
STATUTORY INSTRUMENTS

2018 No. 120

**The Social Security (Contributions)
(Amendment) Regulations 2018**

PART 1

Optional remuneration arrangements: consequential amendments

3. In regulation 1 (citation, commencement and interpretation), after the definition of “official computer system” insert—

““optional remuneration arrangements” has the meaning given in section 69A of ITEPA 2003⁽¹⁾”.

4. In regulation 22A (amounts to be treated as earnings in connection with the use of qualifying vehicles other than cycles), after paragraph (2) insert—

“(2A) But the amount in paragraph (2) is taken to be RME (without the subtraction of QA) so far as the aggregate of relevant motoring expenditure is paid pursuant to optional remuneration arrangements.”.

5.—(1) Schedule 2 (calculation of earnings for the purposes of earnings-related contributions in particular cases) is amended as follows.

(2) After paragraph 14(1) insert—

“(1A) This paragraph is subject to paragraph 14A (valuation of non-cash vouchers provided under optional remuneration arrangements).”.

(3) After paragraph 14 insert—

“Valuation of non-cash vouchers provided under optional remuneration arrangements

14A.—(1) This paragraph applies for calculating the amount of earnings comprised in any payment by way of a non-cash voucher which falls to be taken into account in calculating an employed earner’s earnings, if this is made pursuant to optional remuneration arrangements.

(2) The amount of earnings is the relevant amount.

(3) To find the relevant amount, first determine which (if any) is the greater of—

(a) the chargeable expense (without taking account of the qualification in paragraph 14(3)); or

(b) the amount foregone.

(1) “ITEPA 2003” is defined as the Income Tax (Earnings and Pensions) Act 2003 by section 122(1) of the Social Security Contributions and Benefits Act 1992 and section 121(1) of the SSCB(NI)A 1992. These definitions were inserted by paragraphs 178 and 199 of Schedule 6 to ITEPA 2003 respectively. Section 69A was inserted by paragraph 1 of Schedule 2 to the Finance Act 2017 (c. 10) (“FA 2017”).

(4) If the amount in sub-paragraph (3)(a) is greater than or equal to the amount foregone, the “relevant amount” is the chargeable expense (taking account of the qualification in paragraph 14(3)).

(5) Otherwise, “the relevant amount” is the difference between—

- (a) the amount foregone; and
- (b) any part of the chargeable expense that the employed earner makes good to the person incurring it.

(6) For the purposes of sub-paragraphs (3) to (5), assume that the amount in sub-paragraph (3)(a) is zero if the condition in sub-paragraph (7) is met.

(7) The condition is that the payment would be exempt from income tax but for section 228A(1) of ITEPA 2003(2).

(8) In this paragraph—

- (a) “chargeable expense” has the meaning given in paragraph 14; and
- (b) “amount foregone” means the amount foregone with respect to the benefit of the non-cash voucher for the purposes of the benefits code as mentioned in section 69B of ITEPA 2003(3).

(9) Where a payment by way of a non-cash voucher is made partly pursuant to optional remuneration arrangements and partly otherwise than pursuant to such arrangements, these Regulations are to apply with any modifications (including provision for just and reasonable apportionments) that may be required for ensuring that it is treated—

- (a) in accordance with this paragraph so far as it is made pursuant to optional remuneration arrangements; and
- (b) in accordance with any other treatment that is applicable so far as it is made otherwise than pursuant to such arrangements.”.

6.—(1) Part 8 of Schedule 3 (travelling, relocation and other expenses and allowances of the employment) is amended as follows.

(2) Renumber paragraphs 7 and 7A as paragraphs 7(1) and 7A(1) respectively.

(3) After paragraph 7(1) insert—

“(2) Sub-paragraph (1) does not apply so far as the payment is made pursuant to optional remuneration arrangements.”.

(4) After paragraph 7A(1) insert—

“(2) Sub-paragraph (1) does not apply so far as the payment of relevant motoring expenditure within the meaning of regulation 22A(3) is made pursuant to optional remuneration arrangements.”.

(5) For paragraph 9(2) substitute—

“(2) Sub-paragraph (1) does not authorise the disregard of any amount by way of relevant motoring expenditure, within the meaning of paragraph (3) of regulation 22A—

- (a) in excess of that permitted by the formula in paragraph (4) of that regulation; or
- (b) so far as it is paid pursuant to optional remuneration arrangements.”.

(2) Section 228A was inserted by paragraph 49 of Schedule 2 to FA 2017.

(3) Section 69B was inserted by paragraph 1 of Schedule 2 to FA 2017.