

EXPLANATORY MEMORANDUM TO
THE SOCIAL SECURITY (CONTRIBUTIONS) (AMENDMENT No. 4)
REGULATIONS 2007

2007 No. 1838

1. This Explanatory Memorandum has been prepared by H.M. Revenue and Customs and is laid before Parliament by Command of Her Majesty. This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

A person employed by European Community institutions can transfer their rights to a State Pension to the Pension Scheme of the European Communities' Institution (PSEC). These Regulations amend the Social Security (Contributions) Regulations 2001 to prevent a person who has transferred their rights from subsequently paying voluntary Class 3 contributions for the period covered by the transfer.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None

4. Legislative Background

4.1 Article 11(2) of Annex VIII to the Commission Staff Regulations allows a person employed by a European Commission institution to transfer their State Pension rights to the PSEC. The Transfer of State Pensions and Benefit Regulations 2007 (SI2007/1398) came into force on 1st June 2007 and allows an employee of a European Commission institution to transfer their U.K. State Pension rights to the PSEC.

4.2 These regulations amend the Social Security Contributions Regulations 2001 relating to the payment of Class 3 Voluntary Contributions. They prevent anyone who has their U.K. State Pension Rights transferred to the PSEC, from paying voluntary Class 3 National Insurance Contributions in respect of the period that has been transferred.

5. Extent

This instrument applies to Great Britain and Northern Ireland.

6. European Convention on Human Rights

As the instrument is subject to the negative procedure and does not amend primary legislation, no statement is required.

7. Policy Background

7.1 Article 11(2) of Annex VIII to the Commission Staff Regulations which provides for transfers of pension entitlements to PSEC applies to State Pension rights and as a result the U.K. has to comply with the Community Regulations. The Transfer of State Pensions and Benefit Regulations 2007 make the necessary legislative changes.

7.2 These regulations are a consequence of the Transfer of State Pensions and Benefit Regulations 2007. They prevent the payment of voluntary Class 3 National insurance contributions for those people who have opted to have their United Kingdom State Pension Rights transferred to the PSEC. Without these regulations a person who goes to work for the European Commission would be able to Transfer their State Pension rights to the PSEC and still be able to pay voluntary contributions for the period covered by the transfer because contributors have six years to pay voluntary contributions.

8. Regulatory and costs impact

A Regulatory Impact Assessment has not been produced for this instrument as it has no impact on business, the public sector, charities or voluntary bodies.

9. Contact

Kevin Rice at H.M. Revenue & Customs – tel. 0207 7147 2514 or email: Kevin.rice@hmrc.gsi.gov.uk who can answer any queries on the instrument.