

## 2011 No. 1000

### SOCIAL SECURITY

#### The Social Security (Contributions) (Amendment No. 4) Regulations 2011

|                               |                        |
|-------------------------------|------------------------|
| <i>Made</i> - - - -           | <i>30th March 2011</i> |
| <i>Laid before Parliament</i> | <i>31st March 2011</i> |
| <i>Coming into force</i> -    | <i>6th April 2011</i>  |

The Treasury make the following Regulations in exercise of the powers conferred by sections 3(2) and (3) and 175(3) and (4) of the Social Security Contributions and Benefits Act 1992(a) and sections 3(2) and (3) and 171(3), (4) and (10) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(b) and now exercisable by them.

The Secretary of State and the Department for Social Development(c) concur in the making of these Regulations.

#### Citation, commencement and effect

1.—(1) These Regulations may be cited as the Social Security (Contributions) (Amendment No. 4) Regulations 2011 and come into force on 6th April 2011.

(2) Regulation 4 shall have effect for employees who joined a scheme before 6th April 2011.

(3) Regulation 5 shall have effect for employees who join a scheme on or after 6th April 2011.

[Regulation 2 refers to the amendments to Part 5 of Schedule 3 to S.I. 2001/1004 listed below.]

[Regulation 3 inserts paragraph 6B into Schedule 3 to S.I. 2001/1004.]

[Regulation 4 amends paragraph 7 and inserts sub-paragraph (7) into Schedule 3 to S.I. 2001/1004.]

[Regulation 5 inserts paragraph 7A into Schedule 3 of S.I. 2001/1004.]

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- (a) 1992 c. 4 (“the 1992 Act”). Section 3 has been amended: the relevant amendment is that made by paragraph 3 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2: “the Transfer Act”). Section 175(4) was amended by paragraph 29 of Schedule 3 to the Transfer Act. Section 122 of the 1992 Act (as amended by paragraphs 169 and 178 of Schedule 6 to ITEPA 2003) defines “ITEPA 2003” as meaning the Income Tax (Earnings and Pensions) Act 2003 (c. 1).
- (b) 1992 c. 7 (“the Northern Ireland Act”). 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 171(10) was substituted by paragraph 28(3) of Schedule 3 to the Transfer Order. Section 121 of the Northern Ireland Act (as amended by paragraphs 190 and 199 of Schedule 6 to ITEPA 2003) defines “ITEPA 2003” as meaning the Income Tax (Earnings and Pensions) Act 2003 (c. 1).
- (c) The functions of the Department of Health and Social Services for Northern Ireland under the Northern Ireland Act 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. 1999 No. 481).

*Michael Fabricant*  
*Angela Watkinson*

30th March 2011

Two of the Lords Commissioners of Her Majesty's Treasury

The Secretary of State concurs.

*Steve Webb*

Signed by authority of the Secretary of State for Work and Pensions

Minister of State

29th March 2011

Department for Work and Pensions

The Department for Social Development concurs.

Sealed with the Official Seal of the Department for Social Development on 24th March  
2011

*Anne McCleary*

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 (“the principal Regulations”). They come into force on 6th April 2011.

Schedule 3 to the 2001 Regulations allows certain payments to be disregarded in the calculation of earnings for the purpose of establishing liability for earnings-related national insurance contributions and Part 5 in particular provides for certain non-cash vouchers to be disregarded as payments in kind.

Regulation 1 provides for citation, commencement and effect. Regulation 4 has effect from 6th April 2011 for employees who joined a scheme before 6th April 2011 and Regulation 5 has effect from 6th April 2011 for employees who join a scheme on or after 6th April 2011.

Regulation 3 introduces definitions of terms relating to qualifying childcare vouchers which are used in regulations 4 and 5.

Regulation 4 amends paragraph 7 which provides a limited disregard for qualifying childcare vouchers where certain conditions are met. Previously the definition of “qualifying childcare voucher” referred to the definition in the Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”) which contained Conditions A to C. This regulation inserts Conditions A to C into the principal Regulations, which need to be satisfied for the disregard to be obtained. Condition C requires that childcare vouchers are provided under a scheme which is open to an employer’s employees generally or generally to those at a particular location. Regulation 4 introduces a qualification to Condition C so that where the scheme under which the childcare vouchers are provided involves relevant salary sacrifice arrangements or relevant flexible remuneration arrangements Condition C can still be met and the disregard obtained, even if the scheme is not open to relevant low-paid employees. Definitions of “relevant salary sacrifice arrangements”, “relevant flexible remuneration arrangements” and “relevant low-paid employees” are introduced by Regulation 3. The changes reflect proposed amendments to the tax exemption for qualifying childcare vouchers.

Regulation 5 inserts a new paragraph 7A into Part 5 of Schedule 3 which amends the conditions for the limited disregard for employees obtaining childcare vouchers when they join a scheme on or after 6th April 2011. A similar qualification to Condition C as described above is introduced. Also a new condition, Condition D is introduced. Condition D provides that where employees join a scheme on or after 6th April 2011 the amount of the disregard will be determined on the basis of an estimate of an employee’s relevant earnings. For additional rate taxpayers the maximum weekly amount to be disregarded will be £22, for higher rate taxpayers the disregard will be no more than £28 a week and for basic rate taxpayers the amount will be no more than £55 a week. The amended conditions reflect the proposed treatment for income tax purposes.

Two Tax Information and Impact Notes relating to this instrument were published in December 2010 alongside draft Finance Bill 2011 provisions and are available on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>. They remain an accurate summary of the impacts that apply to this instrument.

