
STATUTORY INSTRUMENTS

2016 No. 252

**The Pensions Act 2014 (Contributions
Equivalent Premium) (Consequential Provision)
and (Savings) (Amendment) Order 2016**

Supplementary provision about contributions equivalent premiums paid under article 3

4.—(1) A contributions equivalent premium payable under article 3 shall be paid by the relevant person to the Commissioners for Her Majesty’s Revenue and Customs (“the Commissioners”) on or before whichever is the later of—

- (a) the day which falls 6 months after—
 - (i) the date the assessment period (construed in accordance with section 132 of the 2004 Act (assessment periods)) ended, where the relevant person is the Board of the Pension Protection Fund; or
 - (ii) the day on which the relevant event occurred, in all other cases; and
- (b) the day which falls one month after the day on which the Commissioners send to the relevant person a notice certifying the amount of the contributions equivalent premium payable.

(2) Where the amount of the contributions equivalent premium does not exceed £17, the relevant person is not liable to pay it, but it is to be treated as paid for the purposes of section 48A(2)(1) (additional pension and other benefits) and section 60(2) (effect of payment of premiums on rights) of the 1993 Act.

(3) Any liability for a contributions equivalent premium is a liability to make payment out of the resources of the scheme or, where the relevant person is the Board of the Pension Protection Fund, the Pension Protection Fund as specified in section 173(1)(3) of the 2004 Act (pension protection fund).

- (4) The Commissioners are to refund a contributions equivalent premium if—
- (a) it was paid in error;
 - (b) they are satisfied that a transfer of the member’s accrued rights will be made in accordance with regulations made under section 20(4) (transfer of accrued rights) or section 37A(5) (transfer of liabilities, etc: schemes contracted-out on or after 6 April 1997) of the 1993 Act; or

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- (1) Section 48A was inserted by section 140(1) of the Pensions Act 1995 and amended by section 38(1) of the Child Support, Pensions and Social Security Act 2000 (c.19), paragraphs 35 and 39 of Schedule 1 to the National Insurance Contributions Act 2002, paragraphs 1 and 23 of Schedule 4 to the Pensions Act 2007 (with the savings detailed in part 3 of that Schedule) and paragraphs 1 and 31 of Schedule 13 to the Pensions Act 2014.
 - (2) Section 60 is repealed by paragraphs 1 and 5 of Schedule 13 to the Pensions Act 2014, but saved for certain purposes (see S.I. 2015/1502 as amended by article 5 of this Order). Section 60 was amended by paragraph 54 of Schedule 5 and Part 3 of Schedule 7 to the Pensions Act 1995 and by paragraph 17 of Schedule 1 to S.I. 2005/2050.
 - (3) Section 173(1) was amended by paragraphs 2 and 4 of Schedule 10 to the Pensions Act 2008 (c.30).
 - (4) Section 20 was amended by section 56 of, and paragraph 2 of Schedule 5 to, the Child Support, Pensions and Social Security Act 2000, S.I.2005/2050, paragraphs 46 and 48 of Schedule 4 and Part 7 of Schedule 7 to the Pension Act 2007, S.I. 2011/1730, and is amended by paragraph 18 of Schedule 13 to the Pensions Act 2014.
 - (5) Section 37A was inserted by paragraphs 1 and 25 of Schedule 13 to the Pensions Act 2014.

- (c) the scheme is one under which a member may qualify for benefits by virtue of service either in employed earner's employment or as a self-employed earner (within the meaning of section 2 of the 1992 Act⁽⁶⁾ (categories of earners)) or both, and the Commissioners are satisfied that the member in respect of whom the contributions equivalent premium was paid has completed a period of membership of the scheme as a self-employed earner which, when aggregated with service in employed earner's employment, amounts to not less than two years.

(5) Where a contributions equivalent premium is refunded under paragraph (4), the member's accrued rights under the scheme, which were extinguished by payment of the premium⁽⁷⁾, are to be restored.

(6) A refund under this article is only to be made if an application is made in writing in such form as the Commissioners may reasonably require for that purpose, or by means of an electronic communication in such form as the Commissioners may approve.

(7) In paragraph (4)(a), "error" means an error which—

- (a) was made at the time of payment; and
- (b) relates to some present or past matter.

(8) Where—

- (a) an earner has been employed concurrently in two or more contracted-out employments, on the termination of one or more of which a contributions equivalent premium has been paid; and
- (b) the aggregate amount of any such payments has the effect that the National Insurance Fund has gained, by reference to any employment in respect of which such a payment has been made, a greater amount than it would have gained from Class 1 contributions under the 1992 Act if those employments had not been contracted-out,

there is to be paid out of the National Insurance Fund to the earner (or to the earner's estate) an amount which bears the same proportion to the amount of the excess as the reduction under section 41(1A) of the 1993 Act ⁽⁸⁾ (as it had effect immediately before the second abolition date) (reduced rates of Class 1 contributions) in the normal percentage of primary Class 1 contributions bears to the total reduction under subsections (1A) and (1B)⁽⁹⁾ of that section in the total normal percentage of Class 1 contributions.

(9) The Commissioners are also to refund a contributions equivalent premium if they are satisfied that—

- (a) where it was paid in the circumstances mentioned in article 3(5)(a), (b) or (d), the relevant member has died, without leaving a widow, widower or surviving civil partner, on or before the later of the days mentioned in paragraph (1)(a) and (b); or
- (b) where it was paid in the circumstances mentioned in article 3(5)(c), there are no accrued rights to guaranteed minimum pensions or section 9(2B) rights under the scheme in question in respect of the widow, widower or surviving civil partner in question.

(6) Section 2 was amended by paragraph 2 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999, paragraphs 1 and 2 of Schedule 11 to the Welfare Reform and Pensions Act 1999, paragraphs 169 and 171 of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1), section 15 of the National Insurance Contributions Act 2014 (c. 7), and section 6 of the National Insurance Contributions Act 2015 (c. 5).

(7) Under section 60 of the Pension Schemes Act 1993 (as modified by article 2(5F) of S.I. 2015/1502, as amended by article 5 of this Order), payment of a contributions equivalent premium extinguishes the earner's (or the earner's survivor's) accrued rights to any guaranteed minimum pension or pension under the scheme attributable to the amount of the premium.

(8) Section 41 is repealed by paragraph 29 of Schedule 13 to the Pensions Act 2014, but saved for certain purposes, see S.I. 2015/1502. Subsection (1A) was inserted by section 137 of the Pensions Act 1995, and substituted by paragraph 6 of Schedule 9 to the Welfare Reform and Pensions Act 1999, and amended by paragraphs 35 and 36 of Schedule 1 to the National Insurance Contributions Act 2002, and S.I. 2011/1036.

(9) Subsection (1B) was inserted by section 137 of the Pensions Act 1995, and substituted by paragraph 6 of Schedule 9 to the Welfare Reform and Pensions Act 1999, and S.I. 2011/1036.

(10) In paragraph (9) “section 9(2B) rights” has the meaning given in regulation 2(1) of the Occupational Pension Schemes (Schemes that were Contracted-out) (No. 2) Regulations 2015(10) (interpretation).