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STATUTORY INSTRUMENTS

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**2013 No. 1907**

**SOCIAL SECURITY**

**The Social Security (Contributions)  
(Amendment No.3) Regulations 2013**

*Made* - - - - *30th July 2013*  
*Laid before Parliament* *31st July 2013*  
*Coming into force* - - *1st September 2013*

The Treasury make the following Regulations in exercise of the powers conferred by sections 3(2), (3) and 4(6) of the Social Security Contributions and Benefits Act 1992(1) and sections 3(2), (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 Social Development(3) concur with the making of these Regulations.

**Citation and commencement**

1. These Regulations may be cited as the Social Security (Contributions) (Amendment No.3) Regulations 2013 and come into force on 1st September 2013.

**Amendment of the Social Security (Contributions) Regulations 2001**

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

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- (1) 1992 c.4. Section 3(2) was amended, and the power to make regulations under it transferred to the Treasury (with the concurrence of the Secretary of State), by paragraph 3 of Schedule 3 to the Social Security (Transfer of Functions, etc) Act 1999 (c.2) (“the Transfer Act”). Section 4(6) was last substituted by section 74(3) of the Child Support, Pensions and Social Security Act 2000 (c. 19) (“the 2000 Act”) and amended by paragraph 172(4) of Part 2 of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (“ITEPA 2003”). The power of the Treasury to make regulations under section 4, with the concurrence of the Secretary of State, was inserted by paragraph 3 of Schedule 3 to the Transfer Act.
- (2) 1992 c.7. Section 3(2) was amended, and the power to make regulations under it transferred to the Treasury (with the concurrence of the Department of Health and Social Services for Northern Ireland), by paragraph 4 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc) (Northern Ireland) Order 1999 (S.I. 1999/671) (“the Transfer Order”). Section 4(6) was last substituted by section 78(3) of the 2000 Act and amended by paragraph 193(4) of Part 2 of Schedule 6 to ITEPA 2003. The power of the Treasury to make regulations, with the concurrence of the Department of Health and Social Services for Northern Ireland, was inserted by paragraph 4 of Schedule 3 to the Transfer Order.
- (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).
- (4) S.I. 2001/1004; relevant amending instruments are S.I. 2003/2085, 2007/1057 and 2011/225.

### **Amount to be treated as earnings**

3. In regulation 22 (amounts to be treated as earnings)—

- (a) in paragraph (1) for “(10)” substitute “(11)”; and
- (b) after paragraph (10) insert—

“(11) The amount specified in this paragraph is the amount treated as earnings from the employment by virtue of section 226A of ITEPA 2003 (amount treated as earnings)(5).”.

### **Certain payments to be disregarded in the calculation of earnings for the purposes of earnings-related contributions**

4. In Schedule 3 (payments to be disregarded in the calculation of earnings for the purposes of earnings-related contributions)—

- (a) in Part 8 (travelling, relocation and expenses and allowances of the employment) after 16(c) insert—

“(ca) section 293B (UK travel expenses of other elected representatives)(6);”;
- (b) in Part 10 (miscellaneous and supplemental) after paragraph 23 (fees relating to the Disclosure and Barring Service) insert —

#### **“Advice relating to proposed employee shareholder agreements**

24.—(1) A payment, or reimbursement, in accordance with section 205A(7) of the Employment Rights Act 1996 (employee shareholder status)(7), of any reasonable costs in obtaining relevant advice.

(2) “Relevant advice” has the same meaning as section 326B(2) of ITEPA 2003 (advice relating to proposed employee shareholder agreements)(8).”.

30th July 2013

*Mark Lancaster  
Robert Goodwill*  
Two of the Lords Commissioners of Her  
Majesty’s Treasury

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(5) 2003 c. 1. Section 226A is inserted, with effect from 1st September 2013 (see The Finance Act 2013, Schedule 23 (Employee Shareholder Shares) (Appointed Day) Order 2013 (S.I. 2013/1755) (C. 71)), by paragraph 3 of Schedule 23 to the Finance Act 2013 (c. 29).

(6) Section 239B of ITEPA 2003 was inserted by section 10 of the Finance Act 2013.

(7) 1996 c. 18. Section 205A(7) is inserted, with effect from 1st September 2013 (see The Growth and Infrastructure (Commencement No. 3 and Savings) Order 2013 (S.I. 2013/1766) (C. 72)), by section 31 of the Growth and Infrastructure Act 2013 (c. 27).

(8) Section 326B is inserted, with effect from 1st September 2013 (see S.I. 2013/1755 (C. 71)), by paragraph 37 of Schedule 23 to the Finance Act 2013.

The Secretary of State concurs.  
Signed by authority of the Secretary of State for Work and Pensions.

18th July 2013

*Steve Webb*  
Minister of State  
Department for Work and Pensions

The Department for Social Development concurs.  
Sealed with the Official Seal of the Department for Social Development on 17th July 2013



*Anne McCleary*  
A senior officer of the Department for Social  
Development

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) (“the principal Regulations”).

The principal Regulations make provision, amongst other things, for amounts which would not otherwise be earnings for the purpose of National Insurance Contributions to be treated as earnings.

Regulation 3 amends regulation 22 of the principal Regulations to ensure that contributions are payable on the amount treated as earnings for the purposes of income tax in relation to the receipt of shares as part of the new Employee Shareholder employment relationship.

Regulation 4 amends Schedule 3 to the principal Regulations. Schedule 3 makes provisions for certain payments to be disregarded in the calculation of earnings for the purposes of earnings-related contributions. Regulation 4(a) inserts a new paragraph 16(ca) into Part 8 of Schedule 3 to the principal Regulations to ensure there is no liability to National Insurance contributions in respect of the UK travel expenses of elected officials. Regulation 4(b) inserts a new paragraph 23 into Part 10 of Schedule 3 to the principal Regulations to ensure there is no liability to National Insurance contributions in respect of the reimbursement of reasonable legal costs associated with obtaining the advice required to be able to enter into the agreement.

A Tax Information and Impact Note covering regulations 3 and 4(b) of this instrument was published on 4<sup>th</sup> June 2013 alongside an Amendment to the Finance Bill 2013 and is available on HM Government website <https://www.gov.uk/government/publications/finance-bill-2013>. It remains an accurate summary of the impacts that apply to this instrument.

A Tax Information and Impact Note covering regulation 4(a) of this instrument was published on 11<sup>th</sup> December 2012 alongside the draft Finance Bill 2013 and is available on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.

It remains an accurate summary of the impacts that apply to this instrument.