

Statutory Document No. 2019/0025



Social Security Act 2000

SOCIAL SECURITY LEGISLATION (CONTRIBUTIONS) (MISCELLANEOUS AMENDMENT) ORDER 2019

Approved by Tynwald: 19th February 2019
Coming into Operation: 6 April 2019

The Treasury makes the following Order under section 1(1) of the Social Security Act 2000.

1 Title

This Order is the Social Security Legislation (Contributions) (Miscellaneous Amendment) Order 2019.

2 Commencement

If approved by Tynwald¹, this Order comes into operation on 6 April 2019 and shall have effect in respect of the income tax year commencing 6 April 2019 and all subsequent years.

3 Amendment of the Social Security Contributions and Benefits Act 1992 as applied to the Island

- (1) The Social Security Contributions and Benefits Act 1992², as applied to the Island by the Social Security Contributions and Benefits Act 1992 (Application) Order 1994³, is amended as follows.
- (2) After section 6A (notional payment of primary Class 1 contribution where earnings not less than lower earnings limit) insert –

6B. Treatment of Class 1 contributions paid by certain employed

¹ Under section 2(1) of the Social Security Act 2000 an order under section 1(1) must be laid before Tynwald as soon as may be after it is made; and unless it is approved by Tynwald at the sitting at which it is laid or the next following sitting, it ceases to have effect, but without prejudice to anything previously done under it or to the making of a new order.

² 1992 c. 4

³ SD 505/94




earners from 6 April 2019

- (1) This section applies to an employed earner who satisfies all the conditions in subsections (2) to (5) (a “relevant earner”).
- (2) For the purposes of this section, a relevant earner is a person who –
 - (a) both –
 - (i) commences residence in the Isle of Man for income tax purposes on or after 6 April 2019; and
 - (ii) has not been resident in the Isle of Man for income tax purposes at any time in the 5 tax years immediately preceding the tax year in which they commence residence; or
 - (b) on or after 6 April 2019, successfully completes a course of education referred to in subsection (3).
- (3) A course of education to which subsection (2)(b) applies is a full time course of education undertaken outside the Isle of Man which is –
 - (a) a university first degree course;
 - (b) a Higher National Diploma or comparable course; or
 - (c) a postgraduate course,but does not include any course provided by an accredited provider of distance learning or flexible learning.
- (4) A relevant earner must have been employed by a secondary contributor who satisfies the conditions in regulation 145(1)(b) of the Social Security (Contributions) Regulations 2001⁴ as they are applied to the Island by the Social Security Legislation (Application) (No. 8) Order 2002⁵.
- (5) A relevant earner must have been employed by a secondary contributor in subsection (4), for a period of more than 12 consecutive months, in an employment which must –
 - (a) have commenced within –
 - (i) the 12 months immediately following the date on which the person commenced residence in the Island in accordance with subsection (2)(a); or
 - (ii) the 5 years immediately following the date on which the person successfully completed a course of education in accordance with subsection (2)(b);
 - (b) have been a permanent employment;

⁴ SI 2001/1004

⁵ SD 374/02

- (c) have required the relevant earner to work a minimum of 35 hours per week;
 - (d) have been undertaken in the Island; and
 - (e) if the relevant earner is a relevant earner by virtue of subsection (2)(a), have provided the relevant earner with a minimum annual gross remuneration of £21,000.
- (6) Subject to subsections (7) and (8), an employed earner who is a relevant earner for the purposes of this section may make an application to the Department for the return of any primary Class 1 contribution paid in respect of the first 12 months of the employment referred to in subsection (5), beginning on the first day of the employment.
- (7) An application under subsection (6) shall be made —
- (a) to the Department in writing; and
 - (b) after the end of the 12 months referred to in subsection (6) but not later than 6 months after the end of that period.
- (8) The Department may request a person who makes an application under subsection (6) to provide such relevant information to the Department in support of that application as the Department considers appropriate.
- (9) Subject to subsection (10), on receipt of an application under subsection (6), and any relevant information requested under subsection (8), the Department shall return the primary Class 1 contributions made by the relevant earner in respect of the first 12 months of employment up to a maximum amount of £4,000, less any amount that is offset against any outstanding liability of the relevant earner to income tax or National Insurance contributions.
- (10) Where a relevant earner is —
- (a) a director of the secondary contributor in subsection (4), and —
 - (i) the relevant earner;
 - (ii) any person connected with the relevant earner; or
 - (iii) the relevant earner and any person connected with the relevant earner together,has or have control over the secondary contributor; or
 - (b) a person other than a director of the secondary contributor in subsection (4), and —
 - (i) the relevant earner;
 - (ii) any person connected with the relevant earner; or
 - (iii) the relevant earner and any person connected with the relevant earner together,

- has or have control over the secondary contributor,
a return of contributions under subsection (9) shall only be made
if the conditions in subsection (11) are satisfied.
- (11) The conditions referred to in subsection (10) are that the employer
pays to the Assessor within the prescribed time —
- (a) any primary and secondary Class 1 contributions which
the employer is required to pay to the Assessor; and
 - (b) all amounts of tax that the employer is liable under the
Income Tax (Modified I.T.I.P.) Regulations 1987⁶ (as
amended) to deduct from remuneration paid by the
employer.
- (12) Any contribution returned to a relevant earner under subsection
(9) will, for all purposes, continue to be treated as having been
paid in respect of the period for which it was paid.
- (13) A return of contributions under subsection (9) is made under
section 163(1)(g) of the Social Security Administration Act 1992⁷ as
applied to the Island by the Social Security Administration Act
1992 (Application) Order 1994⁸.
- (14) For the purposes of this section —
- (a) whether a person is connected with another is to be
determined in accordance with section 119C of the Income
Tax Act 1970; and
 - (b) the Social Security (United Kingdom) Order 1977⁹ (as
amended) shall be disregarded. .

MADE 24 JANUARY 2019

A L CANNAN
Minister for the Treasury

⁶ GC 92/87

⁷ 1992 c. 5

⁸ SD 506/94

⁹ GC 47/78

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Social Security Contributions and Benefits Act 1992 (1992 c. 4), as it is applied to the Island by the Social Security Contributions and Benefits Act 1992 (Application) Order 1994 (SD 505/94) to provide that the primary Class 1 contributions of certain employed earners will be returned to those earners in respect of their first 12 months of qualifying employment if all the required conditions are satisfied.

The Order amends the above Act by inserting a new section 6B which sets out the conditions that must be met in order for the contributions to be returned and also provides details of the procedure required.