

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security (Contributions) (Re-rating) Order 2012 and shall come into force on 6th April 2012.

(2) In this Order—

“the Act” means the Social Security Contributions and Benefits Act 1992; and

“the Northern Ireland Act” means the Social Security Contributions and Benefits (Northern Ireland) Act 1992(a).

Rate of and small earnings exception from Class 2 contributions

2. In section 11 of the Act(b) and the Northern Ireland Act(c) (Class 2 contributions)—

(a) in subsection (1) for “£2.50” substitute “£2.65”; and

(b) in subsection (4) (small earnings exception) for “£5,315” substitute “£5,595”.

Amount of class 3 contributions

3. In section 13(1) of the Act(d) and the Northern Ireland Act(e) (amount of Class 3 contributions) for “£12.60” substitute “£13.25”.

Lower limit for Class 4 contributions

4. In sections 15(3) and 18(1) and (1A) of the Act(f) and the Northern Ireland Act(g) (Class 4 contributions recoverable under the Income Tax Acts and under regulations) for “£7,225” (lower limit) in each place where it appears, substitute “£7,605”.

	<i>Name</i>
	<i>Name</i>
Date	Two of the Lords Commissioners of Her Majesty’s Treasury

(a) 1992 c. 7.

(b) Section 11 was amended by paragraph 12 of Schedule 3 to the Transfer Act. The figure in subsection (1) was last substituted by article 2(a) of S.I. 2011/938. The figure in subsection (4) was last substituted by article 2(b) of S.I. 2011/938.

(c) Section 11 was amended by paragraph 13 of Schedule 3 to the Transfer Order. The figure in subsection (1) was last substituted by article 2(a) of S.I. 2011/938. The figure in subsection (4) was last substituted by article 2(b) of S.I. 2011/938.

(d) Section 13 was amended by paragraph 14 of Schedule 3 to the Transfer Act. The figure in subsection (1) was last substituted by article 3 of S.I. 2011/938.

(e) Section 13 was amended by paragraph 15 of Schedule 3 to the Transfer Order. The figure in subsection (1) was last substituted by article 3 of S.I. 2011/938.

(f) Section 15(3) was substituted by section 3(1) of the National Insurance Contributions Act 2002 (c. 19) and was amended by paragraph 420(3) of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c. 5). Section 18(1) was amended by paragraph 18(2) of Schedule 3 to the Transfer Act and by Schedule 2 to the National Insurance Contributions Act 2002. Section 18(1A) was inserted by section 3(3) of the National Insurance Contributions Act 2002. The amounts in each of these provisions were last substituted by article 4 of S.I. 2011/938.

(g) Section 15(3) was substituted by section 3(2) of the National Insurance Contributions Act 2002 and was amended by paragraph 424 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005. Section 18(1) was amended by paragraph 18(2) of Schedule 3 to the Transfer Order and by Schedule 2 to the National Insurance Contributions Act 2002. Section 18(1A) was inserted by section 3(4) of the National Insurance Contributions Act 2002. The figures in each of those provisions were last substituted by article 4 of S.I. 2011/938.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 6th April 2012, increases the rates of Class 2 and Class 3 contributions specified in sections 11(1) and 13(1) of the Social Security Contributions and Benefits Act 1992 (“the Act”) from £2.50 to £2.65 and from £12.60 to £13.25. It also increases the amount of earnings specified in section 11(4) of the Act, below which an earner may be excepted from liability for Class 2 contributions from £5,315 to £5,595 (Articles 2 and 3).

The Order increases from £7,225 to £7,605 the lower limit of profits specified in sections 15 and 18, above which Class 4 contributions are payable at the main Class 4 percentage rate (Article 4).

Articles 2 to 4 of the Order also make provision for Northern Ireland corresponding to that described in the preceding two paragraphs (the section numbers of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 are the same as those in the Act).

In accordance with section 142(1) of the Social Security Administration Act 1992, a copy of the report by the Government Actuary, giving the Actuary’s opinion on the likely effect on the National Insurance Fund of the making of the Order, including the amendments to sections 11(1), 11(4), 13(1), 15(3), 18(1) and 18(1A) of the Act, was laid before Parliament with the draft of this Order. A copy of the report can be found on the Government Actuary’s Department website at <http://www.gad.gov.uk/Publications/index.html>.

A Tax Information and Impact Note covering this instrument was published on 23 March 2011 alongside Budget 2011. This has been updated as a result of changes to the impacts as a result of this instrument and is available on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.