

Health and Social Care Levy (Repeal) Bill

EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by HM Revenue & Customs, are published separately as Bill 155—EN.

EUROPEAN CONVENTION ON HUMAN RIGHTS

The Chancellor of the Exchequer has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

In my view the provisions of the Health and Social Care Levy (Repeal) Bill are compatible with the Convention rights.

Health and Social Care Levy (Repeal) Bill

[AS INTRODUCED]

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[AS INTRODUCED]

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BILL

TO

Make provision for and in connection with the repeal of the Health and Social Care Levy Act 2021.

BE IT ENACTED by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Repeal of the Health and Social Care Levy Act 2021

The Health and Social Care Levy Act 2021 is repealed.

2 Transitional NICs rates for tax year 2022-23 etc

- (1) The following provisions of section 5 of the Health and Social Care Levy Act 2021 (modification of rates of national insurance contributions for tax year 2022-23) continue to have effect in relation to payments of earnings made before 6 November 2022—
 - (a) in subsection (2), paragraphs (a) and (b) (primary Class 1 percentages and secondary Class 1 percentage: Great Britain);
 - (b) in subsection (4), paragraphs (a) and (b) (primary Class 1 percentages and secondary Class 1 percentage: Northern Ireland).
- (2) Part 1 of the Social Security Contributions and Benefits Act 1992 has effect for the tax year 2022-23 as if, in section 15(3ZA) (calculation of Class 4 contributions)—
 - (a) in paragraph (a) (main Class 4 percentage), for “9” there were substituted “9.73”, and
 - (b) in paragraph (b) (additional Class 4 percentage), for “2” there were substituted “2.73”.
- (3) Part 1 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 has effect for the tax year 2022-23 as if, in section 15(3ZA) (calculation of Class 4 contributions)—
 - (a) in paragraph (a) (main Class 4 percentage), for “9” there were substituted “9.73”, and
 - (b) in paragraph (b) (additional Class 4 percentage), for “2” there were substituted “2.73”.

- (4) The Schedule contains –
 - (a) further transitional provision, and
 - (b) a power to make consequential provision.

3 Short title and interpretation

- (1) This Act may be cited as the Health and Social Care Levy (Repeal) Act 2022. 5
- (2) In this Act –
 - “earnings” has the meaning it has in Parts 1 to 6 of the Social Security Contributions and Benefits Act 1992 (see section 3 of that Act);
 - “tax year” has the meaning it has in those Parts (see section 122 of that Act). 10

SCHEDULE

Section 2(4)

TRANSITIONAL AND CONSEQUENTIAL PROVISION

Class 1A contributions other than contributions in respect of certain termination awards and sporting testimonial payments

- 1 (1) This paragraph applies to Class 1A contributions payable for the tax year 2022-23 other than Class 1A contributions in respect of— 5
- (a) a relevant sporting testimonial payment, or
 - (b) a relevant termination award.
- (2) Section 10 of the Social Security Contributions and Benefits Act 1992 (Class 1A contributions: benefits in kind etc) has effect in relation to a Class 1A contribution to which this paragraph applies as if in subsection (5) for the words from “means” to the end there were substituted “is 14.53%”. 10
- (3) Section 10 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (Class 1A contributions: benefits in kind etc) has effect in relation to a Class 1A contribution to which this paragraph applies as if in subsection (5) for the words from “means” to the end there were substituted “is 14.53%”. 15
- (4) In this paragraph and in paragraph 2—
- “relevant sporting testimonial payment” means a sporting testimonial payment (within the meaning given by section 226E(6) of the Income Tax (Earnings and Pensions) Act 2003) to which regulation 40D(2) of the Social Security (Contributions) Regulations 2001 applies (requirement to make real time returns etc); 20
 - “relevant termination award” means a termination award (within the meaning given by section 10(12) of the Social Security Contributions and Benefits Act 1992) to which regulation 40C(2) of the Social Security (Contributions) Regulations 2001 applies (requirement to make real time returns etc). 25

Class 1A contributions in respect of certain termination awards and sporting testimonial payments

- 2 (1) This paragraph applies to Class 1A contributions payable for the tax year 2022-23 in respect of— 30
- (a) a relevant sporting testimonial payment, or
 - (b) a relevant termination award.
- (2) Section 10 of the Social Security Contributions and Benefits Act 1992 has effect in relation to a Class 1A contribution to which this paragraph applies as if in subsection (5) for the words “for the tax year in question” there were substituted “that applies at the time of the payment of the general earnings or amount”. 35
- (3) Section 10 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 has effect in relation to Class 1A contributions to which this paragraph applies as if in subsection (5) for the words “for the tax year 40

in question” there were substituted “that applies at the time of the payment of the general earnings or amount”.

Class 1B contributions

- 3 (1) Section 10A of the Social Security Contributions and Benefits Act 1992 (Class 1B contributions) has effect, for the tax year 2022-23, as if in subsection (6) for the words from “means” to the end there were substituted “is 14.53%”. 5
- (2) Section 10A of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (Class 1B contributions) has effect, for the tax year 2022-23, as if in subsection (6) for the words from “means” to the end there were substituted “is 14.53%”. 10

Primary Class 1 contributions payable at a reduced rate

- 4 In regulation 1(2) of the Social Security (Contributions) (Amendment No. 2) Regulations 2022 (S.I. 2022/416), for “for” substitute “in relation to payments of earnings made before 6 November in”. 15

Directors

- 5 (1) This paragraph applies to an assessment of the amount of earnings-related contributions payable where that amount is assessed on the amount of earnings paid in an earnings period specified in regulation 8(2) to (5) of the Social Security (Contributions) Regulations 2001 (earnings periods for directors). 20
- (2) For the purposes of such an assessment the following apply, for the tax year 2022-23, with the modifications specified.
- (3) Part 1 of the Social Security Contributions and Benefits Act 1992 has effect as if— 25
- (a) in section 8(2) (calculation of primary Class 1 percentages)—
- (i) in paragraph (a) (main primary percentage), for “12” there were substituted “12.73”, and
- (ii) in paragraph (b) (additional primary percentage), for “2” there were substituted “2.73”, and 30
- (b) in section 9(2) (calculation of secondary Class 1 contributions: the secondary percentage), for “13.8” there were substituted “14.53”.
- (4) Part 1 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 has effect as if— 35
- (a) in section 8(2) (calculation of primary Class 1 percentages)—
- (i) in paragraph (a) (main primary percentage), for “12” there were substituted “12.73”, and
- (ii) in paragraph (b) (additional primary percentage), for “2” there were substituted “2.73”, and
- (b) in section 9(2) (calculation of secondary Class 1 contributions: the secondary percentage), for “13.8” there were substituted “14.53”. 40

- (5) Regulation 131 of the Social Security (Contributions) Regulations 2001 has effect as if for “5.85” there were substituted “6.58”.
- (6) In this paragraph “earnings-related contributions” has the meaning it has in the Social Security (Contributions) Regulations 2001 (see regulation 1(2)).

Annual maximum contributions

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- 6 (1) Regulation 21 of the Social Security (Contributions) Regulations 2001 (annual maxima for those with more than one employment) has effect, for the tax year 2022-23, as if—
 - (a) in paragraph (2)—
 - (i) in Step Two, for “12” there were substituted “12.73”, 10
 - (ii) in Step Five, for “2” there were substituted “2.73”, and
 - (iii) in Step Seven, for “2” there were substituted “2.73”, and
 - (b) in paragraph (3), for “12” there were substituted “12.73”.
- (2) Regulation 100 of those Regulations (annual maximum of Class 4 contributions) has effect, for the tax year 2022-23, as if— 15
 - (a) in paragraph (3)—
 - (i) in Step Two, for “9” there were substituted “9.73”,
 - (ii) in Step Five, for “100/9” there were substituted “100/9.73”,
 - (iii) in Step Eight, for “2” there were substituted “2.73”, and
 - (iv) in Step Nine, for “2” there were substituted “2.73”, and 20
 - (b) in paragraph (4), for “12” there were substituted “12.73”.
- (3) The Social Security (Contributions) (Amendment) Regulations 2022 (S.I.2022/300) are revoked and are to be treated as never having come into force.

Allocation of additional NICs in tax year 2022-23

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- 7 (1) Section 162 of the Social Security Administration Act 1992 (destination of national insurance contributions) has effect as if—
 - (a) in subsection (5), in the words before paragraph (a), after “means” there were inserted “the sum of the product of the transitional rate and”, 30
 - (b) after that subsection there were inserted—
 - “(5ZA) In subsection (5) “the product of the transitional rate” means the amount estimated to be the aggregate of—
 - (a) so much of the total of primary Class 1 contributions as is attributable to the modifications made by— 35
 - (i) section 5(2)(a) of the Health and Social Care Levy Act 2021 (transitional rates of primary Class 1 Contributions for tax year 2022-23),
 - (ii) paragraph 5 of the Schedule to the Health and Social Care Levy (Repeal) Act 2022, and 40

- (iii) regulation 2 of the Social Security (Contributions) (Amendment No. 2) Regulations 2022,
- (b) so much of the total of secondary Class 1 contributions as is attributable to the modifications made by section 5(2)(b) of the Health and Social Care Levy Act 2021 (transitional rate of secondary Class 1 Contributions for tax year 2022-23), 5
- (c) so much of the total of Class 1A contributions as is attributable to the modifications made by – 10
 - (i) that section, and
 - (ii) paragraph 1(2) of the Schedule to the Health and Social Care Levy (Repeal) Act 2022 (transitional rate of Class 1A contributions for tax year 2022-23 other than contributions in respect of certain termination awards and sporting testimonial payments), 15
- (d) so much of the total of Class 1B contributions as is attributable to the modifications made by paragraph 3(1) of that Schedule (transitional rate of Class 1B Contributions for tax year 2022-23), and 20
- (e) so much of the total of Class 4 contributions as is attributable to the modifications made by section 2(2) of the Health and Social Care Levy (Repeal) Act 2022 (transitional rates of Class 4 Contributions for tax year 2022-23).”, 25
- (c) after subsection (5A) there were inserted –
 - “(5AA) For the purposes of determining what amounts are attributable to a provision mentioned in subsection (5A), ignore so much of any amount as is attributable to a modification made by the Health and Social Care Levy Act 2021, the Health and Social Care Levy (Repeal) Act 2022 or the Social Security (Contributions) (Amendment No. 2) Regulations 2022.”, and 30
- (d) in subsection (6), after “subsections (5)” there were inserted “, (5ZA)”. 35
- (2) Section 142 of the Social Security Administration (Northern Ireland) Act 1992 (destination of national insurance contributions) has effect as if –
 - (a) in subsection (5), in the words before paragraph (a), after “means” there were inserted “the sum of the product of the transitional rate and”, 40
 - (b) after that subsection there were inserted –
 - “(5ZA) In subsection (5) “the product of the transitional rate” means the amount estimated to be the aggregate of –
 - (a) so much of the total of primary Class 1 contributions as is attributable to the modifications made by – 45

- (i) section 5(4)(a) of the Health and Social Care Levy Act 2021 (transitional rates of primary Class 1 Contributions for tax year 2022-23),
 - (ii) paragraph 5 of the Schedule to the Health and Social Care Levy (Repeal) Act 2022, and 5
 - (iii) regulation 2 of the Social Security (Contributions) (Amendment No. 2) Regulations 2022,
 - (b) so much of the total of secondary Class 1 contributions as is attributable to the modifications made by section 5(4)(b) of that Act (transitional rate of secondary Class 1 Contributions for tax year 2022-23), 10
 - (c) so much of the total of Class 1A contributions as is attributable to the modifications made by – 15
 - (i) that section, and
 - (ii) paragraph 1(3) of the Schedule to the Health and Social Care Levy (Repeal) Act 2022 (transitional rate of Class 1A contributions for tax year 2022-23 other than contributions in respect of certain termination awards and sporting testimonial payments), 20
 - (d) so much of the total of Class 1B contributions as is attributable to the modifications made by paragraph 3(2) of that Schedule (transitional rate of Class 1B Contributions for tax year 2022-23), and 25
 - (e) so much of the total of Class 4 contributions as is attributable to the modifications made by section 2(3) of the Health and Social Care Levy (Repeal) Act 2022 (transitional rates of Class 4 Contributions for tax year 2022-23).”, 30
- (c) after subsection (5A) there were inserted –
- “(5AA) For the purposes of determining what amounts are attributable to a provision mentioned in subsection (5A) ignore so much of any amount as is attributable to a modification made by the Health and Social Care Levy Act 2021, the Health and Social Care Levy (Repeal) Act 2022 or the Social Security (Contributions) (Amendment No. 2) Regulations 2022.”, and 35
- (d) in subsection (6), after “subsections (5)” there were inserted “, (5ZA)”. 40
- (3) The modifications made by sub-paragraphs (1) and (2) have effect for the tax year 2022-23.
- (4) Section 165 of the Social Security Administration Act 1992 (*adjustments between National Insurance Fund and Consolidated Fund*) has effect as if in subsection (1)(b), after sub-paragraph (vii) there were inserted – 45
- “(viii) the repeal of the Health and Social Care Levy Act 2021.”

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- (5) Section 145 of the Social Security Administration (Northern Ireland) Act 1992 (adjustments between National Insurance Fund and Consolidated Fund) has effect as if in subsection (1)(b), after sub-paragraph (vi) there were inserted –
- “(vii) the repeal of the Health and Social Care Levy Act 2021.”
- (6) Section 167(1) of that Act (interpretation) has effect as if in the definition of “the Department”, after paragraph (b) there were inserted –
- “(c) in section 145 also includes the Department of Health, but only for purposes in connection with the repeal of the Health and Social Care Levy Act 2021;”.
- Exclusion of modifications from determination of rates for tax year 2023-24* 10
- 8 No modification of a percentage made by this Act is to be taken into account for the purposes of sections 143(4) and 145(3) of the Social Security Administration Act 1992 (limit on power to alter contribution rates by reference to rates in preceding tax year) in relation to the tax year 2023-24.
- Power to make consequential provision* 15
- 9 (1) The Treasury may by regulations made by statutory instrument make such provision as they consider appropriate in consequence of this Act.
- (2) Regulations under this paragraph may (among other things) –
- (a) make different provision for different purposes;
- (b) amend, repeal or revoke provision made by or under any enactment; 20
- (c) make provision having retrospective effect from no earlier than 6 April 2022.
- (3) A statutory instrument containing regulations under this paragraph is subject to annulment in pursuance of a resolution of the House of Commons.

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Make provision for and in connection with the repeal of the Health and Social Care Levy Act 2021.

*Presented by the Chancellor of the Exchequer
supported by the Prime Minister, Chris Philp and
Richard Fuller.*

Ordered, by The House of Commons, to be
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