
STATUTORY INSTRUMENTS

1994 No. 2194

SOCIAL SECURITY

**The Social Security (Contributions)
Amendment (No. 3) Regulations 1994**

<i>Made</i>	- - - -	<i>23rd August 1994</i>
<i>Laid before Parliament</i>		<i>23rd August 1994</i>
<i>Coming into force</i>	- -	<i>24th August 1994</i>

The Secretary of State for Social Security, in exercise of powers conferred by sections 3(2) and (3), 122(1) and 175(1) to (3) of the Social Security Contributions and Benefits Act 1992⁽¹⁾ and of all other powers enabling him in that behalf, after agreement by the Social Security Advisory Committee that proposals to make these Regulations should not be referred to it⁽²⁾, hereby makes the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Social Security (Contributions) Amendment (No. 3) Regulations 1994 and shall come into force on 24th August 1994.

(2) In these Regulations “the principal Regulations” means the Social Security (Contributions) Regulations 1979⁽³⁾.

Amendment of regulation 18 of the principal Regulations

2. In regulation 18 of the principal Regulations (calculation of earnings)⁽⁴⁾—

(a) in paragraph (2) for the words “paragraph (4) or (6)” there shall be substituted the words “paragraph (4), (6) or (8)”;

(b) after paragraph (7) there shall be added the following paragraph—

“(8) The amount of earnings which is comprised in any payment by way of the conferment of a beneficial interest in any asset falling within paragraph 9ZA, 9ZB or 9B of Schedule 1A to these Regulations and which falls to be taken into account in the computation of a person’s earnings shall, for the purposes of earnings-related contributions, be calculated or estimated on the basis of the cost of the asset in question.”.

(1) 1992 c. 4; section 122(1) is cited because of the meaning ascribed to the word “prescribe”.

(2) See the Social Security Administration Act 1992 (c. 5), section 173(1)(b).

(3) S.I.1979/591; the relevant amending instruments are S.I. 1991/2505 and 1993/2925.

(4) The relevant amending instruments are S.I. 1991/2505 and 1993/2925.

Amendment of Schedule 1A to the principal Regulations

3. In Schedule 1A to the principal Regulations (assets not to be disregarded as payments under regulation 19(1)(d))(5)—

(a) in paragraph 5(a)(6) for the words “paragraphs 1 to 4 or 9A” there shall be substituted the words “paragraphs 1 to 4, 9ZA, 9ZB or 9A”;

(b) after paragraph 9 there shall be inserted the following paragraphs—

“**9ZA.** Any alcoholic liquor.

9ZB. Any gemstone.”;

(c) in paragraph 9A(7) for the words “paragraphs 1 to 4 or 6 to 9” there shall be substituted the words “paragraphs 1 to 4 or 6 to 9ZB”;

(d) after paragraph 16(7) there shall be added the following paragraphs—

“**17.** In paragraph 9ZA of this Schedule “alcoholic liquor” means any alcoholic liquor within the meaning of section 1 of the Alcoholic Liquor Duties Act 1979(8) in respect of which no duty has been paid under that Act.

18. In paragraph 9ZB of this Schedule “gemstone” includes stones such as diamond, emerald, ruby, sapphire, amethyst, jade, opal or topaz and organic gemstones such as amber or pearl, whether cut or uncut and whether or not having an industrial use.”.

Signed by authority of the Secretary of State for Social Security.

23rd August 1994

William Hague
Minister of State,
Department of Social Security

(5) Schedule 1A was inserted by regulation 5 of S.I. 1991/2505; the relevant amending instrument is S.I. 1993/2925.

(6) Paragraph 5(a) was amended by S.I. 1993/2925.

(7) Paragraphs 9A, 9B, 15 and 16 were inserted into Schedule 1A by S.I. 1993/2925.

(7) Paragraphs 9A, 9B, 15 and 16 were inserted into Schedule 1A by S.I. 1993/2925.

(8) 1979 c. 4. Section 1 was amended by S.I. 1979/241, article 5; the Finance Act 1984 (c. 43), section 1(5); the Finance Act 1988 (c. 39), Schedule 1, Part II, paragraph 1 and Schedule 14, Part I; the Finance Act 1993 (c. 34), section 3(1) and (3).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations further amend the Social Security (Contributions) Regulations 1979 (“the principal Regulations”).

Regulation 2 amends regulation 18 of the principal Regulations so that where a payment of earnings is made by conferring a beneficial interest in gemstones, certain alcoholic liquors or vouchers for those and certain other assets, the amount of the payment is to be established by reference to the cost of the asset in question.

Regulation 3 amends Schedule 1A to the principal Regulations. (This Schedule lists certain assets which are not excluded from the computation of a person’s earnings.) Four further paragraphs are inserted; paragraph 9ZA refers to certain alcoholic liquors, paragraph 9ZB to gemstones and paragraphs 17 and 18 define these terms.

These Regulations do not impose any additional administrative costs on business but the effect will be to require the payment of secondary (employers’) Class 1 national insurance contributions which had not previously been due on certain payments of earnings, where those payments of earnings are made by means of assets now covered by these Regulations.

An assessment of the cost to business of applying these Regulations has been placed in the Libraries of both Houses of Parliament. Copies can be obtained by post from the Department of Social Security, Room 09/03, Adelphi, 1—11 John Adam Street, London WC2N 6HT.