

**2003 No. 2958**

**SOCIAL SECURITY**

**The Social Security (Contributions) (Amendment No. 7)  
Regulations 2003**

<i>Made</i> - - - -	<i>18th November 2003</i>
<i>Laid before Parliament</i>	<i>19th November 2003</i>
<i>Coming into force</i> - -	<i>10th December 2003</i>

The Treasury, with the concurrence of the Secretary of State, in exercise of the powers conferred upon them by section 3(2) and (3) of the Social Security Contributions and Benefits Act 1992(a), and with the concurrence of the Department for Social Development, in exercise of the powers conferred upon them by section 3(2) and (3) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(b), and in exercise of the powers conferred upon them by paragraph 8(1)(j) of Schedule 1 to the Social Security Contributions and Benefits Act 1992 (c), and paragraph 8(1)(j) of Schedule 1 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992(d), and the Commissioners of Inland Revenue, in exercise of the powers conferred upon them by section 17(1)(a) of the Social Security Contributions and Benefits Act 1992 (e), and section 17(1)(a) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (f), hereby make the following Regulations:

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Social Security (Contributions) (Amendment No. 7) Regulations 2003 and shall come into force on 10th December 2003.

(2) Regulation 4 has effect in relation to the tax year 2003–04 and subsequent tax years.

**Amendments to the Social Security (Contributions) Regulations 2001**

2. The Social Security (Contributions) Regulations 2001 (g) are amended as follows.

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- (a) 1992 c. 4. Section 3(2) was amended by paragraph 3 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) (“the Transfer Act”).
- (b) 1992 c. 7 (“the 1992 Northern Ireland Act”). Section 3(2) was amended by paragraph 3 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671) (“the Transfer Order”). The functions of the Department of Health and Social Services for Northern Ireland under the 1992 Northern Ireland Act were transferred to the Department for Social Development by Article 8(b) of, and Part II of Schedule 6 to, the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (S.R. 1999 No. 481).
- (c) The only relevant amendment to paragraph 8 of Schedule 1 is that in paragraph 39 of Schedule 3 to the Transfer Act.
- (d) The only relevant amendment to paragraph 8 of Schedule 1 is that in paragraph 38 of Schedule 3 to the Transfer Order.
- (e) Section 17(1)(a) was amended by paragraph 6(a) of Schedule 1, paragraph 17 of Schedule 3 and Schedule 10 to the Transfer Act; and paragraphs 1 and 4 of Schedule 1 to the National Insurance Contributions Act 2002 (c.19).
- (f) Section 17(1) was amended by paragraph 7(a) of Schedule 1, paragraph 17(2) of Schedule 3, and Schedule 9 to the Transfer Order and paragraph 23(2) of Schedule 1 to the National Insurance Contributions Act 2002.
- (g) S.I. 2001/1004: relevant amendments were made by S.I. 2003/193 and 2340. Regulation 156(3) provides a rule of construction in relation to Northern Ireland for references in the principal Regulations to enactments applying only to Great Britain.

3. In regulation 47(2), for “31st December” substitute “31st January”.

4. After regulation 94 insert —

**“Exception from Class 4 liability in respect of certain amounts chargeable to income tax under Schedule D**

**94A.** Where —

- (a) an earner has earnings from employment which is employed earner’s employment; and
- (b) an amount representing those earnings is included in the calculation of the profits chargeable to income tax under Schedule D,

the earner shall be excepted from liability to pay contributions under section 15 of the Act (Class 4 contributions)(a) on that amount.”.

5.—(1) Schedule 3 is amended as follows.

(2) For paragraphs 5 and 6 of Part 5 (certain non-cash vouchers to be disregarded as payments in kind) substitute—

“5. A non-cash voucher in respect of which no liability to income tax arises by virtue of section 266(1) of ITEPA 2003(b) to the extent that the voucher is used to obtain anything the direct provision of which would fall within any of the following provisions of that Act—

- (a) section 246 (transport between work and home for disabled employees: general);
- (b) section 247 (provision of cars for disabled employees);
- (c) section 248 (transport home: late night working and failure of car-sharing arrangements).

**5A.** A non-cash voucher in respect of which no liability to income tax arises by virtue of section 266(2) of ITEPA 2003 if the voucher evidences entitlement to use anything the direct provision of which would fall within any of the following provisions of that Act—

- (a) section 242 (works transport services);
- (b) section 243 (support for public bus services);
- (c) section 244 (cycles and cyclist’s safety equipment).

**5B.** A non-cash voucher in respect of which no liability to income tax arises by virtue of section 266(3) of ITEPA 2003 if the voucher can be used only to obtain anything the direct provision of which would fall within any of the following provisions of that Act—

- (a) section 245 (travelling and subsistence during public transport strikes);
- (b) section 261 (recreational benefits);
- (c) section 264 (annual parties and functions);
- (d) section 296 (armed forces’ leave travel facilities);
- (e) section 317 (subsidised meals).

**6.** A non-cash voucher to the extent that no liability to income tax arises by virtue of any of the following sections of ITEPA 2003—

- (a) section 270 (exemption for small gifts of vouchers and tokens from third parties);
- (b) section 305 (offshore oil and gas workers: mainland transfers);

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(a) Section 15 was amended by section 13 of the Limited Liability Partnerships Act 2000 (c.12) and section 3(1) of the National Insurance Contributions Act 2002.

(b) I.e. the Income Tax (Earnings and Pensions) Act 2003 (c. 1): a definition of “ITEPA 2003” was inserted into section 122(1) of the Social Security Contributions and Benefits Act 1992 by paragraph 178(2) of Schedule 6 of ITEPA 2003 and into section 121(1) of the 1992 Northern Ireland Act by paragraph 199(2) of that Schedule.

- (c) section 321 (suggestion awards);
- (d) section 323 (long service awards);
- (e) section 324 (small gifts from third parties).”.

(3) For paragraph 9 of Part 7 (payments disregarded in respect of training and similar courses)  
(a) substitute—

**“Return to Work Credit**

**9.** A payment made to a participant in a Return to Work Credit Scheme, arranged under section 2(1) of the Employment and Training Act 1973**(b)** in his capacity as such.”.

*Jim Murphy*  
*Nick Ainger*

18th November 2003  
The Secretary of State concurs.  
Signed by authority of the Secretary of State.

Two of the Lords Commissioners of Her Majesty’s Treasury

*Chris Pond*  
Parliamentary Under-Secretary of State  
Department for Work and Pensions

14th November 2003  
The Department for Social Development concurs.  
Sealed with the Official Seal of the Department for Social Development on 13th November 2003.



*John O’Neill*  
Senior Officer of the Department for Social Development

*Nick Montagu*  
*Helen Ghosh*

14th November 2003

Two of the Commissioners of Inland Revenue

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(a) Paragraph 9 of Part 7 was added by regulation 2(3) of S.I. 2003/2340.  
(b) 1973 c. 50: section 2 was substituted by section 25(1) of the Employment Act 1988 (c. 19). There are amendments to section 2 which are not relevant for present purposes.

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004: “the principal Regulations”).

Regulation 1 provides for the citation, commencement and effect of the Regulations.

Regulation 2 introduces the amendments to the principal Regulations.

Regulation 3 amends regulation 47(2) of the principal Regulations to extend the time period within which a person may make an application for the repayment of Class 2 contributions from the 31st December to the 31st January following the end of the relevant tax year.

Regulation 4 inserts regulation 94A in the principal Regulations. This exempts the earner from liability to pay Class 4 contributions in respect of certain amounts which are chargeable to income tax under Schedule D.

Regulation 5 substitutes new paragraphs for paragraphs 5 and 6 of Part 5 and paragraph 9 of Part 7 of Schedule 3 to the principal Regulations.

Schedule 3 allows certain payments to be disregarded in the calculation of earnings for the purposes of earnings-related social security contributions. Paragraphs 5 and 6 of Part 5 of that Schedule allow certain non-cash vouchers to be disregarded in that calculation.

Regulation 5(2) of these Regulations substitutes new paragraphs 5, 5A, 5B and 6 for the original paragraphs 5 and 6 of Schedule 3 to the principal Regulations. The new paragraph 5A adds employer subsidies in support of public bus services, which are disregarded for income tax purposes by virtue of section 243 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1: “ITEPA 2003”), to the items previously disregarded by virtue of the original paragraphs 5 and 6. In addition, as ITEPA 2003 re-enacts all the provisions of the Income and Corporation Taxes Act 1988 (c. 1) mentioned in the original paragraph 5, and legislates the Inland Revenue Extra-Statutory Concessions mentioned in the original paragraph 6 the opportunity has been taken to reflect these changes.

Regulation 5(3) of these Regulations substitutes paragraph 9 of Part 7 of Schedule 3 to the principal Regulations. The new paragraph 9 provides that a payment made to a participant in a Return to Work Credit Scheme is to be disregarded in the calculation of earnings for the purposes of earnings-related contributions.

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