Draft Order laid before Parliament under sections 141(3) and 190(1) 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

2005 No.

SOCIAL SECURITY

The Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2005

Made - - - -

Coming into force - - 6th April 2005

As a result of carrying out in the tax year 2004-05 a review of the general level of earnings in Great Britain in accordance with section 141(1) and (2) of the Social Security Administration Act 1992(**1**) ("the Administration Act"), the Treasury have determined that an Order should be made under that section amending Part 1 of the Social Security Contributions and Benefits Act 1992(**2**) 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 or gains 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 Social Security Administration (Northern Ireland) Act 1992(**3**) ("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 31st March 2006 the Treasury think it expedient that an Order should be made under section 2(2) of the Social Security Act 1993 ("the 1993 Act")(**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 2006, the Treasury think it expedient that an Order should be made under Article 4(3) of the Social Security (Northern Ireland) Order 1993 ("the 1993 Order")(**5**).

A draft of this Order was laid before Parliament in accordance with the provisions of sections 141(3) and 190(1) of the Administration Act, section 166(10A) of the Northern Ireland Administration

(**1**) 1992 c. 5; subsections (1) and (2) were amended by paragraph 44(2) and (3) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) ("the Transfer Act").
(**2**) 1992 c. 4.
(**3**) 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").
(**4**) 1993 c. 3; section 2 was amended by paragraph 60 of Schedule 3 to the Transfer Act.
(**5**) S.I. 1993/592 (N.I.2); Article 4(3) was amended by paragraph 52(2) of Schedule 3 to the Transfer Order.

Act(**6**), section 2(8) of the 1993 Act and Article 4(8) of the 1993 Order(**7**) and approved by resolution of each House of Parliament.

Accordingly the Treasury, in exercise of the powers conferred by sections 141(4) and (5), 142(2) and (3), 143(1) and (3) and 144(2) of the Administration Act(**8**), sections 129 and 165(11A) of the Social Security Administration (Northern Ireland) Act 1992(**9**), section 2(2) of the 1993 Act and Article 4(3) of the 1993 Order and now exercisable by them(**10**), make the following Order:

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2005 and shall come into force on 6th April 2005.

(2) In this Order—

"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(**11**).

Rate of and small earnings exception from Class 2 contributions

2. In both section 11 of the Act(**12**) and section 11 of the Northern Ireland Act(**13**) (Class 2 contributions)–

(a) in subsection (1) (weekly rate) for "£2.05" substitute "£2.10"; and

(b) in subsection (4) (small earnings exception) for "£4,215" substitute "£4,345".

Amount of Class 3 contributions

3. In both section 13(1) of the Act (**14**) and section 13(1) of the Northern Ireland Act (**15**) (amount of Class 3 contributions) for "£7.15" substitute "£7.35".

(**6**) Section 166(10A) was inserted by paragraph 50(4) of Schedule 3 to the Transfer Order. Subsection (11A) of section 165 of the Administration Act (which provides that regulations and orders made by the Treasury under the Act are statutory instruments) was inserted by paragraph 49(4) of Schedule 3 to the Transfer Order.

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

(**8**) Section 141(4) and (5) was amended by paragraph 16 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19). Section 142(2) was amended by paragraph 45(3) of Schedule 3 to the Transfer Act. Section 143(1) was amended by paragraph 90(1) of Schedule 7 to the Social Security Act 1998 (c. 14), paragraph 46(2) of Schedule 3 to the Transfer Act and paragraph 17(2) of Schedule 1 to the National Insurance Contributions Act 2002 and subsection (3) of that section was amended by paragraph 46(3) of Schedule 3 to the Transfer Act. Section 144(2) was amended by paragraph 91 of Schedule 7 to the Social Security Act 1998 and Part 6 of Schedule 13 to the Welfare Reform and Pensions Act 1999 (c. 30).

(**9**) Section 165(11A) was inserted by paragraph 49(4) of Schedule 3 to the Transfer Order.

(**10**) *See* paragraphs 44 to 46, 48, 57 and 60 of Schedule 3 to the Transfer Act and paragraphs 43, 49, 50 and 52 of Schedule 3 to the Transfer Order.

(**11**) 1992 c. 7.

(**12**) 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. 2004/889.

(**13**) 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. 2004/889.

(**14**) Section 13 was amended by paragraph 14 of Schedule 3 to the Transfer Act and the figure in subsection (1) was last substituted by article 3 of S.I. 2004/889.

(**15**) Section 13 was amended by paragraph 15 of Schedule 3 to the Transfer Order and the figure in subsection (1) was last substituted by article 3 of S.I. 2004/889.