



SOCIAL SECURITY CONTRIBUTIONS AND BENEFITS ACT 1992

SOCIAL SECURITY (CONTRIBUTIONS) (AMENDMENT) REGULATIONS 2013

*Approved by Tynwald 19th February 2013
Coming into operation 6 April 2013*

The Treasury makes these Regulations under sections 5¹ and 117² of the Social Security Contributions and Benefits Act 1992³ (of Parliament) as applied to the Island by the Social Security Contributions and Benefits Act 1992 (Application) Order 1994⁴.

1 Title

These Regulations are the Social Security (Contributions) (Amendment) Regulations 2013.

2 Commencement

If approved by Tynwald⁵, these Regulations come into operation on 6 April 2013 in respect of the income tax year commencing 6 April 2013 and all subsequent years.

3 Amendment of the Social Security (Contributions) Regulations 2001 as they are applied to the Island

(1) The Social Security (Contributions) Regulations 2001⁶, as they are applied to the Island by the Social Security Legislation (Application) (No. 8) Order 2002⁷ are amended as follows.

¹ In accordance with section 19B of the Social Security Contributions and Benefits Act 1992

² As provided by paragraph A1 of Schedule 7 to the Transfer of Functions (New Departments) (No. 2) Order 2010 (SD155/10)

³ 1992 c.4

⁴ SD 505/94

⁵ As required by section 176 of the Social Security Contributions and Benefits Act 1992 as applied to the Island

⁶ SI 2001/1004

⁷ SD 374/02

(2) In regulation 10 (earnings limits and thresholds) –

- (a) for “2012” substitute “2013”;
- (b) in regulation 10(a), for “£107” substitute “£109”;
- (c) in regulation 10(b), for “£770” substitute “£784”;
- (d) in regulation 10(c), for “£118” substitute “£120”;
- (e) in regulation 10(d), for “£115” substitute “£117”.

(3) In regulation 11 (prescribed equivalents) –

(a) after paragraph (1), insert –

“(1A) The prescribed equivalents of the upper accrual point for the purposes of –

- (a) section 22 of the Act (earnings factors); and
- (b) sections 41(1) (reduced rates of Class 1 contributions), 42A(1) (reduced rates of Class 1 contributions and rebates) and 45(1) (amount of minimum contributions) of the Pensions Act,

shall be determined in accordance with paragraphs (2), (4) and (5).”;

- (b) (i) in paragraph (2) (earnings periods), for “lower and upper earnings limits” substitute “lower earnings limit and the upper accrual point”;
- (ii) in sub-paragraph (2)(a) for “lower and upper earnings limits” substitute “lower earnings limit or the upper accrual point”;

(c) after paragraph (2), insert –

“(2A) Subject to paragraphs (4) and (5), the prescribed equivalents of the upper earnings limit shall be –

- (a) where the earnings period is a month, £3,398;

- (b) where the earnings period is a year, £40,768;
- (c) where the earnings period is a multiple of a week, the amount calculated by dividing the figure in sub-paragraph (b) by 52 and multiplying the result by the corresponding multiple;
- (d) where the earnings period is a multiple of a month, the amount calculated by dividing the figure in sub-paragraph (b) by 12 and multiplying the result by the corresponding multiple;
- (e) in any other case, the amount calculated by dividing the figure in sub-paragraph (b) by 365 and multiplying the result by the number of days in the earnings period concerned.”;

(d) in paragraph (3) (prescribed equivalents of the primary threshold) –

- (i) in sub-paragraph (a), for “£511” substitute “£520”; and
- (ii) in sub-paragraph (b), for “£6,136” substitute “£6,240”;

(e) in paragraph (3A) (prescribed equivalents of the secondary threshold) –

- (i) in sub-paragraph (a), for “£498” substitute “£507”; and
- (ii) in sub-paragraph (b), for “£5,980” substitute “£6,084”;

(f) in paragraph (4), for “with paragraph (2)(b) and (c), paragraph (3)(c) and (d) and paragraph (3A)(c) and (d)” substitute “with paragraph (2)(b) and (c), paragraph (2A)(c) and (d), paragraph (3)(c) and (d) and paragraph (3A)(c) and (d)”;

(g) in paragraph (5), for “with paragraph (2)(d), paragraph (3)(e) and paragraph (3A)(e)” substitute “with paragraph (2)(d), paragraph (2A)(e), paragraph (3)(e) and paragraph (3A)(e)”;

(4) In regulation 52A, for paragraph (6), substitute –

“(6) The amount to be refunded is determined in accordance with the following Rules.

In this paragraph—

“a valid personal pension notice” means a notice given under subsection (1) of section 44 of the Pensions Act (approved personal pension arrangements) which has not been rejected by the Department;

“an APP employment” means an employment in respect of which a valid personal pension notice has been given;

“UAP” means the upper accrual point; and

“UEL” means the upper earnings limit for the year in respect of which the contributions were due to be paid and “PT” means the primary threshold for that year.

Rule 1 applies where none of the employments is contracted-out.

Rule 2 applies where at least one employment is contracted-out and no valid personal pension notice has been given in respect of another employment.

Rule 3 applies where at least one of the employments is contracted-out and a valid personal pension notice has been given in respect of another employment.

Rule 1

The amount to be returned is the excess of the contributions actually paid by the earner over the maximum prescribed by regulation 21 in the particular case.

Rule 2

If the amount of contributions paid in respect of contracted-out employments exceeds the amount found by the following formula, the amount to be returned is the excess.

The formula is—

$$53 \times ((UAP - PT) \times 9.4\%) + ((UEL - UAP) \times 11\%)$$

In any other case to which this Rule applies take the following Steps: the amount to be returned is the excess of the contributions actually

paid by the earner over the amount found by Step 5 in the following sequence.

Step 1

Determine the amount of earnings between the PT and UAP in respect of contracted-out employments held in the year.

Step 2

Multiply the amount found at Step 1 by 9.4%.

Step 3

Subtract the amount found at Step 1 from that found by the formula—

$$53 \times (UEL - PT)$$

Step 4

Multiply the result found at Step 3 by 11%.

Step 5

Add together the results of Steps 2 and 4.

Rule 3

If the amount of contributions paid in respect of APP employments exceeds the amount produced by the formula below, the amount to be refunded is the excess.

The formula is—

$$53 \times (UEL - PT) \times 11\%$$

In any other case to which this Rule applies take the following Steps: the amount to be returned is the excess of the contributions actually paid by the earner over the amount found by Step 7 in the following sequence.

Step 1

Determine the amount of earnings between the PT and UEL in respect of APP employments held in the year.

Step 2

Multiply the amount found at Step 1 by 11%.

Step 3

Subtract the amount found at Step 1 from that found by the formula—

$$53 \times (UAP - PT)$$

If the result is a positive amount go to Step 4, otherwise go to Step 5.

Step 4

Multiply the amount found at Step 3 by 9.4%.

Step 5

Subtract the amount found at Step 1 together with any positive amount found at Step 3 from the amount found by the formula—

$$53 \times (UEL - PT)$$

Step 6

Multiply the amount found at Step 5 by 11%.

Step 7

Add together the results of Steps 2, 4 (if completed) and 6.”.

(5) In regulation 125(c) (share fishermen), for “£3.30” substitute “£3.35”.

(6) In Part II of Schedule 4 –

(a) (i) in paragraph 7 (calculation of deduction), for sub-paragraphs (13)(b)(ii) and (iii), substitute –

“(ii) earnings which exceed the current lower earnings limit but do not exceed the current primary threshold,

(iii) earnings which exceed the current primary threshold but do not exceed the upper accrual point,”;

(ii) after sub-paragraph (13)(b)(iii), insert –

“(iiia) earnings which exceed the upper accrual point but do not exceed the current upper earnings limit,

(iiib) all earnings which exceed the current upper earnings limit;”;

(b) in paragraph 9 (certificate of contributions paid), for the wording after “in respect of the year to which the card relates”, substitute “, for each and under each of the category letters, the total amounts for the year shown under each of sub-heads (i) to (v) severally of paragraph 7(13)(b) (such amounts being rounded down to the next whole pound if not already whole pounds in the case of sub-heads (i) to (iiiib)).”.

(7) In Part III of Schedule 4, in paragraph 22(1)(c)(i) for “(iii)” substitute “(iiiib)”.

MADE 23rd January 2013

W E TEARE
Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Social Security Contributions Regulations 2001, as they are applied to the Island, by increasing both the lower and the upper earnings limits for Class 1 contributions to £109 and £784 respectively. The primary threshold for primary Class 1 contributions is also increased to £120 while the secondary threshold for secondary Class 1 contributions is increased to £117. In addition, both the

monthly and annual equivalents of these thresholds are prescribed. The rate of the Class 2 share fisherman's contribution is also increased to £3.35 per week.

In addition, the Regulations amend the details employers are required to keep in relation to payments of remuneration which they make to their employees and what information must be included in the employer's annual return which is submitted to the Assessor.