

STATES OF JERSEY



Jersey

DRAFT SOCIAL SECURITY (AMENDMENT OF LAW – MINIMUM EARNINGS THRESHOLD) (JERSEY) REGULATIONS 202-

**Lodged au Greffe on 3rd August 2021
by the Minister for Social Security
Earliest date for debate: 14th September 2021**

STATES GREFFE

REPORT

A minimum earnings threshold to replace the 8 hours a week threshold

The Minister for Social Security is proposing a change to the [Social Security \(Jersey\) Law 1974](#) to support Revenue Jersey to modernise and improve the revenue collection process for employers.

Following States approval, from 1st January 2022, employers will collect and pay contributions for employees that earn above a certain amount, rather than when they work more than 8 hours a week.

The minimum earnings threshold will be initially set so that it is equivalent to working 8 hours a week at the minimum wage. For information, the threshold today would be £289 per month or £66 per week.

This change will make it easier for employers to collect Social Security contributions for part-time employees and report information to the government for contributions, income tax and manpower requirements, through a new combined employer return¹.

To do this, the Minister for Social Security is proposing to make a small change to Article 5 of the Law to introduce a new “Class 1 minimum earnings threshold” for employees.

The threshold in the Law will be a monthly one, consistent with the other monthly contribution limits. There will be an equivalent weekly threshold based on this for employers who pay their employees on a weekly, 2-weekly or 4-weekly basis.

Once these Regulations have been approved, the Minister for Social Security will set the minimum earnings threshold for 2022 in a new Order and remove the 8 hours a week rule in the [Social Security \(Classification\) \(Jersey\) Order 1974](#).

These changes will start from 1st January 2022.

Financial and manpower implications

There are no financial or manpower implications for the new minimum earnings threshold. This is not expected to change the amount of contributions paid by employees and employers into the Social Security Fund.

¹ For more information about the [Combined Employer Return \(gov.je\)](#)

EXPLANATORY NOTE

These Regulations, if passed, would amend Article 5 of the Social Security (Jersey) Law 1974, which makes provision about the circumstances in which Class 1 social security contributions are payable.

Regulation 1 substitutes paragraph (3)(b) of Article 5. The current paragraph (3)(b) provides that where a person has been employed for more than a prescribed number of hours in a prescribed period, and the other conditions in Article 5 are met, Class 1 contributions are payable in respect of the person. The new paragraph (3)(b) replaces that condition, so that the amended Article 5 will provide instead that where a person's monthly earnings equal or exceed the "Class 1 minimum earnings threshold" (and the other conditions are met) Class 1 contributions are payable. The Regulation also inserts a new paragraph (3A) in Article 5, providing that the "Class 1 minimum earnings threshold" is the amount specified, or determined in accordance with provision made, by the Minister for Social Security by Order.

Regulation 2 makes provision for the citation of the Regulations, and provides that the Regulations come into force on 1st January 2022.



Jersey

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Made [date to be inserted]
Coming into force [date to be inserted]

THE STATES make these Regulations under Article 50 of the [Social Security \(Jersey\) Law 1974](#) –

1 Article 5 (Class 1 contributions) of the [Social Security \(Jersey\) Law 1974](#) amended

- (1) Article 5 of the [Social Security \(Jersey\) Law 1974](#) is amended as follows.
- (2) For paragraph (3)(b) there is substituted –
 - “(b) the amount of those earnings in that contribution month is equal to or exceeds the Class 1 minimum earnings threshold.”.
- (3) After paragraph (3) there is inserted –
 - “(3A) The “Class 1 minimum earnings threshold” is the amount specified, or determined in accordance with provision made, by Order under this paragraph.”.

2 Citation and commencement

These Regulations may be cited as the Social Security (Amendment of Law – Minimum Earnings Threshold) (Jersey) Regulations 202- and come into force on 1st January 2022.