

2002 No. 307

SOCIAL SECURITY

The Social Security (Contributions) (Amendment No. 2) Regulations 2002

Made - - - - - 13th February 2002
Laid before Parliament 13th February 2002
Coming into force - 6 April 2002

The Treasury, with the concurrence of the Secretary of State, in exercise of the powers conferred upon them by sections 3(2) and (3) and 4(6) and (7) of the Social Security Contributions and Benefits Act 1992(a) and, with the concurrence of the Department for Social Development, in exercise of the powers conferred on them by sections 3(2) and (3) and 4(6) and (7) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(b) and of all other powers enabling them in that behalf, hereby make the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Social Security (Contributions) (Amendment No. 2) Regulations 2002 and shall come into force on 6th April 2002.

(2) In these Regulations—

- (a) “the principal Regulations” means the Social Security (Contributions) Regulations 2001(c); and
- (b) except where the context otherwise requires –
 - (i) a reference to a numbered regulation is a reference to the regulation of the principal Regulations bearing that number; and
 - (ii) a reference to a numbered Schedule is a reference to the Schedule to the principal Regulations bearing that number.

[Regulations 2 – 7 make various amendments to regulations 1, 22 and Schedule 3 and inserts regulation 22A and paragraphs 7A – D into Schedule 3 of S.I. 2001/1004.]

(a) 1992 c. 4. Section 3(2) was amended by paragraph 3 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) (“the Transfer Act”). Section 4(6) was substituted by section 74(3) of the Child Support, Pensions and Social Security Act 2000 (c. 19) and subsection (7) was inserted by paragraph 1(4) of Schedule 3 to the Transfer Act.

(b) 1992 c. 7. Section 3(2) was amended 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 substituted by section 78(3) of the Child Support, Pensions and Social Security Act 2000 and subsection (7) was inserted by paragraph 5 of Schedule 3 to the Transfer Order. 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 II of Schedule 6 to, the Departments (Transfer and Assignment of Functions) Order (Northern Ireland) 1999 (S.I. 1999 No. 481).

(c) S.I. 2001/1004. Relevant amendments are those made by S.I. 2001/2412.

SOCIAL SECURITY (**CONTRIBUTIONS**) AMENDMENT NO. 2)
REGULATIONS 2002

Nick Ainger
Tony McNulty

13th February 2002 Two of the Lords Commissioners of Her Majesty's Treasury

The Secretary of State hereby concurs.
Signed by authority of the Secretary of State

Malcolm Wicks

11th February 2002

Parliamentary Under-Secretary of State
Department for Work and Pensions

The Department for Social Development hereby concurs.

Sealed with the Official Seal of the Department for Social Development on 31st January 2002

L.S.

John O'Neil

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").

Regulation 1 provides for the citation and commencement of these Regulations and provides definitions for certain terms used in them.

Regulation 2 introduces the amendments made by these Regulations to the principal Regulations.

Regulation 3 inserts a definition of "business travel" in regulation 1(2) of the principal Regulations.

Regulation 4 amends regulation 22 of the principal Regulations (payments to be treated as earnings). It inserts a new paragraph (5). This brings into charge to Class 1 contributions the cash equivalent for car fuel provided for use by an employee if the cash equivalent is charged to tax under section 158 of the Taxes Act. It also makes a consequential amendment.

Regulation 5 inserts a new regulation 22A which treats the amount of relevant motoring expenditure, less any qualifying amount, as earnings, to the extent that the expenditure would not otherwise be so treated. The rules for the calculation of the qualifying amount reflect those for mileage allowance payments introduced by Schedule 12AA to the Income and Corporation Taxes Act 1988 (c. 1) ("the Taxes Act"), inserted by Schedule 12 to the Finance Act 2001 (c. 9).

Regulation 6 amends paragraph 1(2) of Part V of Schedule 3 to the principal Regulations. It makes it clear that a payment, by way of the provision of a non-cash voucher for car fuel, is disregarded, for the purposes of computing liability for Class 1 contributions, if the car fuel attracts a charge under section 158 of the Taxes Act.

Regulation 7 amends Part VIII of Schedule 3 to the principal Regulations. It inserts new paragraphs 7A to 7D into that Part. The purpose of these new paragraphs is to reflect, so far as is practicable, the treatment of such payments for tax purposes. Paragraph 7A provides for the disregard of the qualifying amount of relevant motoring expenditure to the extent that it would otherwise be earnings. Paragraph 7B provides for the disregard of the qualifying amount of a mileage allowance payment in respect of a cycle, to the extent that it would otherwise be earnings. Paragraph 7C provides for the disregard of qualifying passenger payments (within the meaning of section 197AE of the Taxes Act) to the extent that they would otherwise be earnings. Paragraph 7D provides for the disregard of a payment by way of provision of car fuel for the purposes of liability for Class 1 contributions if income tax is chargeable under section 158 of the Taxes Act in respect of its provision.

Regulation 7 also amends paragraph 9 of Part VIII of Schedule 3 (specific and distinct payments of expenses to be disregarded in the calculation of earnings for the purposes of earnings-related contributions). This amendment makes it clear that paragraph 9 does not authorise the disregard of an amount of relevant motoring expenditure greater than that permitted under regulation 22A(4).

A regulatory impact assessment in respect of the changes to the treatment of mileage allowance payments for the purposes of both income tax and social security contributions has been published by the Inland Revenue and placed in the library of each House of Parliament. A copy can be found on the Inland Revenue website (www.inlandrevenue.gov.uk) or obtained from the Inland Revenue's Regulatory Impact Unit, Room 34, 1st Floor, New Wing Somerset House, London WC2R 1LB.

