

2004 No.

SOCIAL SECURITY

**Social Security (Contributions) (Amendment No. 6) Regulations
2004**

<i>Made</i> - - - -	<i>2004</i>
<i>Laid before Parliament</i>	<i>2004</i>
<i>Coming into force</i> - -	<i>2005</i>

The Treasury, with the concurrence of the Secretary of State, in exercise of the powers conferred upon them by sections 3(2), (3), 10(9) and 175 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 upon them by sections 3(2), (3) 10(9) and 171 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992(b) make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Social Security (Contributions) (Amendment No.6) Regulations 2004 and shall come into force on 6 April 2005.

Amendment of the Social Security (Contributions) Regulations 2001

2.—(1) The Social Security (Contributions) Regulations 2001(c) shall be amended as follows.

(2) In regulation 40 (prescribed general earnings in respect of which Class 1A contributions not payable) omit paragraphs (5), (8) and (9).

(3) In paragraph 14 of Schedule 2 (valuation of non-cash vouchers)—

(a) in sub-paragraph (2) for “qualification” substitute “qualifications”;

(b) after sub-paragraph (3) add—

“(4) In the case of a qualifying childcare voucher the chargeable expense shall be reduced by the amount of any reasonable administrative costs incurred in its provision.

Here “qualifying childcare voucher” and “qualifying week” have the meanings given in section 270A of ITEPA 2003(d).”.

(4) In Part 5 of Schedule 3 (certain non-cash vouchers to be disregarded as payments in kind) for paragraph 7 substitute—

(a) 1992 c.4.

(b) 1992 c. 7: the functions of the Department of Health and Social Services for Northern Ireland 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).

(c) S.I. 2001/1004.

(d) 2003 c.1 as amended by paragraph 3, Schedule 13 of FA 2004

“Qualifying childcare vouchers

7.—(1) A qualifying childcare voucher.

(2) Where the chargeable expense of the voucher exceeds £50 per qualifying week, only the first £50 per qualifying week shall be disregarded by virtue of sub-paragraph (1).

(3) For the purposes of this paragraph “qualifying childcare voucher” and “qualifying week” have the meanings given in section 270A of the Income Tax (Earnings and Pensions) Act 2003(a).”.

Name

Name

Two of the Lords Commissioners of Her Majesty’s Treasury

The Secretary of State concurs.

Signed by authority of the Secretary of State

Name

Date

Parliamentary Under-Secretary of State.
Department of Work and Pensions

The Department for Social Development concurs

Sealed with the Official Seal of the Department for Social Development on 2004



Name

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).

Regulation 1 provides for citation and commencement.

Regulation 2(2) omits sub-paragraphs (5), (8) and (9) from paragraph 40. This removes child care from the list of items exempt from Class 1A contributions. Class 1A contributions will therefore be payable in respect of child care under section 10(1) Social Security Contributions and Benefits Act 1992. New criteria for the exemption from the charge to income tax on employment income are contained in section 318A Income Tax Earnings and Pensions Act 2003, and accordingly the first £50 per week of the cost of the provision of such care will not be liable for Class 1A contributions.

Regulation 2(3) adds a new sub-paragraph to paragraph 14 of Schedule 2 which deals with the valuation of non-cash vouchers. When working out the chargeable expense comprised in qualifying childcare vouchers, reasonable administration costs are to be excluded.

Regulation 2(4) substitutes a new paragraph 7 into Part 5 of Schedule 3. Qualifying vouchers up to a maximum of £50 per qualifying week will be exempt from Class 1 contributions. This is in line with the income tax position.

These Regulations do not impose new costs on business.

(a) 2003 c.1 as amended by paragraph 3, Schedule 13 of FA 2004.