



Social Security Act 1975

1975 CHAPTER 14

PART I

CONTRIBUTIONS

Preliminary

1 Outline of contributory system

(1) The funds required—

- (a) for paying such benefits under Part II below as are payable out of the National Insurance Fund and not out of other public money;
- (b) for the making of payments under section 134 below towards the cost of the national health service and into the Redundancy Fund ; and
- (c) for paying benefit under the Old Cases Act,

shall be provided by means of contributions payable to the Secretary of State by earners, employers and others, together with the Treasury supplements specified in subsection (5) below.

(2) Contributions under this Part of this Act shall be of the following four classes—

Class 1, earnings-related, payable under section 4, being—

- (a) primary Class 1 contributions from employed earners, and
- (b) secondary Class 1 contributions from employers and other persons paying earnings ;

Class 2, flat-rate, payable weekly under section 7 by self-employed earners;

Class 3, payable under section 8 by earners and others voluntarily with a view to providing entitlement to benefit, or making up entitlement; and

Class 4, payable under section 9 in respect of the profits or gains of a trade, profession or vocation, or under section 10 in respect of equivalent earnings.

(3) The amounts and rates of contributions in this Part and the other figures therein which affect the liability of contributors shall—

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- (a) be subject to regulations under sections 128 to 132 below (H.M. forces, mariners, married women, widows and others); and
 - (b) to the extent provided for by sections 120 and 122 (re-rating), be subject to alteration by orders made by the Secretary of State from year to year under those sections.
- (4) Schedule 1 to this Act—
- (a) shall have effect with respect to the computation, collection and recovery of contributions of Classes 1, 2 and 3, and otherwise with respect to contributions of those classes; and
 - (b) shall also, to the extent provided by regulations made under section 10, have effect with respect to the computation, collection and recovery of Class 4 contributions, and otherwise with respect to such contributions, where under that section provision is made for contributions of that class to be recovered by the Secretary of State and not by the Inland Revenue under section 9(1) to (4).
- (5) Subject to section 129 below (mariners, airmen etc.), there shall by way of supplement to contributions be paid out of money provided by Parliament, in such manner and at such times as the Treasury may determine, amounts the total of which for any year is equal to 18 per cent. of so much of all contributions (of the four classes) paid in that year as remains after deducting the appropriate national health service allocation and the appropriate allocation to the Redundancy Fund.
- (6) No person shall—
- (a) be liable to pay Class 1 or Class 2 contributions unless he fulfils prescribed conditions as to residence or presence in Great Britain;
 - (b) be entitled to pay Class 3 contributions unless he fulfils such conditions; or
 - (c) be entitled to pay Class 1 or Class 2 contributions other than those which he is liable to pay, except so far as he is permitted by regulations to pay them.

2 Categories of earners

- (1) In this Act—
- (a) "employed earner" means a person who is gainfully employed in Great Britain either under a contract of service, or in an office (including elective office) with emoluments chargeable to income tax under Schedule E; and
 - (b) "self-employed earner" means a person who is gainfully employed in Great Britain otherwise than in employed earner's employment (whether or not he is also employed in such employment).
- (2) Regulations may provide—
- (a) for employment of any prescribed description to be disregarded in relation to liability for contributions otherwise arising from employment of that description;
 - (b) for a person in employment of any prescribed description to be treated, for the purposes of this Act, as falling within one or other of the categories of earner defined in subsection (1) above, notwithstanding that he would not fall within that category apart from the regulations.
- (3) Where a person is to be treated by reference to any employment of his as an employed earner, then he is to be so treated for all purposes of this Act; and references throughout this Act to employed earner's employment shall be construed accordingly.

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- (4) Subsections (1) to (3) above are subject to the provision made by section 51 of this Act as to the employments which are to be treated, for the purposes of industrial injuries benefit, as employed earner's employments.
- (5) For the purposes of this Act, a person shall be treated as a self-employed earner as respects any week during any part of which he is such an earner (without prejudice to his being also treated as an employed earner as respects that week by reference to any other employment of his).

3 "Earnings"

- (1) In this Act " earnings " includes any remuneration or profit derived from an employment; and " earner " shall be construed accordingly.
- (2) For the purposes of this Act, the amount of a person's earnings for any period, or the amount of his earnings to be treated as comprised in any payment made to him or for his benefit, shall be calculated or estimated in such manner and on such basis as may be prescribed.
- (3) Regulations made for the purposes of subsection (2) above may prescribe that payments of a particular class or description made or falling to be made to or by a person shall, to such extent as may be prescribed, be disregarded or, as the case may be, be deducted from the amount of that person's earnings.