



# National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019

## 2019 CHAPTER 23

### PART 1

#### TERMINATION AWARDS

#### **1 Termination awards: Great Britain**

(1) Section 10 of the Social Security Contributions and Benefits Act 1992 (Class 1A contributions: benefits in kind etc.) is amended as follows.

(2) After subsection (1) insert—

“(1A) A Class 1A contribution is payable for a tax year, in accordance with this section, in respect of an earner and the amount of a termination award if and so far as—

- (a) that amount counts as employment income of the earner under section 403 of ITEPA 2003 (charge on termination payments or benefits), and
- (b) the earner is chargeable to income tax on that amount for the tax year by virtue of that section.

(1B) No Class 1A contribution is payable under subsection (1A) in respect of an amount so far as it is an amount of earnings in respect of which Class 1 contributions are payable.

(1C) No Class 1A contribution is payable under subsection (1A) unless the employment which is terminated is employed earner's employment.”

(3) In subsection (2), in the words before paragraph (a), after “contribution” insert “payable under subsection (1) ”.

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**Changes to legislation:** There are currently no known outstanding effects for the National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019, Part 1. (See end of Document for details)

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(4) After subsection (3) insert—

“(3A) A Class 1A contribution payable under subsection (1A) is payable by the person who, if the amount in respect of which the Class 1A contribution is payable were earnings in respect of which Class 1 contributions would be payable, would be liable to pay the secondary Class 1 contribution.”

(5) In subsection (4) after “contribution” insert “ payable under subsection (1) ”.

(6) After subsection (4) insert—

“(4A) The amount of the Class 1A contribution payable under subsection (1A) in respect of an amount is the Class 1A percentage of that amount.”

(7) In subsection (5) for “subsection (4)” substitute “ subsections (4) and (4A) ”.

(8) In subsection (9)(a) for “or general earnings” substitute “ , general earnings or termination awards ”.

(9) After subsection (11) insert—

“(12) In this section “termination award” means a payment or benefit received by an earner (or an earner's spouse, civil partner, blood relative or dependant) in connection with the termination of the earner's employment.”

(10) In the heading, omit “: benefits in kind etc.”

(11) In section 162(5) of the Social Security Administration Act 1992 (appropriate national health service allocation), in paragraph (c), after “general earnings” insert “ and the amounts chargeable to income tax under section 403 of the Income Tax (Earnings and Pensions) Act 2003 ”.

#### Commencement Information

- II** S. 1 in force at 6.4.2020 except in relation to termination awards received on or after 6.4.2020 in respect of employment which was terminated before 6.4.2020, or termination awards which are received in instalments where the first instalment of the termination award was received before 6.4.2020, by [S.I. 2020/285](#), [reg. 2](#)

## 2 Termination awards: Northern Ireland

(1) Section 10 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (Class 1A contributions: benefits in kind etc.) is amended as follows.

(2) After subsection (1) insert—

“(1A) A Class 1A contribution is payable for a tax year, in accordance with this section, in respect of an earner and the amount of a termination award if and so far as—

- (a) that amount counts as employment income of the earner under section 403 of ITEPA 2003 (charge on termination payments or benefits), and
- (b) the earner is chargeable to income tax on that amount for the tax year by virtue of that section.

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**Changes to legislation:** There are currently no known outstanding effects for the National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019, Part 1. (See end of Document for details)

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- (1B) No Class 1A contribution is payable under subsection (1A) in respect of an amount so far as it is an amount of earnings in respect of which Class 1 contributions are payable.
- (1C) No Class 1A contribution is payable under subsection (1A) unless the employment which is terminated is employed earner's employment.”
- (3) In subsection (2), in the words before paragraph (a), after “contribution” insert “payable under subsection (1) ”.
- (4) After subsection (3) insert—
- “(3A) A Class 1A contribution payable under subsection (1A) is payable by the person who, if the amount in respect of which the Class 1A contribution is payable were earnings in respect of which Class 1 contributions would be payable, would be liable to pay the secondary Class 1 contribution.”
- (5) In subsection (4) after “contribution” insert “ payable under subsection (1) ”.
- (6) After subsection (4) insert—
- “(4A) The amount of the Class 1A contribution payable under subsection (1A) in respect of an amount is the Class 1A percentage of that amount.”
- (7) In subsection (5) for “subsection (4)” substitute “ subsections (4) and (4A) ”.
- (8) In subsection (9)(a) for “or general earnings” substitute “ , general earnings or termination awards ”.
- (9) After subsection (11) insert—
- “(12) In this section “termination award” means a payment or benefit received by an earner (or an earner's spouse, civil partner, blood relative or dependant) in connection with the termination of the earner's employment.”
- (10) In the heading, omit “: benefits in kind etc.”
- (11) In section 142(5) of the Social Security Administration (Northern Ireland) Act 1992 (appropriate health service allocation), in paragraph (c), after “general earnings” insert “ and the amounts chargeable to income tax under section 403 of the Income Tax (Earnings and Pensions) Act 2003 ”.

#### Commencement Information

- I2** S. 2 in force at 6.4.2020 except in relation to termination awards received on or after 6.4.2020 in respect of employment which was terminated before 6.4.2020, or termination awards which are received in instalments where the first instalment of the termination award was received before 6.4.2020, by [S.I. 2020/285](#), [reg. 2](#)

**Changes to legislation:**

There are currently no known outstanding effects for the National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019, Part 1.