



SOCIAL SECURITY ACT 2000

**SOCIAL SECURITY LEGISLATION (CONTRIBUTIONS)
(APPLICATION) (AMENDMENT) ORDER 2011**

*Approved by Tynwald
Coming into operation*

*15 February 2011
6 April 2011*

The Treasury makes this Order¹ under section 1² of the Social Security Act 2000³.

1 Title

This Order is the Social Security Legislation (Contributions) (Application) (Amendment) Order 2011.

2 Commencement

If approved by Tynwald⁴, this Order comes into operation on 6 April 2011.

3 Interpretation

(1) In this order “applied legislation” means –

- (a) the Social Security (Contributions) (Re-rating) Order 2009⁵;
- (b) section 141 of the Social Security Administration Act 1992⁶

¹ See article 6(1)(g) of, and A of Schedule 7 to, the Transfer of Functions (New Departments) (No. 2) Order 2010 (S.D. 155/10)

² Section 1 was amended by paragraph 1(1)(b) of B of Schedule 7 to the Transfer of Functions (New Departments) Order 2010 (S.D. 155/10)

³ 2000 c.5

⁴ As required by section 2(1) of the Social Security Act 2000

⁵ S.I. 2009/593

⁶ 1992 c. 5

Price £1.90

(2) Unless the context otherwise requires –

- (a) any reference in any of the applied legislation to any provision in an instrument of a legislative character which is not itself a provision of the applied legislation shall be construed as if the provision so referred to had been in force in the Island from the date on which that instrument of a legislative character had effect in Great Britain;
- (b) reference in any legislation applied by this Order to any provision of any such legislation or of any other legislation applied to the Island by an order under section 1 of the Social Security Act 2000 or section 1 of the Pension Schemes Act 1995⁷, shall be construed as a reference to that legislation as it has effect in the Island.

4 Application to the Island of the applied legislation

The applied legislation, incorporating the exceptions, adaptations and modifications subject to which it applies to the Island, is set out in Schedules 1 and 2 to this Order and shall apply to the Island as part of the law of the Island.

5 Amendment of the Social Security Administration Act 1992 (Application) Order 2004

- (1) Section 141 of the Social Security Administration Act 1992 (of Parliament) applies to the Island in the form set out in paragraph (2).
- (2) That section as it applies to the Island is as follows.

“141 – Annual review of contributions

- (1) In each tax year the Treasury may make an order under this section for the amendment of Part I of the Social Security Contributions and Benefits Act 1992⁸, as applied to the Island by the Social Security Contributions and Benefits Act 1992 (Application) Order 1994⁹.
- (2) An order under subsection (1) shall not come into operation unless it is approved by Tynwald.”.

⁷ 1995 c. 11

⁸ 1992 c. 4

⁹ S.D. 505/94. Relevant amendments made to S.D. 505/94 by S.D. 281/09 and S.D. 802/09.

The text of section 141 of the Act as it applies in Great Britain is shown in Schedule 2 with the modifications incorporated.

6 Revocation

The Social Security Legislation (Contributions) (Application) (No. 2) Order 2009¹⁰ is revoked to the extent that it prescribes amounts under the Social Security (Contributions) (Re-rating) Order 2009 (S.I. 2009 No. 593). The Social Security Legislation (Contributions) (Application) (No. 3) Order 2010¹¹ is also revoked.

Made

26 January 2011

Anne Crane

Minister for the Treasury

¹⁰ S.D. 281/09

¹¹ S.D. 475/10

SCHEDULE 1

This Schedule sets out the text of the Social Security (Contributions) (Re-rating) Order 2009 (S.I. 2009/593) with such exceptions, adaptations and modifications made where necessary, which appear in *bold italic* type.

STATUTORY INSTRUMENTS

2009 No. 593

SOCIAL SECURITY

The Social Security (Contributions) (Re-rating) Order 2009

Citation, commencement and interpretation

1. (1) This Order may be cited as the Social Security (Contributions) (Re-rating) Order 2009 and shall come into force on 6th April 2011.

(2) In this Order "the Act" means the Social Security Contributions and Benefits Act 1992 and "*the Regulations*" means *the Social Security (Contributions) Regulations 2001*.

Rate of and small earnings exception from Class 2 contributions

2. In section 11 of the Act (Class 2 contributions) -

- (a) in subsection 1 for "*£2.30*" substitute "*£2.50*"; and
- (b) in subsection (4) (small earnings exception) for "*£4,825*" substitute "*£5,315*".

Amount of Class 3 contributions

3. In section 13(1) of the Act (amount of Class 3 contributions) for "*£8.10*" substitute "*£12.60*".

Lower and upper limits for Class 4 contributions

4. In each of sections 15(3), 18(1) *and* 18(1A) of the Act (Class 4 contributions recoverable under regulations) -

- (a) for "£5,435" (lower limit) in each place where it appears, substitute "£5,980"; and
- (b) for "£36,140" (upper limit) in each place where it appears, substitute "£39,000".

Earnings limits and thresholds

5. In regulation 10 of the Regulations -

- (a) for "2010" substitute "2011";
- (b) in paragraph (a), for "£97" substitute "£102";
- (c) in paragraph (b), for "£730" substitute "£750";
- (d) in paragraph (c), for "£110" substitute "£115"; and
- (e) in paragraph (d), for "£110" substitute "£115".

Prescribed equivalents

6. In regulation 11(3) of the Regulations -

- (a) in paragraph (a), for "476" substitute "498"; and
- (b) in paragraph (b), for "£5,715" substitute "£5,980".

Share fishermen

7. In regulation 125(c) of the Regulations, for "£3.05" substitute "£3.15".

SCHEDULE 2

This Schedule sets out the text of section 141 of The Social Security Administration Act 1992 (of Parliament) with such exceptions, adaptations and modifications made where necessary, which appear in *bold italic* type and struck through text.

141.— Annual review of contributions.

(1) In each tax year the [Treasury] shall *may* carry out a review of the general level of earnings in Great Britain taking into account changes in that level which have taken place since [their] last review under this section, with a view to determining whether, in respect of Class 2, 3 or 4 contributions, an order should be made under this section, to have effect in relation to the next following tax year.

(2) For the purposes of any review under this section, the [Treasury]—

(a) shall estimate the general level of earnings in such manner as [they think fit]; and

(b) shall take into account any other matters appearing to [them] to be relevant to [their] determination whether or not an order should be made under this section, including the current operation of the Contributions and Benefits Act.

(3) If the [Treasury determine], as a result of a review under this section, that having regard to changes in the general level of earnings which have taken place, and to any other matters taken into account on the review, *make* an order under this section should be made for the amendment of Part I of the *Social Security Contributions and Benefits Act 1992, as applied to the Island by the Social Security Contributions and Benefits Act 1992 (Application) Order 1994* [they] shall prepare and lay before each House of Parliament a draft of such an order framed so as to give effect to [their] conclusions on the review.

(4) An order under this section may amend Part I of the Contributions and Benefits Act by altering any one or more of the following figures—

(a) the figure specified in section 11(1) as the weekly rate of Class 2 contributions;

(b) the figure specified in section 11(4) as the amount of earnings below which regulations under that subsection may except an earner from liability for Class 2 contributions;

(c) the figure specified in section 13(1) as the amount of a Class 3 contribution;

(d) the figures specified in [subsection (3) of section 15 as the upper limit of profits or gains to be taken into account for the purposes of Class 4 contributions under that section and as the lower limit of profits or gains to be taken into account for those purposes under paragraph (a) of that subsection.]

~~(5) If an order under this section contains an amendment altering either of the figures [referred to in subsection (4)(d) above], it shall make the same alteration of the corresponding figure specified in [section 18 of the Contributions and Benefits Act].~~

~~(6) If the [Treasury determine] as a result of a review under this section that, having regard to [their] conclusions in respect of the general level of earnings and otherwise, no such amendments of Part I of the Contributions and Benefits Act are called for as can be made for the purposes of subsection (4) above, and [determine] accordingly not to lay a draft of an order before Parliament, [they] shall instead prepare and lay before each House of Parliament a report explaining [their] reasons for that determination.~~

~~(7) In subsection (1) above in its application to the tax year 1992-93 the reference to the last review under this section shall be construed as a reference to the last review under section 120 of the 1975 Act.~~

(2) An order under subsection (1) shall not come into operation unless it is approved by Tynwald.

EXPLANATORY NOTE
(This note is not part of the Order)

1. Section 1 of the Social Security Act 2000 enables the Treasury, by order, to apply to the Island, as part of the law of the Island and incorporating such exceptions, adaptations and modifications as may be specified by the order, any legislation to which that section applies.
2. Inter alia, the Act applies to the Social Security Contributions and Benefits Act 1992 (an Act of the United Kingdom Parliament as it has effect in the Isle of Man) and to any statutory instrument made or having effect as if made under that Act.
3. This Order revokes legislation applied to the Island in Article 6 of the Order and applies to the Island the legislation referred to in Article 4 of the Order, the provisions of which are summarised in the following paragraphs. The applied legislation will come into force on 6 April 2011.
4. The Social Security Contributions and Benefits Act 1992, as it is applied to the Island, is amended, by increasing the rate of Class 2 contributions to £2.50 per week and also by increasing the small earnings exception limit to £5,315. The Order also increases the amount of a Class 3 contribution to £12.60 per week, as well as raising the annual lower profits limit applicable to Class 4 contributions to £5,980 and the annual upper profits limit to £39,000.
5. The Social Security Administration Act 1992 (Application) Order 1994 is also amended to introduce Section 141 into the Social Security Administration Act 1992, as applied to the Island. This will allow the Treasury to amend Part I of that Act by an order.
6. The Social Security Contributions Regulations 2001, as they are applied to the Island, are amended by increasing both the lower and upper earnings limits for Class 1 contributions to £102 and £750 respectively. The primary threshold for primary Class 1 contributions and the secondary threshold for secondary Class 1 contributions are also increased to £115 and the monthly and annual equivalent of those thresholds are prescribed such that where the earnings period is a month the threshold is £498 and where the earnings period is a year

the threshold is £5,980. The rate of the Class 2 share fisherman's contribution is also increased to £3.15 per week.