
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security Contributions and Benefits Act 1992 (c. 4) and corresponding provisions in the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) (“the Acts”) the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) (“the Contributions Regulations”) and the National Insurance Contributions Act 2022 (c. 9) (“the NICA 2022”). The amendments have effect from 6th April 2023.

Regulation 3 increases the rate at which Class 2 National Insurance contributions (“NICs”) are payable by self-employed earners, specified in section 11(2) and (6) of the Acts, from £3.15 to £3.45 per week. It also increases the lower profits threshold specified in section 11(4)(a) of the Acts, which is the threshold at which liability to pay Class 2 NICs begins, from £11,908 to £12,570 per year.

Regulation 4 increases the amount of voluntary Class 3 NICs, specified in section 13(1) of the Acts, from £15.85 to £17.45.

Regulation 5 maintains at the same level as the previous year the weekly earnings limits and thresholds specified in regulation 10 of the Contributions Regulations, which are used for determining liability to Class 1 NICs and entitlement to associated state benefits.

Regulation 6 maintains at the same level as the previous year the upper secondary thresholds for earnings, and the prescribed equivalents for earners paid otherwise than weekly, for freeport tax site employees and armed forces veterans, specified in section 8 of the NICA 2022.

Regulation 7 provides for section 2(2) of the Social Security Act 1993 (c. 3) to have effect for the tax year 2023-24. This allows money provided by Parliament to be paid into the National Insurance Fund up to a limit of 5 per cent of the estimated benefit expenditure for the financial year ending with 31st March 2024. Regulation 8 makes corresponding provision for Northern Ireland, by giving effect to article 4(3) of the Social Security (Northern Ireland) Order 1993 (S.I. 1993/592 (N.I. 2)).

In accordance with section 142(1) of the Social Security Administration Act 1992 (c. 5) a copy of the report by the Government Actuary, giving the Actuary’s opinion on the likely effect on the National Insurance Fund of the making of these Regulations, was laid before Parliament with the draft of these Regulations. A copy of the report can be found at <https://www.gov.uk/government/collections/uk-social-security-short-term-and-long-term-reports>; this is also available to purchase from the TSO Shop on their website at <https://www.tsoshop.co.uk/> or by telephone on 0333 202 5070.

A Tax Information and Impact Note has not been prepared for this instrument as it gives effect to previously announced policy and it relates to routine changes to rates, limits and thresholds. A Tax Information and Impact Note covering NICs thresholds and related changes to income tax thresholds (remaining at 2022-23 levels until 2027-28) is available at <https://www.gov.uk/government/publications/the-personal-allowance-and-basic-rate-limit-for-income-tax-and-certain-national-insurance-contributions-nics-thresholds-from-6-april-2026-to-5-apr/income-tax-personal-allowance-and-the-basic-rate-limit-and-certain-national-insurance-contributions-thresholds-from-6-april-2026-to-5-april-2028>.