

2020 No. 320

SOCIAL SECURITY

**The Social Security (Contributions) (Amendment No. 3)
Regulations 2020**

<i>Made</i>	- - - -	<i>19th March 2020</i>
<i>Laid before Parliament</i>		<i>20th March 2020</i>
<i>Coming into force</i>	- -	<i>6th April 2020</i>

These Regulations are made by the Treasury in exercise of the powers conferred by section 3(2) and (3) of the Social Security Contributions and Benefits Act 1992(a) and section 3(2) and (3) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(b), and now exercisable by them.

The Secretary of State and the Department for Communities concur to the making of these Regulations.

Citation and commencement

1. These Regulations may be cited as the Social Security (Contributions) (Amendment No. 3) Regulations 2020 and come into force on 6th April 2020.

Amendment to the Social Security (Contributions) Regulations 2001

2.—(1) Schedule 3 (payments to be disregarded etc...) to the Social Security (Contributions) Regulations 2001(c) is amended as follows.

(2) In Part 8 (travelling, relocation and other expenses and allowances of the employment), after paragraph 8A(d) (amounts exempted from income tax under section 289A of ITEPA 2003(e)), insert —

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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), so that the power to make regulations became exercisable by the Treasury with the concurrence of the Secretary of State with effect from 1st April 1999.
- (b) 1992 c. 7. Section 3(2) was amended by paragraph 4 of Schedule 3 to S.I. 1999/671, so that the power to make regulations became exercisable by the Treasury with the concurrence of the Department of Health and Social Services. The functions of the Department of Health and Social Services for Northern Ireland under the Social Security Contributions and Benefits (Northern Ireland) Act 1992 were transferred to the Department for Social Development by Article 8(b) of, and Part 2 of Schedule 6 to, the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (S.R. (NI) 1999 No 481). The Department for Social Development was renamed the Department for Communities by section 1(7) of the Department Act (Northern Ireland) 2016 (c. 5 (NI)). Section 3(2) was also amended by Part 6 of Schedule 12 to the Welfare Reform (Northern Ireland) Order 2015 (S.I. 2015/2006 (N.I. 1)).
- (c) S.I. 2001/1004.
- (d) Paragraph 8A was inserted by regulation 5(6) of S.I. 2016/352.
- (e) 2003 c. 1.

“Payments exempted from income tax under section 299B of ITEPA 2003

8B. A payment to a person who holds a voluntary office in respect of expenses which is exempted from income tax under section 299B of ITEPA 2003(a).”.

*Iain Stewart
David Rutley*

19th March 2020

Two of the Lords Commissioners of Her Majesty’s Treasury

The Secretary of State concurs.

Signed by authority of the Secretary of State for Work and Pensions.

Guy Opperman
Parliamentary Under Secretary of State
Department for Work and Pensions

18th March 2020

The Department for Communities concurs.

Sealed with the Official Seal of the Department for Communities on 18th March 2020.



Anne McCleary
A senior officer of the Department for Communities

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make an amendment to the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) (“the Contributions Regulations”).

Schedule 3 to the Contributions Regulations provides for certain payments to be disregarded in the calculation of earnings for the purpose of establishing liability to Class 1 contributions (“NICs”).

Regulation 2(2) inserts a new paragraph 8B into Part 8 of Schedule 3 to the Contributions Regulations so that any payment of expenses made to voluntary office holders and in respect of which no liability to income tax arises by virtue of section 299B of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (“ITEPA”) is also disregarded for this purpose.

Regulation 2(2) makes an amendment to the Contributions Regulations to take into account new provisions in ITEPA inserted by resolution number 14, passed by the House of Commons on 17th March 2020 following the budget held on 11th March. The resolution has temporary statutory effect by virtue of section 1 of the Provisional Collection of Taxes Act 1968 (c. 2). It inserts a new section 299B into ITEPA, which provides that no liability to income tax arises in respect of a payment to a person who holds a voluntary office if the payment is in respect of reasonable expenses incurred in carrying out the duties of that office.

(a) Section 299B was inserted by Budget resolution number 14, recorded in the House of Commons Votes and Proceedings for 17th March 2020. The resolution contains a declaration that it is expedient in the public interest that the resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968 (c.2). Section 1(3) to (5) of that Act sets out the circumstances in which the resolution will cease to have statutory effect. By virtue of section 1(5), the resolution will cease to have effect once provisions corresponding to those in the resolution are enacted in the Finance Act 2020. The resolution will in any case cease to have effect on 17th October 2020 by virtue of section 1(3). Section 1(3) was substituted by section 88(3) of the Finance Act 2011 (c. 11). Relevant amendments to section 1(3) to (5) were made by section 60 of the Finance Act 1968 (c. 44), section 205(5) of the Finance Act 1993 (c. 34), section 112(1) of the Finance Act 2007 (c. 11) and section 88(4)(a) and (4)(b) of the Finance Act 2011.

The provisions of the resolution correspond to provisions contained in clause 14 of Finance Bill 2020, as introduced to and published by the House of Commons on 19th March 2020. Assuming that the clause is not rejected during the passage of the Bill through Parliament, those provisions will come into force when the Bill receives Royal Assent. If the clause is rejected during passage of the Bill, with the effect that the new section 299B is not inserted into ITEPA, this instrument would be revoked.

A Tax Information and Impact Note has not been prepared for these Regulations as they contain no substantive changes to tax policy.

A Tax Information and Impact Note covering the amendments to tax policy connected to this instrument was published on 12th July 2019 alongside the draft Finance Bill 2019. It is available on the website at <https://www.gov.uk/government/publications/income-tax-and-the-treatment-of-expenses-for-voluntary-office-holders>. It remains an accurate summary of the impacts that apply to this instrument.

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£4.90

UK202003191006 03/2020 19585

<http://www.legislation.gov.uk/id/uksi/2020/320>

ISBN 978-0-11-119460-7



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