

SCHEDULES

SCHEDULE 7

MINOR AND CONSEQUENTIAL AMENDMENTS

Pension Schemes Act 1993 (c. 48)

- 128 For subsections (1) and (2) of section 42A of that Act (reduced rates of Class 1 contributions, and rebates) there shall be substituted the following subsections—
- “(1) Subsections (2) to (3) apply where—
- (a) the earnings paid to or for the benefit of an earner in any tax week are in respect of an employment which is contracted-out employment at the time of the payment, and
 - (b) the earner’s service in the employment is service which qualifies him for a pension provided by a money purchase contracted-out scheme; and in subsections (2) and (2A) “the relevant part”, in relation to those earnings, means so much of those earnings as exceeds the current lower earnings limit but not the current upper earnings limit for that week (or the prescribed equivalents if the earner is paid otherwise than weekly).
- (2) The amount of the primary Class 1 contribution in respect of the relevant part of those earnings (“amount A”) shall be reduced by an amount equal to the appropriate flat-rate percentage of that part.
- (2A) The amount of any secondary Class 1 contribution in respect of the earnings (“amount B”) shall be reduced by an amount equal to the appropriate flat-rate percentage of the relevant part of those earnings (“amount C”).
- (2B) Where amount C exceeds amount B, the excess shall be set off against the amount which the secondary contributor is liable to pay (under paragraph 3 of Schedule 1 to the Social Security Contributions and Benefits Act 1992) in respect of amount A.”