
Changes to legislation: There are currently no known outstanding effects for the National Insurance Contributions Act 2015, Cross Heading: SSCB(NI)A 1992. (See end of Document for details)

SCHEDULES

SCHEDULE 1

REFORM OF CLASS 2 CONTRIBUTIONS

SSCB(NI)A 1992

- 10 SSCB(NI)A 1992 is amended as follows.
- 11 In section 1 (outline of contributory system), in subsection (2)(c), omit “weekly”.
- 12 For section 11 (liability for Class 2 contributions) substitute—

“11 Class 2 contributions

- (1) This section applies if an earner is in employment as a self-employed earner in a tax year (the “relevant tax year”).
- (2) If the earner has relevant profits of, or exceeding, the small profits threshold, the earner is liable to pay Class 2 contributions for the relevant tax year at the rate of £2.80 in respect of each week in that year that the earner is in the employment.
- (3) “Relevant profits” means profits, from the employment, in respect of which Class 4 contributions are payable under section 15 for the relevant tax year (or would be payable if the amount of the profits were to exceed the amount specified in subsection (3)(a) of that section in excess of which the main Class 4 percentage is payable).
- (4) The “small profits threshold” is £5,965.
- (5) Class 2 contributions under subsection (2) are to be payable in the same manner that Class 4 contributions in respect of relevant profits are, or would be, payable (but see section 11A for the application of certain provisions in relation to such Class 2 contributions).
- (6) If the earner does not have relevant profits of, or exceeding, the small profits threshold, the earner may pay a Class 2 contribution of £2.80 in respect of any week in the relevant tax year that the earner is in the employment.
- (7) No Class 2 contributions are to be paid under this section in respect of any week in the relevant tax year—
 - (a) before that in which the earner attains the age of 16, or
 - (b) after that in which the earner attains pensionable age.
- (8) The Treasury may by regulations make provision so that, in relation to an earner, the Class 2 contribution in respect of a week is higher than that specified in subsections (2) and (6) where—

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- (a) in respect of any employment of the earner, the earner is treated by regulations made under section 2(2)(b) as being a self-employed earner, and
 - (b) in any period or periods the earner has earnings from that employment and—
 - (i) those earnings are such that (disregarding their amount) the earner would be liable for Class 1 contributions in respect of them if the earner were not so treated in respect of the employment, and
 - (ii) no Class 4 contribution is payable in respect of the earnings by virtue of regulations under section 18(1).
- (9) The Treasury may by regulations—
- (a) modify the meaning of “relevant profits”;
 - (b) provide that Class 2 contributions under subsection (6) may not be paid—
 - (i) if the employment or the earner is of a prescribed description, or
 - (ii) in prescribed circumstances.
- (10) Regulations under subsection (9)(a) may amend this section.
- (11) Regulations under subsection (9)(b) are to be made with the concurrence of the Department.

11A Application of certain provisions of the Income Tax Acts in relation to Class 2 contributions under section 11(2)

- (1) The following provisions apply, with the necessary modifications, in relation to Class 2 contributions under section 11(2) as if those contributions were income tax chargeable under Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 in respect of profits of a trade, profession or vocation which is not carried on wholly outside the United Kingdom—
- (a) Part 2 (returns), Part 4 (assessment and claims), Part 5 (appeals), Part 5A (payment of tax), Part 6 (collection and recovery) and Part 10 (penalties) of the Taxes Management Act 1970;
 - (b) Schedule 24 to the Finance Act 2007 (penalties for errors);
 - (c) sections 101 and 102 of the Finance Act 2009 (interest);
 - (d) Schedules 55 and 56 to that Act (penalties for failure to make returns etc or for failure to make payments on time);
 - (e) Part 4 (follower notices and accelerated payments) and Part 5 (promoters of tax avoidance schemes) of the Finance Act 2014;
 - (f) any other provisions of the Income Tax Acts as to assessment, collection, repayment or recovery.
- (2) But section 59A of the Taxes Management Act 1970 (payments on account) does not apply in relation to Class 2 contributions under section 11(2).
- (3) This section and section 11(5) are subject to any contrary provision in regulations made under Schedule 1 in relation to Class 2 contributions under section 11(2).”

- 13 (1) Section 12 (late paid Class 2 contributions) is amended as follows.

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- (2) In subsection (1), after “Class 2 contribution” insert “ under section 11(6) ”.
 - (3) In subsection (2), for “to (5)” substitute “ and (4) ”.
 - (4) In subsection (3), for “(4) to (6)” substitute “ (4) and (6) ”.
 - (5) Omit subsection (5).
 - (6) In subsection (6)—
 - (a) omit “or (5)”;
 - (b) in paragraph (a), omit “in a case falling within subsection (3) above,”;
 - (c) omit paragraph (b) and the word “and” preceding it.
 - (7) Omit subsection (7).
 - (8) In subsection (8)—
 - (a) in the definition of “ordinary contribution”, for “under section 11(1) above” substitute “ of the amount specified in section 11(6) ”;
 - (b) in the definition of “higher-rate contribution”, for the words from “under regulations” to the end substitute “ of an amount provided for in regulations under section 11(8) ”.
- 14 In section 18 (Class 4 contributions recoverable under regulations), in subsection (1)(b), for “subsection (3)” substitute “ subsection (8) ”.
- 15 In section 35A (appropriate weekly rate of maternity allowance under section 35), in subsection (5)(c)—
 - (a) in sub-paragraph (i), after “she” insert “ has ”;
 - (b) in sub-paragraph (ii), for “was excepted (under section 11(4) above) from liability for” substitute “ could have paid, but has not paid, ”.
- 16 In section 35B (state maternity allowance for participating wife or civil partner of self-employed earner), in subsection (1)(c), for “is liable to pay” substitute “ has paid ”.
- 17 In section 172(11A) (instruments subject to Parliamentary affirmative procedure), for “11(3)” substitute “ 11(8) or (9) ”.
- 18 (1) Schedule 1 (supplementary provisions) is amended as follows.
- (2) In paragraph 7B, omit sub-paragraph (7).
 - (3) After paragraph 7BA insert—
 - “~~7B(1)~~ Regulations may provide, in connection with maternity allowance under section 35 or 35B, for a person who is, or will be, either liable or entitled to pay a Class 2 contribution in respect of a week in a tax year to be able to pay a Class 2 contribution in respect of that week at any time in the period—
 - (a) beginning with that week, and
 - (b) ending with a prescribed date.
 - (2) The regulations may provide that where a person pays a Class 2 contribution in respect of a week in a tax year under the regulations—
 - (a) the contribution is to be treated, before the end of the tax year, as a Class 2 contribution under section 11(6);
 - (b) the contribution is to be treated, after the end of the tax year—

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- (i) if the person is liable under section 11(2) to pay a Class 2 contribution in respect of that week, as a Class 2 contribution under section 11(2);
 - (ii) otherwise, as a Class 2 contribution under section 11(6).
- (3) Regulations under this paragraph are to be made by the Treasury acting with the concurrence of the Department.”
- (4) In paragraph 8(1), omit paragraphs (j) and (k).

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