

# **CHILD SUPPORT, PENSIONS AND SOCIAL SECURITY ACT 2000**

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## **EXPLANATORY NOTES**

### **PART IV: NATIONAL INSURANCE CONTRIBUTIONS**

#### *Commentary on Sections*

#### ***Section 75: Third party providers of benefits in kind: GB***

877. **Section 75** concerns the provision of benefits in kind (BIKs) to employees by somebody other than their own employer – a third party. The new measure only operates where the employer has not arranged or facilitated the provision of the BIKs.
878. In the case of a third party provider, the term “benefits in kind” includes non-cash vouchers, which will be moved from a Class 1 to a Class 1A NICs liability in regulations.
879. The section moves the liability for Class 1A NICs on third party provided BIKs from the employer to the third party.
880. On Royal Assent this provision takes retrospective effect to 6 April 2000. In the first year the third party may choose to meet the Class 1A liability on BIKs he provides. From 6 April 2001 the Class 1A liability becomes compulsory on the third party provider.
881. **Subsection (1)** introduces new sections 10ZA and 10ZB into the Contributions and Benefits Act.

#### **New section 10ZA: Liability of third party provider of benefits in kind**

882. **New section 10ZA(1)** lists the elements necessary for this measure to take effect. The employee or a member of his family must receive a taxable emolument that attracts a Class 1A charge under the new section 10; the BIK is provided by someone other than the employer; and the employer has not arranged or facilitated the provision.
883. **New section 10ZA(2)** provides that where the third party also pays a sum to meet the employee’s tax liability on the BIK, that payment also is subject to Class 1A NICs, rather than Class 1 as it would be if the employer had paid it.
884. **New section 10ZA(3)** moves the liability for the Class 1A NICs on the relevant benefit and any associated tax from the employer and onto the third party, except in the circumstances in **subsection (4)**.
885. **New section 10ZA(4)** provides that for the tax year commencing 6 April 2000 the third party needs to elect to pay the Class 1A NICs and notify the Revenue in writing.
886. **New section 10ZA(5)** gives the Treasury power to prescribe in regulations the meaning of “arranged or facilitated”.

*These notes refer to the Child Support, Pensions and Social Security  
Act 2000 (c.19) which received Royal Assent on 28th July 2000*

887. *New section 10ZA(6)* defines members of an employee's family as carrying the same meaning as in s.168(4) ICTA.

**New section 10ZB: Non-cash vouchers provided by third parties**

888. This section applies where the third party provider is awarding non-cash vouchers, as defined in section 141 of the Income and Corporation Taxes Act 1988 (ICTA).

889. *New section 10ZB(2)* provides that a Class 1A NICs charge is liable on all vouchers provided to employees by third parties no matter whether they earn over the £8,500 limit set for other benefits or below that level.

890. *Subsection (2)* of section 75 inserts a new subsection (3A) into 110ZA of the Social Security Administration Act 1992. This includes the premises of third party providers in the list of premises liable to inspection by Revenue officers.

891. *Subsection (3)* brings new section 10ZA into force from 6 April 2000 on Royal Assent.

892. *Subsection (4)* allows any regulations made under the power in new section 10ZA to be retrospective back to the commencement of the tax year in which they are made.