STATUTORY INSTRUMENTS

2016 No. 267

SOCIAL SECURITY

The Social Security Benefit (Computation of Earnings) (Amendment) Regulations 2016

Made - - - -	*2nd March 2016*
Laid before Parliament	*3rd March 2016*
Coming into force - -	*6th April 2016*

These Regulations are made by the Treasury with the concurrence of the Secretary of State for Work and Pensions in exercise of the powers conferred by sections 3(2) and (3), 122(1) and 175(3) of the Social Security Contributions and Benefits Act 1992(**1**).

In accordance with section 173(1)(b) of the Social Security Administration Act 1992(**2**), the Social Security Advisory Committee has agreed that proposals in respect of these Regulations should not be referred to it.

Citation and commencement

1. These Regulations may be cited as the Social Security Benefit (Computation of Earnings) (Amendment) Regulations 2016 and come into force on 6th April 2016.

Amendments to the Social Security Benefit (Computation of Earnings) Regulations 1996

2.—(1) The Social Security Benefit (Computation of Earnings) Regulations 1996(**3**) are amended as follows.

(2) In regulation 2(1) (interpretation)—

(a) omit the definition of "lower rate";

(b) at the appropriate places insert—

> ""basic rate" means the rate of income tax of that name determined in pursuance of section 6(2) of the Income Tax Act 2007(**4**);";

(**1**) 1992 c. 4. Section 3(2) is amended by paragraph 3 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2). Section 122(1) is cited for the meaning of "prescribe".
(**2**) 1992 c. 5.
(**3**) S.I 1996/2745; relevant amending instruments are S.I. 1999/3178 and 2000/678.
(**4**) 2007 c. 3. Section 6(2) is amended by section 5(3) of the Finance Act 2008 (c. 9) and paragraph 2(2) of Schedule 2 to the Finance Act 2009 (c. 10).

""Scottish basic rate" means the rate of income tax of that name calculated in accordance with section 6A of the Income Tax Act 2007(**5**);"; and

""Scottish taxpayer" has the same meaning as in Chapter 2 of Part 4A of the Scotland Act 1998(**6**);".

(3) In regulation 4 (notional earnings)—

(a) omit paragraph (2);

(b) in paragraph (3) omit "or (2)"; and

(c) in paragraph (3)(a)—

(i) for "lower rate or, as the case may be, the lower rate and the basic rate" substitute "basic rate, or in the case of a Scottish taxpayer, the Scottish basic rate,";

(ii) for "personal relief to which the claimant is entitled under sections 257(1), 257A(1) and 259 of the Income and Corporation Taxes Act 1988 (personal reliefs) as is" substitute "personal reliefs to which the claimant is entitled under Chapters 2, 3 and 3A of Part 3 of the Income Tax Act 2007(**7**) as are";

(iii) for "lower rate" in the third place it appears substitute "basic rate, or the Scottish basic rate,"; and

(iv) for "relief" in the second place it appears substitute "reliefs".

(4) In regulation 14(1) (deduction of tax and contributions for self-employed earners)—

(a) for the words from "lower rate" the first time it appears to "as is" substitute "basic rate, or in the case of a Scottish taxpayer, the Scottish basic rate, of tax less only the personal reliefs to which the claimant is entitled under Chapters 2, 3 and 3A of Part 3 of the Income Tax Act 2007 as are";

(b) for "lower rate" in the third place it appears substitute "basic rate, or the Scottish basic rate,"; and

(c) for "relief" in the second place it appears substitute "reliefs".

(5) In paragraph 6 of Schedule 1 (sums to be disregarded in the calculation of earnings) for "or, as the case may be," substitute ", section 81 of the Social Services and Well-being (Wales) Act 2014(**8**), or".

Charlie Elphicke
David Evennett
Two of the Lords Commissioners of Her Majesty's Treasury

2nd March 2016

(**5**) Section 6A was inserted by paragraph 3 of Schedule 38 to the Finance Act 2014 (c. 26).
(**6**) 1998 c. 46. Part 4A, sections 80A and 80B, were inserted by section 23(2) of the Scotland Act 2012 (c. 11) and sections 80C to 80H were inserted by section 25(3) of that Act and amended by paragraph 16(2) of Schedule 38 to the Finance Act 2014 (c. 26) and sections 11 and 29(2)(b) of the Wales Act 2014 (c. 29).
(**7**) 2007 c. 3. Chapter 3A was inserted by section 11(2) of the Finance Act 2014 (c. 26).
(**8**) 2014 anaw 4.