

## 1987 No. 468

## SOCIAL SECURITY

**The Social Security (Contributions) (Amendment No. 4)  
Regulations (Northern Ireland) 1987**

*Made* . . . . . 23rd December 1987

*Coming into operation* . . . . . 6th January 1988

The Department of Health and Social Services for Northern Ireland, in exercise of the powers conferred on it by sections 3(2) and (3), 4(2)(b), (6), (6A) and (6D), 11(3) and 126 of, and paragraph 6(1)(b) and (h) of Schedule 1 to, the Social Security (Northern Ireland) Act 1975(a) and of all other powers enabling it in that behalf, hereby makes the following regulations:

*Citation, commencement and interpretation*

1.—(1) These regulations may be cited as the Social Security (Contributions) (Amendment No. 4) Regulations (Northern Ireland) 1987 and shall come into operation on 6th January 1988.

(2) In these regulations “the principal regulations” means the Social Security (Contributions) Regulations (Northern Ireland) 1979(b).

*Amendment of regulation 8 of the principal regulations*

2. In regulation 8(2)(c) of the principal regulations (equivalent amounts) for “applying sub-paragraph (b) of this paragraph” there shall be substituted “multiplying each of the said limits by  $4\frac{1}{3}$ ”.

*Amendment of regulation 8A of the principal regulations*

3. In regulation 8A(3)(c) of the principal regulations (equivalent earnings brackets for earners paid otherwise than weekly) for “applying sub-paragraph (b) of this paragraph” there shall be substituted “multiplying each lower bracket by  $4\frac{1}{3}$ ”.

*Insertion of regulation 19B in the principal regulations*

4. After regulation 19A of the principal regulations (certain payments by trustees to be disregarded) there shall be inserted the following regulation—

*“Payments to directors which are to be disregarded*

**19B.**—(1) For the purposes of earnings-related contributions, there shall be excluded from the computation of a person’s earnings any payment in so far as it is a payment—

(a) 1975 c. 15; section 4(6), (6A) and (6D) was substituted by Article 9(2) of the Social Security (Northern Ireland) Order 1985 (S.I. 1985/1209 (N.I. 16)); section 4(6) was amended by paragraph 69, and paragraph 6(1)(h) of Schedule 1 was amended by paragraph 1, of Schedule 9 to the Social Security (Northern Ireland) Order 1986 (S.I. 1986/1888 (N.I. 18))

(b) S.R. 1979 No. 186; relevant amending regulations are S.R. 1985 No. 260 and S.R. 1987 Nos. 143 and 348

- (a) by a company;
  - (b) to or for the benefit of a director of that company;
  - (c) in respect of any employed earner's employment of that director with that company; and
  - (d) in respect of which the conditions set out in paragraph (2), (3) or (4) of this regulation are satisfied.
- (2) The conditions referred to in paragraph (1)(d) of this regulation as being set out in this paragraph are—
- (a) that the director is a partner in a firm carrying on a profession;
  - (b) that being a director of a company is a normal incident of membership of that profession and of membership of the firm of the director;
  - (c) that the director is required by the terms of his partnership to account to his firm for the payment; and
  - (d) that the payment forms an insubstantial part of the gross returns of that firm.
- (3) The conditions referred to in paragraph (1)(d) of this regulation as being set out in this paragraph are—
- (a) that the director was appointed to that office by a company having the right to do so by virtue of its shareholding in, or an agreement with, the company making the payment;
  - (b) that by virtue of an agreement with the company that appointed him, the director is required to account for the payment to that company; and
  - (c) that the payment forms part of the profits brought into charge to corporation tax or income tax of the company that appointed the director.
- (4) The conditions referred to in paragraph (1)(d) of this regulation as being set out in this paragraph are—
- (a) that the director was appointed to that office by a company other than the company making the payment;
  - (b) that by virtue of an agreement with the company that appointed him, the director is required to account for the payment to that company;
  - (c) that the payment forms part of the profits brought into charge to corporation tax of the company that appointed the director; and
  - (d) that the company that appointed the director is not one over which—
    - (i) the director has, or
    - (ii) any person connected with the director has, or
    - (iii) the director and any persons connected with him together have,control.
- (5) In this regulation—
- (a) in paragraphs (2), (3), (4) and (5)(b) "the director" means the

director to, or for the benefit of, whom the payment referred to in paragraph (1) is made; and

(b) in paragraph (4)(d)—

- (i) “control” has the same meaning as in section 534 of the Income and Corporation Taxes Act 1970(a);
- (ii) “any person connected with the director” means any of the following, namely the spouse, parent, child, son-in-law or daughter-in-law of the director.”.

*Amendment of regulation 23 of the principal regulations*

5. In regulation 23(1)(a) of the principal regulations (exception from liability for Class 2 contributions) for “, invalidity benefit or injury benefit” there shall be substituted “or invalidity benefit”.

*Amendment of regulation 32 of the principal regulations*

6. In regulation 32(4) of the principal regulations (return of contributions) for the words from “Contributions paid” to “recovered from him” there shall be substituted “Contributions paid by a secondary contributor on behalf of any person in error or in excess of the amount prescribed in the said regulation 17, and not recovered from that person”.

*Amendment of regulation 39 of the principal regulations*

7. In regulation 39 of the principal regulations (treatment for the purpose of any contributory benefit of late paid or unpaid primary Class 1 contributions where there was no consent, connivance or negligence by the primary contributor)—

- (a) “, maternity grant” shall be omitted;
- (b) in paragraph (a) for “, sickness benefit or maternity grant” there shall be substituted “or sickness benefit”.

*Amendment of regulation 113 of the principal regulations*

8. In regulation 113(1)(a) of the principal regulations (Class 2 and Class 3 contributions for periods abroad) for “otherwise than as an employed earner” there shall be substituted “in employment which is not employment in respect of earnings from which Class 1 contributions are payable”.

Sealed with the Official Seal of the Department of Health and Social Services for Northern Ireland on 23rd December 1987.

(L.S.)

A. N. Burns

Assistant Secretary

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

These regulations further amend the Social Security (Contributions) Regulations (Northern Ireland) 1979 ("the principal regulations"). They correspond to provision contained in regulations made by the Secretary of State for Social Services in relation to Great Britain and accordingly, by virtue of section 10(2) of, and paragraph 21 of Schedule 3 to, the Social Security Act 1980 (c. 30), are not subject to the requirement of section 10(1) of that Act for prior reference to the Social Security Advisory Committee.

Regulations 2 and 3 respectively amend regulations 8 and 8A of the principal regulations in so far as they relate to the intermediate stages in calculating the equivalent amounts for lower and upper earnings limits and lower earnings brackets for employed earners paid otherwise than weekly.

Regulation 4 inserts a new regulation 19B into the principal regulations. The new regulation specifies circumstances in which payments to a director of a company are to be disregarded in computing the director's earnings. The company making the payments is excepted already from having to deduct from them income tax under section 204 of the Income and Corporation Taxes Act 1970 (pay as you earn).

Regulation 5 amends regulation 23 of the principal regulations by removing the reference to injury benefit, which was abolished by Article 32 of the Social Security (Northern Ireland) Order 1982 (S.I. 1982/1084 (N.I. 16)).

Regulation 6 amends regulation 32 of the principal regulations by providing as to the person to whom contributions paid in excess of the annual maximum are to be returned.

Regulation 7 amends regulation 39 of the principal regulations by removing the reference to maternity grant, the contribution conditions for which were removed by Article 6 of the Social Security (Northern Ireland) Order 1980 (S.I. 1980/870 (N.I. 8)).

Regulation 8 amends regulation 113 of the principal regulations in so far as it relates to the circumstances in which an earner may pay a Class 2 contribution while employed outside Northern Ireland.