

EXPLANATORY MEMORANDUM TO
THE SOCIAL SECURITY (CONTRIBUTIONS) (AMENDMENT) REGULATIONS
2015

2015 No. 543

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) and is laid before Parliament by Command of Her Majesty

2. Purpose of the instrument

2.1 This instrument amends the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) ("the 2001 Regulations") by inserting new paragraph 12 into Part 6 of Schedule 3 of the 2001 Regulations. A consequential change is also being made to paragraph 1 of Part 6 of Schedule 3 of the 2001 Regulations.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None.

4. Legislative Context

4.1 The amendment made by regulation 3 of this instrument adds a new paragraph 12 to Part 6 of Schedule 3 to the 2001 Regulations, which provides that any payment which is exempt from income tax under section 308B of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) will also be disregarded from liability to Class 1 National Insurance contributions ("NICs"). Regulation 3 of this instrument makes a consequential change to paragraph 1 of Part 6 of Schedule 3 of the 2001 Regulations.

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

• *What is being done and why*

7.1 This instrument provides a disregard from liability for Class 1 NICs in respect of the cost of pensions advice regarding the conversion or transfer of a pension scheme which employers are required to provide under the Pension Schemes Act 2015 (c. 8). This reflects section 308B of the Income Tax Earnings and Pensions Act 2003 which allows for reimbursements in respect of such expenses to be exempt from income tax.

- ***Consolidation***

7.2 There are currently no plans to consolidate the 2001 Regulations.

8. Consultation outcome

8.1 This instrument has not been published in draft.

9. Guidance

9.1 These Regulations do not impose any new obligations.

9.2 HMRC will update the guidance it provides to employers, employees and agents as appropriate.

10. Impact

10.1 The provisions in this instrument do not impose a significant impact on businesses, charities or the voluntary sector.

10.2 There is no impact on the public sector.

10.3 A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

11. Regulating small business

11.1 The provisions in this instrument apply to all employers. There is not likely to be a significant impact on small business.

12. Monitoring & review

HMRC will monitor the practical effects of this legislation to ensure the objectives of it are met.

13. Contact

Raj Nayyar at HMRC, Tel: 03000 586543 or e-mail: raj.nayyar@hmrc.gsi.gov.uk can answer any queries regarding the instrument.