



Social Security Act 1975

1975 CHAPTER 14

PART IV

GENERAL PROVISIONS AS TO OPERATION AND ADMINISTRATION OF THIS ACT

Review and re-rating of contributions

120 Annual review of contributions

- (1) As soon as may be after 6th April 1975, the Secretary of State shall review the general level of earnings in Great Britain, taking into account changes in that level which have taken place in and since the tax year 1973-74, with a view to determining whether, in respect of contributions under this Act, an order should be made under this section to have effect in relation to the second year of operation of sections 2 to 10 of this Act.
- (2) In that year, and thereafter in each subsequent tax year, the Secretary of State shall carry out a further review of the general level of earnings, taking into account changes in that level which have taken place since his last review under this section, with a view to determining whether, in respect of contributions under this Act, an order should be made under this section, to have effect in relation to the next following tax year.
- (3) For the purposes of any review under this section, the Secretary of State—
 - (a) shall estimate the general level of earnings in such manner as he thinks fit; and
 - (b) shall take into account any other matters appearing to him to be relevant to his determination whether or not an order should be made under this section, including the current operation of this Act.
- (4) If the Secretary of State determines, as a result of a review under this section, that having regard to changes in the general level of earnings which have taken place, and to any other matters taken into account on the review, an order under this section should be made for the amendment of Part I of this Act, he shall prepare and lay before each House of Parliament a draft of such an order framed so as to give effect to his conclusions on the review.

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- (5) An order under this section may amend Part I by altering any one or more of the following figures—
- (a) the figures specified in section 4(1) as the lower and upper earnings limits for Class 1 contributions;
 - (b) the figure specified in section 7(1) as the weekly rate of Class 2 contributions;
 - (c) the figure specified in section 7(5) as the amount of earnings below which regulations under that subsection may except an earner from liability for Class 2 contributions;
 - (d) the figure specified in section 8(1) as the amount of a Class 3 contribution;
 - (e) the figures specified in section 9(2) as the lower and upper limits of profits or gains which are to be taken into account for the purposes of Class 4 contributions.
- (6) An order under this section, if it contains an amendment altering either of the figures specified in section 9(2), shall make the same alteration of the corresponding figure specified in section 10(1).
- (7) If the Secretary of State determines as a result of a review under this section that, having regard to his conclusions in respect of the general level of earnings and otherwise, no such amendments of Part I are called for as can be made for the purposes of subsection (5) above, and determines accordingly not to lay a draft of an order before Parliament, he shall instead prepare and lay before each House of Parliament a report explaining his reasons for that determination.

121 Orders under s.120 (supplementary)

- (1) Where the Secretary of State lays before Parliament a draft of an order under section 120 above, he shall lay with it a copy of a report by the Government Actuary on the effect which, in the Actuary's opinion, the making of such an order may be expected to have on the National Insurance Fund ; and, where he determines not to lay a draft order, he shall with the report laid before Parliament under section 120(7) lay a copy of a report by the Government Actuary on the consequences for the Fund which may, in the Actuary's opinion, follow from that determination.
- (2) Where the Secretary of State lays before Parliament a draft of an order under section 120, then if the draft is approved by a resolution of each House, the Secretary of State shall make an order in the form of the draft.
- (3) An order under section 120 shall be made so as to be in force from the beginning of the tax year following that in which it received Parliamentary approval, and to have effect for that year and any subsequent tax year (subject to the effect of any subsequent order under that section or section 122 below); and for this purpose the order is to be taken as receiving Parliamentary approval on the date on which the draft of it is approved by the second House to approve it.

122 Additional power to alter contributions

- (1) Without prejudice to section 120 of this Act, the Secretary of State may at any time, if he thinks it expedient to do so with a view to adjusting the level at which the National Insurance Fund stands for the time being and having regard to the sums which may be expected to be paid from the Fund in any future period, make an order amending Part I of this Act by altering any one or more of the following figures—

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- (a) the percentage rates for primary and secondary Class 1 contributions specified in section 4(6);
 - (b) the figure specified in section 7(1) as the weekly rate of Class 2 contributions;
 - (c) the figure specified in section 8(1) as the amount of a Class 3 contribution;
 - (d) the percentage rate for Class 4 contributions specified in section 9(2).
- (2) An order under subsection (1) above shall, if it contains an amendment altering the percentage rate for Class 4 contributions specified in section 9(2), make the same alteration of the percentage rate specified in section 10(1).
- (3) An order under subsection (1) above may—
 - (a) if it contains an amendment altering the figure specified in section 7(1) as the weekly rate of Class 2 contributions and the Secretary of State thinks it expedient in consequence of that amendment, amend section 7(5) by altering the figure there specified as the amount of earnings below which regulations under that subsection may except an earner from liability for Class 2 contributions;
 - (b) if the Secretary of State thinks it expedient in consequence—
 - (i) of any amendments of Part I made by the order, or
 - (ii) of any regulations under sections 127 to 132 which he has made or proposes to make with a view to adjusting the percentage rate of Class 1 contributions in the case of particular categories or descriptions of earners,
amend section 134(4) of this Act by altering any one or more of the percentages there specified in relation to the appropriate national health service allocation and the appropriate allocation to the Redundancy Fund.
- (4) Without prejudice to the foregoing provisions, but subject to subsection (6) below, the Secretary of State may at any time, if he thinks it expedient to do so with a view to adjusting the level at which the Redundancy Fund stands for the time being and having regard to the sums which may be expected to be paid from that Fund in any future period, make an order amending section 4(6) of this Act by altering the percentage rate for secondary Class 1 contributions specified in that subsection.
- (5) Where the Secretary of State determines to make an order under subsection (4) above, the order shall also provide for the amendment of section 134(4) of this Act by increasing or reducing the percentage there specified in relation to the appropriate allocation to the Redundancy Fund by the same amount as that by which the order increases or reduces the percentage rate for secondary Class 1 contributions.
- (6) No order shall be made under this section so as to increase the percentage rate for primary or secondary Class 1 contributions, or for Class 4 contributions, to a percentage more than 0.25 per cent. higher than that which is specified in section 4(6) or, as the case may be, section 9(2) of this Act as for the time being amended by any other Act.

123 Orders under s.122 (supplementary)

- (1) No order shall be made under section 122 above unless a draft of the order has been laid before, and approved by, a resolution of each House of Parliament.
- (2) Where the Secretary of State lays before Parliament a draft of an order under that section, he shall lay with it a copy of a report by the Government Actuary on the effect

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which, in the Actuary's opinion, the making of such an order may be expected to have on the National Insurance Fund:

Provided that no such report need be laid if the order is made by virtue only of section 122(4) or (5).

- (3) An order under section 122 shall be made so as to be in force from the beginning of the tax year following that in which it received Parliamentary approval, and to have effect for that year and any subsequent tax year (subject to the effect of any subsequent order under that section or under section 120 above); and for this purpose the order is to be taken as receiving Parliamentary approval on the date on which the draft of it is approved by the second House to approve it.