
EXPLANATORY NOTE

(This note is not part of the Order)

This Order increases the rates of Class 2 and Class 3 contributions specified in sections 11(1) and 13(1) of the Social Security Contributions and Benefits Act 1992 (c. 4) (“the Act”) from £2.10 to £2.20 and from £7.55 to £7.80. It also increases the amount of earnings specified in section 11(4) of the Act, below which an earner may be excepted from liability for Class 2 contributions from £4,465 to £4,635 (Articles 2 and 3).

The Order also increases, from £5,035 to £5,225 and from £33,540 to £34,840 respectively, the lower and upper limits of profits or gains specified in those sections, between which Class 4 contributions are payable at the main Class 4 percentage rate (Article 4).

Articles 2 to 4 of the Order also make provision for Northern Ireland corresponding to that in the preceding two paragraphs (the section numbers of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) are the same as those in the Act).

The Order provides for section 2(2) of the Social Security Act 1993 (c. 3) to have effect for the tax year 2007-08. It also provides that the amount of any money that may be provided by Parliament to be paid into the National Insurance Fund in that year shall not exceed in aggregate 2 per cent. of the estimated benefit expenditure for the financial year ending 31st March 2008 (Article 5). The Order also makes corresponding provision for Northern Ireland (Article 4(3) of the Social Security (Northern Ireland) Order 1993 (S.I. 1993/592 (N.I.2)) being the provision brought into effect) (Article 6).

In accordance with sections 142(1) and 144(1) of the Social Security Administration Act 1992 (c. 5), a copy of the report by the Government Actuary (Cm. 7021), giving his opinion on the likely effect on the National Insurance Fund of the making of the Order, insofar as it amends sections 11(1), 11(4), 13(1), 15(3), 18(1) and 18(1A) of the Act, was laid before Parliament with the draft of this Order.

A regulatory impact assessment has not been produced for this instrument as it does not impose any new costs on the private or voluntary sectors.