1st September 2003 and ending with 5th April 2004.”.

(3) Paragraph (4) applies for the purpose of the relevant year in the case of a worker who is not a director of the intermediary through which services are provided under the arrangements.

(4) Where this paragraph applies, regulation 8(2) of the principal Regulations shall have effect as if—

- (a) for “the year concerned” there were substituted “the relevant period”;
- (b) for “during that year” there were substituted “during that period”; and

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(a) I.e. the Income Tax (Earnings and Pensions) Act 2003 c.1: a definition of “ITEPA 2003” was inserted into section 122(1) of the 1992 Act by paragraph 178(2) of Schedule 6 to that Act.

(b) 2001 c.2.

(c) Paragraph 8 was inserted by regulation 5 of S.I. 2002/703.

(d) Paragraph 10 was inserted by regulation 5 of S.I. 2002/703.

(c) at the end there were added—

“In this paragraph “the relevant period” has the same meaning as in regulation 7(1).”.

*Jim Murphy*

*Joan Ryan*

11th August

Two of the Lords Commissioners of Her Majesty’s Treasury

The Secretary of State concurs.

Signed by authority of the Secretary of State.

*Malcolm Wicks*

Parliamentary Under Secretary of State

Department for Work and Pensions

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Social Security Contributions (Intermediaries) Regulations 2000 (S.I. 2000/727) (“the principal Regulations”) which make provision for payment of social security contributions in respect of earnings of workers supplied by intermediaries.

Regulation 1 provides for the citation, commencement and effect, and regulation 2 contains definitions.

Regulation 3 introduces the amendments to the principal Regulations.

Regulation 4 makes an amendment to regulation 2 of the principal Regulations consequent upon the amendment made by regulation 5 of this instrument.

Regulation 5 removes the requirement that a worker perform services for the purpose of a business, thereby extending the scope of the principal Regulations to all workers providing services through an intermediary.

Regulation 6 makes amendments to regulation 7 of the principal Regulations resulting from the repeal of provisions in the Income Tax and Corporation Taxes Act 1988 (c.1) and their re-enactment in the Income Tax (Earnings and Pensions) Act 2003 (c.1).

Regulation 7 makes transitional provision in the case of a person to whom the principal Regulations would not apply but for the amendment made by regulation 5 of this instrument in consequence of the fact that the amendments come into force during the tax year rather than at the beginning of the year.

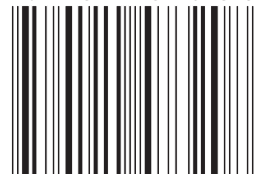
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