Draft Order laid before Parliament under sections 141(3) and 190(1)(a) of the Social Security Administration Act 1992, section 166(10A) of the Social Security Administration (Northern Ireland) Act 1992, section 2(8) of the Social Security Act 1993 and article 4(8) of the Social Security (Northern Ireland) Order 1993 for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2014 No. 0000

SOCIAL SECURITY

The Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2014

Made - - - -	*****
Coming into force - -	*6th April 2014*

This Order is made by the Treasury in exercise of the powers conferred by sections 141(4) and (5) and 142(2) and (3) of the Social Security Administration Act 1992 ("the Administration Act")(**1**), section 129 of the Social Security Administration (Northern Ireland) Act 1992 ("the Northern Ireland Administration Act")(**2**), section 2(2) and (3) of the Social Security Act 1993 ("the 1993 Act")(**3**) and article 4 of the Social Security (Northern Ireland) Order 1993 ("the 1993 Order")(**4**).

This Order is made as a result of the Treasury carrying out in the tax year 2013-14 a review of the general level of earnings in Great Britain in accordance with section 141(1) and (2) of the Administration Act(**5**).

The Treasury have determined that an Order should be made under section 141 of the Administration Act, amending Part 1 of the Social Security Contributions and Benefits Act 1992(**6**) by altering the rates of Class 2 and Class 3 contributions, the amount of earnings below which an earner may be excepted from liability for Class 2 contributions and the lower and upper limits of profits to be taken into account for Class 4 contributions.

This Order makes 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 2015, the Treasury think it expedient that an Order should be made under section 2(2) of the 1993 Act.

(**1**) 1992 c. 5; subsections (4) and (5) of section 141 were amended by paragraph 16 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19) ("the Contributions Act 2002"). 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").
(**2**) 1992 c. 8; the relevant amendment to section 129 is that made by paragraph 43 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) (Northern Ireland) Order 1999 (S.I. 1999/671) ("the Transfer Order").
(**3**) 1993 c. 3; section 2 was amended by paragraph 60 of Schedule 3 to the Transfer Act.
(**4**) S.I. 1993/592 (N.I. 2); article 4 was amended by paragraph 52 of Schedule 3 to the Transfer Order.
(**5**) Subsections (1) and (2) of section 141 were amended by paragraph 44(2) and (3) of Schedule 3 to the Transfer Act.
(**6**) 1992 c. 4.

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 31st March 2015, the Treasury think it expedient that an Order should be made under article 4(3) of the 1993 Order.

A draft of this Order was laid before Parliament in accordance with the provisions of sections 141(3) and 190(1)(a) of the Administration Act(**7**), section 166(10A) of the Northern Ireland Administration Act(**8**), section 2(8) of the 1993 Act and article 4(8) of the 1993 Order(**9**) and approved by a resolution of each House of Parliament.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2014 and comes into force on 6th April 2014.

(2) In this Order—

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

"the 1992 (Northern Ireland) Act" means the Social Security Contributions and Benefits (Northern Ireland) Act 1992(**10**).

Rate of and small earnings exception from Class 2 contributions

2. In section 11 of the Act(**11**) and the 1992 (Northern Ireland) Act(**12**) (Class 2 contributions)—

(a) in subsection (1) for "£2.70" substitute "£2.75"; and

(b) in subsection (4) for "£5,725" substitute "£5,885".

Amount of Class 3 contributions

3. In section 13(1) of the Act(**13**) and the 1992 (Northern Ireland) Act(**14**) (Class 3 contributions) for "£13.55" substitute "£13.90".

Lower and upper limits for Class 4 contributions

4. In sections 15(3) and 18(1) and (1A) of the Act(**15**) and the 1992 (Northern Ireland) Act(**16**) (Class 4 contributions recoverable under the Income Tax Acts and under regulations)—

(**7**) Subsection (3) of section 141 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 Welfare Reform and Pensions Act 1999 (c. 30) and paragraph 30 of Part 5 of Schedule 1 to the Pension Act 2007 (c. 22).

(**8**) Section 166(10A) was inserted by paragraph 50(4) of Schedule 3 to the Transfer Order.

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

(**10**) 1992 c. 7.

(**11**) Section 11 was amended by paragraph 12 of Schedule 3 to the Transfer Act. The figures in subsections (1) and (4) were last substituted by article 2 of S.I. 2013/559.

(**12**) Section 11 was amended by paragraph 13 of Schedule 3 to the Transfer Order. The figures in subsections (1) and (4) were last substituted by article 2 of S.I. 2013/559.

(**13**) Section 13 was amended by paragraph 14 of Schedule 3 to the Transfer Act. The figure in subsection (1) was last substituted by article 3 of S.I. 2013/559.

(**14**) Section 13 was amended by paragraph 15 of Schedule 3 to the Transfer Order. The figure in subsection (1) was last substituted by article 3 of S.I. 2013/559.

(**15**) Section 15(3) was substituted by section 3(1) of the Contributions Act 2002 and was amended by paragraph 420(3) of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c. 5) ("ITTOIA 2005"). Section 18(1) was amended by paragraph 18 of Schedule 3 to the Transfer Act and by Schedule 2 to the Contributions Act 2002. Section 18(1A) was inserted by section 3(3) of the Contributions Act 2002. The amount of the lower and upper limits in each of these provisions was last substituted by article 4 of S.I. 2013/559.