

Statutory Document No. 2019/0065



Social Security Act 2000

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

*Approved by Tynwald: 20th March 2019
Coming into Operation in accordance with article 2*

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

1 Title

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

2 Commencement

If approved by Tynwald¹, this Order comes into operation on, and has effect from, 6 April 2019.

3 Interpretation

In this Order, a reference to a numbered regulation or Schedule is a reference to the entry relating to the regulation of, or Schedule to, the Social Security (Contributions) Regulations 2001² bearing that number as set out in Schedule 2³ to the Social Security Legislation (Application) (No. 8) Order 2002⁴.

¹ Under section 2(1) of the Social Security Act 2000 an order under section 1(1) shall 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 shall cease to have effect, but without prejudice to anything previously done under it or to the making of a new order.

² SI 2001/1004

³ Schedule 2 sets out certain provisions of the Social Security (Contributions) Regulations 2001 as those provisions have effect in the Island.

⁴ SD 374/02

4 Social Security (Contributions) Regulations 2001 amended

- (1) Schedule 2 to the Social Security Legislation (Application) (No. 8) Order 2002 is amended as follows.
- (2) In regulation 1(2) (interpretation), omit the following definitions —
 - (a) “contracted-out employment”;
 - (b) “contracted-out rate”;
 - (c) “COSRS employment”;
 - (d) “non-contracted-out employment”;
 - (e) “non-contracted-out rate”;
 - (f) “normal rate”; and
 - (g) “the Pensions Act”.
- (3) In regulation 6 (earnings period for earnings to be aggregated etc), for paragraph (3) substitute —

3A(3) In this regulation “the designated earnings period” means the shorter, or as the case may be the shortest, of the earnings periods in respect of earnings derived from such employments. **3A**.
- (4) In regulation 11 (prescribed equivalents), —
 - (a) in paragraph (1), omit sub-paragraph (b) and the “and” which precedes it; and
 - (b) in paragraph (1A), omit sub-paragraph (b) and the “and” which precedes it.
- (5) In regulation 12 (calculation of earnings-related contributions), for paragraph (1) substitute —

3A(1) Subject to paragraphs (3) and (4), primary and secondary Class 1 contributions under section 6 of the Act (liability for Class 1 contributions) shall be calculated to the nearest penny and any amount of a halfpenny or less shall be disregarded. **3A**.
- (6) In regulation 21 (annual maxima for those with more than one employment), for paragraph (3) substitute —

3A(3) For the purpose only of determining the extent of the earner’s liability for contributions under paragraph (2), the amount of a primary Class 1 contribution which is paid at a rate less than 11% because the earner is a married woman who has made an election to pay contributions at the reduced rate as mentioned in regulation 127, shall be treated as equal to the amount of the primary Class 1 contribution which would be payable if the election had not been made. **3A**.
- (7) In regulation 52A (return of contributions paid in excess of maxima prescribed in regulation 21), —

- (a) in paragraph (3), for “payment of contributions” substitute **33** contributions actually paid by the earner **22**;
 - (b) in paragraph (5)(c), for “;” substitute **33**. **22**;
 - (c) omit paragraphs (5)(d) and (e); and
 - (d) omit paragraphs (6) and (8).
- (8) Omit regulation 54 (return of Class 1 contributions paid at the non-contracted out rate instead of at the contracted-out rate).
- (9) In regulation 100 (annual maximum of Class 4 contributions due under section 15 of the Act), for paragraph (4) substitute —
- 33**(4) For the purpose only of determining the extent of the earner’s liability for contributions under paragraph (3), the amount of a primary Class 1 contribution which would otherwise be payable at the main primary percentage but which is paid at a rate less than 11% because the earner is a married woman who has made an election to pay contributions at the reduced rate as mentioned in regulation 127, shall be treated as equal to the amount of the primary Class 1 contribution payable at the main primary percentage, which would be so payable if the election had not been made. **22**.
- (10) In regulation 120 (earnings periods for mariners and apportionment of earnings), omit paragraph (2)(b)(ii).
- (11) In regulation 155A (decisions taken by contributions decision-makers etc), omit paragraph (2)(f).
- (12) In Schedule 4 (provisions derived from the Income Tax Acts etc) —
- (a) in paragraph 7 (calculation of deduction) —
 - (i) omit sub-paragraph (4)(c) and the “or” which follows it; and
 - (ii) in sub-paragraph (13)(b), omit the words from “The amounts to be recorded under sub-heads (iv) and (v)” to the end;
 - (b) in paragraph 12 (payment of earnings-related contributions by employer (further provisions)), omit sub-paragraph (3)(b);
 - (c) in paragraph 22 (return by employer at end of year), omit sub-paragraph (1)(da); and
 - (d) in paragraph 24(2) (special return by employer at end of voyage period) —
 - (i) for sub-paragraph (f) substitute —
 - 33**(f) the total amount of any earnings in respect of which primary Class 1 contributions were payable; and **22**;
 - (ii) omit sub-paragraph (g).

5 Savings provisions

- (1) Nothing in article 4 affects the operation of the Social Security (Contributions) Regulations 2001, as they have effect in the Island, in relation to rights or obligations arising in connection with tax years beginning before 6 April 2019.
- (2) For the purposes of paragraph (1), references to repealed provisions of the Pension Schemes Act 1993⁵, as it has effect in the Island⁶, are to be read as though such provisions were still in force.

MADE 14/02/2019

A L CANNAN
Minister for the Treasury

⁵ 1993 c.48

⁶ See SD 531/95

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Social Security (Contributions) Regulations 2001, as they apply to the Island, (“the Contributions Regulations”), to make the necessary consequential amendments following the abolition of contracted-out employment.

Contracted-out employment was provided for by the Pensions Schemes Act 1993, as applied to the Island by the Pension Schemes Act 1993 (Application) Order 1995⁷, (“the Pension Schemes Act”), and the Regulations make provision for persons in employment that has been contracted-out of the state second pension and their employers to pay Class 1 National Insurance contributions at a reduced rate, as provided for in the Pension Schemes Act.

The application to the Island of the Pensions Act 2014 (of Parliament) by the Pensions Act 2014 (Application) Order 2018⁸ abolished contracted-out employment with effect from 6 April 2019.

Article 4 of this Order makes consequential amendments to the Regulations to reflect that abolition, subject to the savings provision contained in article 5.

⁷ See SD 531/95

⁸ See SD 2018/0076