STATUTORY INSTRUMENTS

2018 No. 257

SOCIAL SECURITY

The Social Security (Contributions) (Amendment No. 2) Regulations 2018

Made - - - -	*27th February 2018*
Laid before Parliament	*28th February 2018*
Coming into force in accordance with regulation 1	

These Regulations are made by the Treasury in exercise of the powers conferred by sections 3(2), 3(3) and 4(6) of the Social Security Contributions and Benefits Act 1992(**1**) and sections 3(2), 3(3) and 4(6) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(**2**) and now exercisable by them.

The Secretary of State and the Department for Communities(**3**) concur in relation to regulation 2.

Citation and commencement

1.—(1) These Regulations may be cited as the Social Security (Contributions) (Amendment No. 2) Regulations 2018 and, subject to paragraph (2), come into force on 6th April 2018.

(2) Regulation 2(3) comes into force on 5th April 2019.

Amendment of the Social Security (Contributions) Regulations 2001

2.—(1) The Social Security (Contributions) Regulations 2001(**4**) are amended as follows.

(2) In regulation 22(**5**) (amounts to be treated as earnings)—

(**1**) 1992 c. 4. Section 3(2) has been amended by paragraph 3 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2), under which the power to make regulations became exercisable by the Treasury with the concurrence of the Secretary of State. Section 4(6) has been amended by paragraph 172(4) of Schedule 6(2) to the Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003) (c. 1).

(**2**) 1992 c. 7. Section 3(2) has been amended by paragraph 4 of Schedule 3 to S.I. 1999/671 so that the power to make regulations became exercisable by the Treasury with the concurrence of the Department of Health and Social Services. Section 4(6) was substituted by section 78(3) of the Child Support, Pensions and Social Security Act 2000 (c.19) and amended by paragraph 193(4) of Schedule 6 to ITEPA 2003.

(**3**) The functions of the Department of Health and Social Services for Northern Ireland under the Social Security Contributions and Benefits (Northern Ireland) Act 1992 were transferred to the Department for Social Development by Article 8(b) of, and Part 2 of Schedule 6 to, the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (S.R. (NI) 1999 No 481). The Department for Social Development was renamed the Department for Communities by section 1(7) of the Department Act (Northern Ireland) 2016 (c. 5 (N.I)) and section 1(12) of that Act provided for existing functions to apply.

(**4**) S.I. 2001/1004.

(**5**) Regulation 22 has been amended by S.I.s 2003/2085, 2007/1057, 2013/1907 and 2016/352.

(a) in paragraph (1) for "(13)" substitute "(14)", and

(b) after paragraph (13) insert—

"(14) The amount specified in this paragraph is the amount of a termination award which is treated as earnings from the employment of the employed earner by virtue of section 402B of ITEPA 2003(**6**).".

(3) In regulation 22B(**7**) (amounts to be treated as earnings: Part 7A of ITEPA 2003)—

(a) in paragraph (2) after "Part 7A of ITEPA 2003." insert "This paragraph is subject to paragraphs (3) and (3A).",

(b) after paragraph (3) insert—

"(3A) Paragraph (2) does not apply if—

(a) the amount would count as employment income by virtue of Part 7A ITEPA 2003 by reason of a relevant step within paragraph 1 of Schedule 11 (employment income provided through third parties: loans etc outstanding on 5 April 2019) to the Finance (No. 2) Act 2017(**8**), and

(b) the secondary contributor in relation to that amount would have been a person treated as a secondary contributor by virtue of regulation 5(1)(**9**) of, and any of sub-paragraphs (a) to (f) of paragraph 9 of Column (B) of Schedule 3 (employments in respect of which persons are treated as secondary class 1 contributors) to, the Social Security (Categorisation of Earners) Regulations 1978(**10**).", and

(c) in paragraph (4) for "paragraph (3)" substitute "paragraphs (3) and (3A)".

Andrew Stephenson
Rebecca Harris
Two of the Lords Commissioners of Her Majesty's Treasury

27th February 2018

The Secretary of State concurs as indicated in the preamble.
Signed by authority of the Secretary of State for Work and Pensions

Guy Opperman
Parliamentary Under-Secretary of State
Department for Work and Pensions

26th February 2018

(**6**) 2003 c. 1. Section 402B was inserted by Finance (No. 2) Act 2017 (c. 32) section 5(3) with effect for the tax year 2018-19 and subsequent tax years.
(**7**) Regulation 22B was inserted by S.I. 2011/2700.
(**8**) 2017 c. 32.
(**9**) Regulation 5 was amended by S.I. 2003/2420.
(**10**) S.I. 1978/1689. Paragraph 9 of Schedule 3 was inserted by S.I 1994/726 and relevantly amended by 2014/635.