

2010 No. 721

SOCIAL SECURITY

The Social Security (Contributions) (Amendment No. 4) Regulations 2010

<i>Made</i> - - - -	<i>9th March 2010</i>
<i>Laid before Parliament</i>	<i>12th March 2010</i>
<i>Coming into force</i> -	<i>6th April 2010</i>

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by paragraphs 6(1) and (2) of Schedule 1 to the Social Security Contributions and Benefits Act 1992(a) and paragraphs 6(1) and (2) of Schedule 1 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992(b) and now exercisable by them(c):

PART 1

Preliminary

Citation, commencement and application

1.—(1) These Regulations may be cited as the Social Security Contributions (Amendment No. 4) Regulations 2010.

(2) These Regulations shall come into force on 6th April 2010 immediately after the coming into force of the Finance Act 2009, Schedule 56 (Appointed Day and Consequential Provisions) Order 2010(d) and the Income Tax (Pay As You Earn) (Amendment) Regulations 2010(e).

(3) Regulations 3, 4, 5(a) and (c), 6, 7, 8(1) and 9(b) shall apply only in relation to the tax year 2010-11 and subsequent tax years.

(4) Regulations 5(b), 8(2) and 9(a) shall apply only in relation to the tax year 2011-12 and subsequent tax years.

[Regulations 2 - 10 make various amendments to S.I. 2001/1004.]

(a) 1992 c. 4. Relevant amendments are made by paragraph 77(8) of Schedule 7 to the Social Security Act 1998 (c. 14), paragraph 35 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c. 2) and paragraph 185 of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1).

(b) 1992 c. 7. Relevant amendments are made by paragraph 58(8) of Schedule 6 to the Social Security (Northern Ireland) Order 1998 (S.I. 1998/1506), paragraph 34 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc) (Northern Ireland) Order 1999 (S.I. 1999/671) and paragraph 204 of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003.

(c) The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5(2) of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50(1) of that Act provides that, in so far as it is appropriate in consequence of section 5, a reference, however expressed, to the Commissioners of Inland Revenue is to be read as a reference to the Commissioners for Her Majesty's Revenue and Customs.

(d) S.I. 2010/466.

(e) S.I. 2010/668.

*Mike Eland
Bernadette Kenny*

9th March 2010 Two of the Commissioners for Her Majesty's Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make various amendments to the Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) (“the Contributions Regulations”).

Part 2 of these Regulations makes amendments in relation to penalties. It applies the penalty regime contained in Schedule 56 to the Finance Act 2009 to late payments of Class 1, 1A and 1B contributions with certain modifications and, as a consequence, regulations 90K and 90L, which deal with default surcharges and surcharge notices and appeals, are revoked by Part 3. Part 2 also applies the penalty regime in Schedule 24 to the Finance Act 2007 in relation to errors in a return of Class 1A contributions and failures to notify Her Majesty's Revenue and Customs (“HMRC”) of an error in making a decision as to a person's liability to pay such contributions.

Part 3 of these Regulations amends the Contributions Regulations in relation to electronic communications.

Part 3 replaces the existing provisions which require large employers to make certain payments to HMRC using electronic means if HMRC has served an e-payment notice on them. The new provisions will require large employers to make those payments to HMRC by electronic means in all cases. This is as a consequence of equivalent amendments to the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682) (“the PAYE Regulations”).

Part 3 also provides that it is mandatory for all employers to deliver returns and accompanying information required by paragraph 22 of Schedule 4 to the Contributions Regulations (return by employer at the end of year) (“the return”) by an approved method of electronic communication subject to certain exceptions.

This corrects an error made in the previous amendment of the Contributions Regulations made by the Social Security (Contributions) (Amendment No. 4) Regulations 2009 (S.I. 2009/2028), which provided that electronic communication of the return is mandatory only when an employer is also required to deliver Forms P35 and P14 by an approved method of electronic communication. Forms P35 and P14 are the return required under regulation 73 (annual return of relevant payments liable to deduction of tax) of the PAYE Regulations.

Part 3 also make other minor corrections.

Part 4 of these Regulations amends paragraph 9(2) of Schedule 4 to the Contributions Regulations, to remove the requirement for an employer to give a certificate (Form P60) to an employee who was not in the employer's employment on the last day of the tax year.

Full Impact Assessments of the effect this instrument, apart from regulation 10, will have on the costs of business and the voluntary sector are available on the HMRC website and are annexed to the Explanatory Memorandum which is available alongside the instrument on the OPSI website.

A full Impact Assessment has not been produced in relation to regulation 10 of this instrument as a negligible impact on the private or voluntary sector is foreseen.