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SCHEDULES

SCHEDULE 1

Section 1(4).

SUPPLEMENTARY PROVISIONS RELATING TO CONTRIBUTIONS OF CLASSES 1, 2 AND 3

Class 1 contributions where earner employed in more than one employment

- 1 (1) For the purposes of determining whether Class 1 contributions are payable in respect of earnings paid to an earner in a given week and, if so, the amount of the contributions—
- (a) except as may be provided by regulations, all earnings paid to him or for his benefit in that week in respect of one or more employed earner's employments under the same employer shall be aggregated and treated as a single payment of earnings in respect of one such employment; and
 - (b) earnings paid to him or for his benefit in that week by different persons in respect of different employed earner's employments shall in prescribed circumstances be aggregated and treated as a single payment of earnings in respect of one such employment.
- (2) Where any single payment of earnings is made in respect of two or more employed earner's employments under different employers, liability for Class 1 contributions shall be determined by apportioning the payment to such one or more of the employers as may be prescribed, and treating a part apportioned to any employer as a separate payment of earnings by him.
- (3) Where earnings are aggregated under sub-paragraph (1)(b) above, liability (if any) for the secondary contribution shall be apportioned, in such manner as may be prescribed, between the secondary Class 1 contributors concerned.

Earnings not paid at normal intervals

- 2 Regulations may, for the purposes of Class 1 contributions, make provision as to the intervals at which payments of earnings are to be treated as made.

Method of paying Class 1 contributions

- 3 (1) Where earnings are paid to an employed earner and in respect of that payment liability arises for primary and secondary Class 1 contributions, the secondary contributor shall (except in prescribed circumstances), as well as being liable for his own secondary contribution, be liable in the first instance to pay also the earner's primary contribution, on behalf of and to the exclusion of the earner ; and for the purposes of this Act contributions paid by the secondary contributor on behalf of the earner shall be deemed to be contributions paid by the earner.
- (2) Notwithstanding any contract to the contrary, no secondary Class 1 contributor shall be entitled to make, from earnings paid by him, any deduction in respect of his own or any other person's secondary Class 1 contributions, nor otherwise to recover such

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contributions from any earner to whom he pays earnings ; and a secondary Class 1 contributor who deducts or attempts to deduct the whole or any part of such a contribution from earnings shall be liable on summary conviction to a fine of not more than £50.

- (3) A secondary Class 1 contributor shall be entitled, subject to and in accordance with regulations, to recover from an earner the amount of any primary Class 1 contribution paid or to be paid by him on behalf of the earner ; and notwithstanding anything in any enactment, regulations under this sub-paragraph shall provide for recovery to be made by deduction from the earner's earnings, and for it not to be made in any other way.

General provisions as to Class 1 contributions

- 4 Regulations may, in relation to Class 1 contributions, make provision—
- (a) for calculating the amounts payable according to a prescribed scale or otherwise adjusting them so as to avoid fractional amounts or otherwise facilitate computation ;
 - (b) for requiring that the liability in respect of a payment made in a tax week, in so far as the liability depends on any conditions as to a person's age or retirement, shall be determined as at the beginning of the week or as at the end of it;
 - (c) for securing that liability is not avoided or reduced by a person following in the payment of earnings any practice which is abnormal for the employment in respect of which the earnings are paid ; and
 - (d) without prejudice to the foregoing sub-paragraph, for enabling the Secretary of State, where he is satisfied as to the existence of any practice in respect of the payment of earnings whereby the incidence of Class 1 contributions is avoided or reduced by means of irregular or unequal payments, to give directions for securing that such contributions are payable as if that practice were not followed.

Power to combine collection of contributions with tax

- 5 (1) Regulations made with the concurrence of the Inland Revenue may—
- (a) provide for Class 1 or Class 2 contributions to be paid, accounted for and recovered in like manner as income tax deducted from the emoluments of an office or employment by virtue of regulations under section 204 of the Income and Corporation Taxes Act 1970 ;
 - (b) apply or extend with or without modification in relation to such contributions any of the provisions of the Income Tax Acts or of regulations under that section ;
 - (c) make provision for the appropriation of the payments made by any person between his liabilities in respect of income tax and contributions.
- (2) Section 98 of the Taxes Management Act 1970 shall apply in relation to regulations made by virtue of this paragraph as it applies in relation to regulations made under the said section 204 ; and if a person fails to pay at or within the time prescribed for the purpose any sums which he is required by regulations made by virtue of this paragraph to pay, he shall be liable to be proceeded against and punished under section 146(1) of this Act without proof of his failure so to pay any particular contribution.

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- (3) The Inland Revenue shall, at such times and in such manner as the Treasury may direct, account to the Secretary of State for, and pay to him, the sums estimated by the Inland Revenue, in such manner as may be so directed, to have been received by them as contributions in accordance with regulations made by virtue of this paragraph.

General regulation-making powers

- 6 (1) Regulations may provide—
- (a) for requiring persons to maintain, in such form and manner as may be prescribed, records—
 - (i) of the earnings paid by them to and in respect of earners, and
 - (ii) of the contributions paid or payable in respect of earnings so paid,for the purpose of enabling the incidence of liability for contributions of any class to be determined, and to retain the records for so long as may be prescribed ;
 - (b) for treating primary Class 1 contributions, when payable on the primary contributor's behalf by the secondary contributor, but not paid, as actually paid where the failure to pay is shown not to have been with the consent or connivance of, or attributable to any negligence on the part of, the primary contributor and, in the case of contributions so treated, for treating them also as paid at a prescribed time or in respect of a prescribed period ;
 - (c) for treating, for the purpose of any entitlement to benefit, contributions paid at or after any prescribed time as paid at some other time (whether earlier or later) or, in the case of contributions paid after the due date for payment, or at such later date as may be prescribed, as not having been paid ;
 - (d) for enabling contributions to be treated as paid in respect of a tax year earlier or later than that in respect of which they were actually paid ;
 - (e) for treating (for the purposes of Class 2 contributions) a week which falls partly in one, and partly in another, tax year as falling wholly within one or the other of those tax years ;
 - (f) for treating contributions of the wrong class, or at the wrong rate, or of the wrong amount, as paid on account of contributions properly payable (notwithstanding section 8(3) of this Act, in the case of Class 3 contributions) or as paid (wholly or in part) in discharge of a liability for reserve scheme contributions or a reserve scheme premium ;
 - (g) without prejudice to sub-paragraph (f) above, for enabling the whole or part of any payment of Class 2 contributions to be treated as a payment of secondary Class 1 contributions ;
 - (h) for the return of contributions paid either in error or in such circumstances that, under any provision of Part I of this Act or of regulations, they fall to be repaid ;
 - (j) for treating a person as being an employed earner, notwithstanding that his employment is outside Great Britain;
 - (k) for treating a person's employment as continuing during periods of holiday, unemployment or incapacity for work and in such other circumstances as may be prescribed ;
 - (l) for requiring persons to apply to the Secretary of State for the allocation of a national insurance number ;
 - (m) for any other matters incidental to the payment, collection or return of contributions.

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- (2) Regulations made by the Secretary of State under sub-paragraph (1) above providing for the payment of Class 2 or Class 3 contributions, at the option of the persons liable to pay, either—
- (a) by means of adhesive stamps ; or
 - (b) by some alternative method, the use of which involves greater expense in administration to the government departments concerned than would be incurred if the contributions were paid by means of such stamps,
- may include provision for the payment to the Secretary of State by any person who adopts any alternative method, and for the recovery by the Secretary of State, of the prescribed fees in respect of any difference in the expense in administration.
- (3) Where under regulations made by virtue of sub-paragraph (1) above contributions are payable by means of adhesive stamps, the Secretary of State may, with the consent of the Treasury, arrange for the preparation and sale of those stamps and may by regulations provide for applying, with the necessary modifications as respects those stamps, all or any of the provisions of the Stamp Duties Management Act 1891, section 9 of the Stamp Act 1891 and section 63 of the Post Office Act 1953.
- 7 Regulations may provide that, for the purpose of determining whether a contribution is payable in respect of any person, or for determining the amount or rate of any contribution, he is to be treated as having attained at the beginning of a week, or as not having attained until the end of a week, any age which he attains during the course of that week.

Deduction of contributions from pension, etc.

- 8 (1) Where a person is in receipt of a pension or allowance payable by the Secretary of State by virtue of any prescribed enactment or instrument, the Secretary of State may with the consent of that person pay any contributions (other than Class 1 or Class 4 contributions) payable by him and deduct the amount so paid from the pension or allowance.
- (2) Sub-paragraph (1) above shall have effect notwithstanding anything in any Act, Royal Warrant, Order in Council, order or scheme.