

National Insurance Contributions (Secondary Class 1 Contributions) Bill

[AS AMENDED ON REPORT]

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[AS AMENDED ON REPORT]

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BILL

TO

Make provision about secondary Class 1 contributions.

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 Rate of secondary Class 1 contributions

- (1) In section 9(1A) of the Social Security Contributions and Benefits Act 1992, after paragraph (aa) insert—

“(ab) if the employer is a specified employer under subsection (1B), the specified employer secondary percentage;”

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- (2) After section 9(1A) of that Act insert—

“(1B) A “specified employer” means—

- (a) a person providing a care home service or a domiciliary support service who is regulated under—

- (i) Part 1 of the Health and Social Care Act 2008, 10
(ii) Part 1 of the Regulation and Inspection of Social Care (Wales) Act 2016, or
(iii) Part 5 of the Public Services Reform (Scotland) Act 2010,

- (b) a person contracted to provide primary care under the provisions of— 15

- (i) Part 4 of the National Health Service Act 2006,
(ii) Part 4 of the National Health Service (Wales) Act 2006, or
(iii) sections 17J to 17O of the National Health Service (Scotland) Act 1978, 20

- (c) a person contracted to provide general dental services under the provisions of Part 2 of the National Health Service (General Dental Services) Regulations 1992,

- (d) a person contracted to provide pharmacy services under the provisions of— 25

- (i) Part 7 of the National Health Service Act 2006, or
(ii) Part 8 of the NHS (Pharmaceutical and Local Pharmaceutical Services) Regulations 2013,

- (e) a charitable provider of health and care,
- (f) a person providing hospice care whether in a hospice or elsewhere,
- (g) a carer to whom section 2(3A) of the National Insurance Contributions Act 2014 applies, 5
- (h) a charity that has an annual revenue of less than £1 million, or
- (i) a person providing transport for children with special educational needs and disabilities.
- (1C) For the purposes of this Act, the specified employer secondary percentage is 13.8%.” 10
- (3) In section 9(2) of the Social Security Contributions and Benefits Act 1992 (rate of secondary Class 1 contributions), for “13.8%” substitute “15%”.
- (4) The Social Security Contributions and Benefits (Northern Ireland) Act 1992 is amended as follows. 15
- (5) In section 9(1A) after paragraph (aa) insert—
- “(ab) if the employer is a specified employer under subsection (1B), the specified employer secondary percentage;”.
- (6) After section 9(1A) insert—
- “(1B) A “specified employer” means— 20
- (a) a person providing a care home service or domiciliary support service regulated under the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003,
- (b) a person providing primary medical services through contractual arrangements with a Health and Social Services Board, 25
- (c) a person providing general dental services under Part 2 of the General Dental Services (Northern Ireland) Regulations 1993,
- (d) a person providing pharmaceutical services under Part 2 of the Pharmaceutical Services Regulations (Northern Ireland) 1997, 30
- (e) a provider of health and care registered as a charity by the Charity Commission for Northern Ireland, or
- (f) a person providing hospice care whether in a hospice or elsewhere. 35
- (1C) For the purposes of this Act, the specified employer secondary percentage is 13.8%.”
- (7) In section 9(2) (equivalent provision for Northern Ireland), for “13.8%” substitute “15%”.
- (8) The amendments made by this section come into force on 6 April 2025. 40

2 Secondary threshold for secondary Class 1 contributions

- (1) The Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) are amended as follows.
- (2) In regulation 10(d) (the secondary threshold for secondary Class 1 contributions) for “£175” substitute “£96 or— 5
- (a) for a specified employer under section 9(1B) of the Social Security Contributions and Benefits Act 1992, £175, or
 - (b) for businesses and organisations with fewer than 25 full-time employees, £175.”
- (3) In regulation 11(3A) (prescribed equivalents of the secondary threshold)— 10
- (a) in sub-paragraph (a), for “£758” substitute—
 - “(i) for a specified employer under section 9(1B) of the Social Security Contributions and Benefits Act 1992, £758,
 - (ii) for businesses and organisations with fewer than 25 full-time employees, £758, and 15
 - (iii) in all other cases, £417”,
 - (b) in sub-paragraph (b), for “£9,100” substitute—
 - “(i) for a specified employer under section 9(1B) of the Social Security Contributions and Benefits Act 1992 or section 9(1B) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992, £9,100, 20
 - (ii) for businesses and organisations with fewer than 25 full-time employees, £9,100, and
 - (iii) in all other cases, £5,000”,
 - (c) in sub-paragraph (c), for “the figure in sub-paragraph (b)” substitute— 25
 - “(i) for businesses or organisations with 25 or more full-time employees, £5,000, or
 - (ii) for businesses or organisations with fewer than 25 full-time employees, £9,100”,
 - (d) in sub-paragraph (d), for “the figure in sub-paragraph (b)” substitute— 30
 - “(i) for businesses or organisations with 25 or more full-time employees, £5,000, or
 - (ii) for businesses or organisations with fewer than 25 full-time employees, £9,100”, and
 - (e) in sub-paragraph (e), for “the figure in sub-paragraph (b)” substitute— 35
 - “(i) for businesses or organisations with 25 or more full-time employees, £5,000, or
 - (ii) for businesses or organisations with fewer than 25 full-time employees, £9,100”.
- (4) The amounts substituted by this section are specified for the tax year 2025-26. 40

3 Increase of employment allowance and removal of £100,000 threshold etc

- (1) The National Insurance Contributions Act 2014 is amended as follows.
- (2) In section 1(2)(a) (the amount of the employment allowance), for “£5,000” substitute “£10,500”.
- (3) At end of section 1(2)(b), insert “or, 5
- (c) for an employer in the early years sector, £20,000.”
- (4) In section 2 (exceptions), omit—
- (a) subsections (4B) to (4G) (secondary Class 1 liability limit of £100,000 or more and receipt of de minimis state aid), and
- (b) the italic heading preceding those subsections. 10
- (5) The amendments made by this section come into force on 6 April 2025.

4 Review of effect on certain sectors

- (1) The Chancellor of the Exchequer must, within six months of the day on which the Act is passed, lay before Parliament a review of the impact of the measures contained in this Act on the persons and sectors in subsection (2). 15
- (2) The review must consider the impact on—
- (a) charities;
- (b) creative industries;
- (c) dentists;
- (d) early years providers; 20
- (e) farms;
- (f) general practitioners;
- (g) hospices;
- (h) hospitality;
- (i) pharmacies; 25
- (j) retail;
- (k) small businesses;
- (l) social care;
- (m) universities.

5 Short title 30

This Act may be cited as the National Insurance Contributions (Secondary Class 1 Contributions) Act 2025.

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Make provision about secondary Class 1 contributions.

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