STATUTORY INSTRUMENTS

2018 No. 337

SOCIAL SECURITY

The Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2018

Made - - - -	*8th March 2018*
Coming into force - -	*6th April 2018*

These Regulations are made by the Treasury in exercise of the powers conferred by sections 5(1) and (4) to (6), 9A(7) and (8), 9B(4) and (5) and 175(3) of the Social Security Contributions and Benefits Act 1992(**1**) ("the Contributions Act"), sections 5(1) and (4) to (6), 9A(7) and (8), 9B(4) and (5) and 171(3) and (10) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(**2**) ("the Northern Ireland Contributions Act"), sections 141(4) and (5) and 142(2) and (3) of the Social Security Administration Act 1992(**3**) ("the Administration Act"), section 129 of the Social Security Administration (Northern Ireland) Act 1992(**4**) ("the Northern Ireland Administration Act"), section 2(2) and (3) of the Social Security Act 1993(**5**) ("the 1993 Act") and article 4(3) and (4) of the Social Security (Northern Ireland) Order 1993(**6**) ("the 1993 Order").

Regulations 3 to 5 of these Regulations are made as a result of the Treasury carrying out in the tax year 2017-18 a review of the general level of earnings in Great Britain in accordance with section 141(1) and (2) of the Administration Act(**7**).

The Treasury have determined that, in relation to Great Britain, regulations 3 to 5 should be made under section 141 of the Administration Act, to amend Part 1 of the Contributions Act by altering the rate of, and small profits threshold for, Class 2 contributions, the amount of a Class 3 contribution and the lower and upper limits of profits to be taken into account for Class 4 contributions.

(**1**) 1992 c. 4; section 5 was substituted by paragraph 1 of Schedule 9 to the Welfare Reform and Pensions Act 1999 (c. 30) ("the WRPA 1999") and section 5(1) was amended by section 1(1)(a) of, and Schedule 2 to, the National Insurance Contributions Act 2008 (c. 16) ("the NICA 2008"). Section 9A was inserted by section 9(3) of the National Insurance Contributions Act 2014 (c. 7) ("the NICA 2014") and amended by section 1(3) of the National Insurance Contributions Act 2015 (c. 5) ("the NICA 2015"). Section 9B was inserted by section 1(4) of the NICA 2015.

(**2**) 1992 c. 7; section 5 was substituted by paragraph 1 of Schedule 10 to the WRPA 1999 and section 5(1) was amended by section 2(1)(a) of, and Schedule 2 to, the NICA 2008. Section 9A was inserted by section 9(8) of the NICA 2014 and amended by section 1(8) of the NICA 2015. Section 9B was inserted by section 1(9) of the NICA 2015. Section 171(10) was substituted by paragraph 28(3) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671) ("the Transfer Order").

(**3**) 1992 c. 5; section 141(4) and (5) was amended by paragraph 16 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19) ("the NICA 2002") and in relation to section 141(4) only, paragraph 20 of Schedule 1 to the NICA 2015. Section 142(2) was amended by paragraph 45(3) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) ("the Transfer Act").

(**4**) 1992 c. 8; section 129 was relevantly amended by paragraph 43 of Schedule 3 to the Transfer Order.

(**5**) 1993 c. 3; section 2(2) was amended by paragraph 60(2) of Schedule 3 to the Transfer Act.

(**6**) S.I. 1993/592 (N.I. 2); article 4 was relevantly amended by paragraph 52 of Schedule 3 to the Transfer Order.

(**7**) Section 141(1) and (2) was amended by paragraph 44 of Schedule 3 to the Transfer Act.

Regulations 3 to 5 of these Regulations make provision for Northern Ireland, which corresponds to that mentioned in relation to Great Britain in the preceding recital, in accordance with section 129 of the Northern Ireland Administration Act.

With a view to adjusting the level at which the National Insurance Fund stands for the time being, and having regard to estimated benefit expenditure for the financial year ending with 31st March 2019, the Treasury think it expedient that regulation 9 of these Regulations should be made under section 2(2) of the 1993 Act.

With a view to adjusting the level at which the Northern Ireland National Insurance Fund stands for the time being, and having regard to estimated benefit expenditure for the financial year ending with 31st March 2019, the Treasury think it expedient that regulation 10 of these Regulations should be made under article 4(3) of the 1993 Order.

A draft of these Regulations was laid before Parliament in accordance with the provisions of section 176(1)(za), (zb) and (a) of the Contributions Act(**8**), section 172(11ZA), (11ZB) and (11A) of the Northern Ireland Contributions Act(**9**), sections 141(3) and 190(1)(a) of the Administration Act(**10**), section 166(10A) of the Northern Ireland Administration Act(**11**), section 2(8) of the 1993 Act and article 4(8) of the 1993 Order(**12**) and approved by a resolution of each House of Parliament.

PART 1

General

Citation and commencement

1. These Regulations may be cited as the Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2018 and come into force on 6th April 2018.

PART 2

Rates, limits and thresholds for National Insurance contributions

Interpretation

2. In this Part—

"the Act" means the Social Security Contributions and Benefits Act 1992; and

"the Northern Ireland Act" means the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

(**8**) Section 176(1)(za) was inserted by section 7(5) of the Pensions Act 2007 (c. 22) ("the PA 2007"). Section 176(1)(zb) was inserted by section 1(2) of the NICA 2008. Section 176(1)(a) was relevantly amended by section 9(5) of the NICA 2014 and section 1(5) of the NICA 2015.

(**9**) Section 172(11ZA) was inserted by section 8(5)(b) of the PA 2007. Section 172(11ZB) was inserted by section 2(2) of the NICA 2008. Section 172(11A) was inserted by paragraph 29(5) of Schedule 3 to the Transfer Order and relevantly amended by section 9(10) of the NICA 2014 and section 1(10) of the NICA 2015.

(**10**) Section 141(3) was amended by paragraph 44(4) of Schedule 3 to the Transfer Act. Section 190(1)(a) was amended by paragraph 110 of Schedule 7 to the Social Security Act 1998 (c. 14), Part 6 of Schedule 13 to the WRPA 1999, paragraph 30 of Schedule 1 to the PA 2007 and paragraph 27 of Schedule 12 to the Pensions Act 2014 (c. 19).

(**11**) Section 166(10A) was inserted by paragraph 50(4) of Schedule 3 to the Transfer Order and amended by paragraph 11(3) of Schedule 4 to the Tax Credits Act 2002 (c. 21).

(**12**) Article 4(8) was substituted by paragraph 52(5) of Schedule 3 to the Transfer Order.

Rate of and small profits threshold for Class 2 contributions

3. In section 11 of the Act(**13**) and the Northern Ireland Act(**14**) (Class 2 contributions)—

(a) in subsections (2) and (6) for "£2.85" substitute "£2.95"; and

(b) in subsection (4) (small profits threshold) for "£6,025" substitute "£6,205".

Amount of a Class 3 contribution

4. In section 13(1) of the Act(**15**) and the Northern Ireland Act(**16**) (Class 3 contributions) for "£14.25" substitute "£14.65".

Lower and upper limits of profits for Class 4 contributions

5. In sections 15(3) and 18(1) and (1A) of the Act(**17**) and the Northern Ireland Act(**18**) (Class 4 contributions recoverable under the Income Tax Acts and under regulations)—

(a) for "£8,164" (lower limit) in each place where it appears substitute "£8,424"; and

(b) for "£45,000" (upper limit) in each place where it appears substitute "£46,350".

Amendments to the Social Security (Contributions) Regulations 2001

6. The Social Security (Contributions) Regulations 2001(**19**) are amended as follows.

7. In regulation 10 (earnings limits and thresholds)—

(a) in the introductory words, for "2016" substitute "2018";

(b) in paragraph (a) (lower earnings limit: primary Class 1 contributions) for "£113" substitute "£116";

(c) in paragraph (b) (upper earnings limit: primary Class 1 contributions) for "£866" substitute "£892";

(d) in paragraph (c) (primary threshold: primary Class 1 contributions) for "£157" substitute "£162";

(e) in paragraph (d) (secondary threshold: secondary Class 1 contributions) for "£157" substitute "£162";

(f) in paragraph (e) (upper secondary threshold: secondary Class 1 contributions in relation to the Under 21 group) for "£866" substitute "£892"; and

(g) in paragraph (f) (upper secondary threshold: secondary Class 1 contributions in relation to relevant apprentices) for "£866" substitute "£892".

(**13**) Section 11 was substituted by paragraph 3 of Schedule 1 to the NICA 2015. The figure in subsection (2) was last substituted by regulation 3 of S.I. 2017/415.

(**14**) Section 11 was substituted by paragraph 12 of Schedule 1 to the NICA 2015. The figure in subsection (4) was last substituted by regulation 3 of S.I. 2017/415.

(**15**) Section 13 was relevantly amended by paragraph 14(2) of Schedule 3 to the Transfer Act. The figure in subsection (1) was last substituted by regulation 4 of S.I. 2017/415.

(**16**) Section 13 was relevantly amended by paragraph 15(2) of Schedule 3 to the Transfer Order. The figure in subsection (1) was last substituted by regulation 4 of S.I. 2017/415.

(**17**) Section 15(3) was substituted by section 3(1) of the NICA 2002 and amended by paragraph 420(3) of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c. 5) ("ITTOIA"). Section 18(1) was amended by paragraph 18(2) of Schedule 3 to the Transfer Act, paragraph 1 of Schedule 2 to the NICA 2002 and paragraph 5 of Schedule 1 to the NICA 2015. Section 18(1A) was inserted by section 3(3) of the NICA 2002. The amount of the lower and upper limits in each of these provisions was last substituted by regulation 5 of S.I. 2017/415.

(**18**) Section 15(3) was substituted by section 3(2) of the NICA 2002 and amended by paragraph 424(3) of Schedule 1 to ITTOIA. Section 18(1) was amended by paragraph 18(2) of Schedule 3 to the Transfer Order, paragraph 1 of Schedule 2 to the NICA 2002 and paragraph 14 of Schedule 1 to the NICA 2015. Section 18(1A) was inserted by section 3(4) of the NICA 2002. The amount of the lower and upper limits in each of these provisions was last substituted by regulation 5 of S.I. 2017/415.

(**19**) S.I. 2001/1004; relevant amending instruments are S.I. 2009/111, 2011/940, 2015/577, 2016/343 and 2017/415.