

MATERNITY ALLOWANCE: SELF-EMPLOYED EARNERS

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INTRODUCTION

- 1 This memo gives guidance on changes to MA introduced by
 1. the [National Insurance Contributions Act 2015](#) (NI Contributions Act 15) **and**
 2. the [Social Security \(Maternity Allowance\) \(Earnings\) \(Amendment\) Regulations 2015](#) (SS (MA) (Earnings) (Amdt) Regs) (SI 2015 No. 342).
- 2 The changes
 1. take effect on 6.4.15¹ **and**
 2. apply to women with an EWC beginning on or after 12.7.15².

1 NI Contributions Act 15, Sch 1, para 35; SS (MA) (Earnings) (Amdt) Regs, reg 1(1); 2 reg 1(2)

BACKGROUND

- 3 From 6.4.15 there will be a change in the way Class 2 contributions are collected¹. The change means that they will be collected through income tax self assessment. Self assessment for the 2015/16 tax year will begin in April 2016. However, for MA

purposes, Class 2 contributions can be paid early². Another change means that small earnings exception certificates will be abolished.

1 SS CB Act 92, s 11; 2 SS (Conts) Regs 01, reg 90ZA

EMPLOYMENT CONDITION

- 4 One of the conditions of entitlement to MA is that a woman must have been engaged in employment as an employed or S/E earner for at least 26 weeks in the 66 weeks immediately before the EWC¹ ("the test period"). DMG 62525 gives guidance that a S/E earner's involvement in employment in the test period can be corroborated by payment of Class 2 contributions or the holding of a small earnings exception certificate.

1 SS CB Act 92, s 35(1)(b)

- 5 Because of the change in the way Class 2 contributions are collected, a woman who has been in employment as a S/E earner may not have paid 13 contributions in her test period. When this is the case, the woman should be asked to confirm when she registered as S/E with HMRC ([see DMG 62525](#)).

EARNINGS CONDITION

- 6 The earnings condition determines the rate of MA payable. A change means that a S/E earner is treated as earning an amount

1. 90% of which equals the standard rate of MA in force at the end of the week covered by a Class 2 contribution¹ **or**
2. equal to the MA threshold where 1. does not apply².

1 SS (MA) (Earnings) Regs, reg 3(a); 2 reg 3(b)

- 7 Therefore, if a S/E earner has paid¹ at least 13 Class 2 contributions in the test period, she will receive MA at the rate in paragraph 6 1. above. However, if a S/E earner could have paid but has not paid² at least 13 Class 2 contributions in the test period, she will receive MA at the rate in paragraph 6 2. above.

1 SS CB Act 92, s 35A(5)(c)(i); 2 s 35A(5)(c)(ii)

- 8 If

1. the DM makes a decision to award MA at the rate in paragraph 6 2. above **and**

2. the claimant subsequently makes a payment so that she has paid at least 13 Class 2 contributions in the test period

the DM should revise the original decision¹ and award MA at the rate in paragraph 6 1. above.

I SS CS (D&A) Regs, reg 3(8C)(a)(ii)

PARTICIPATING WIFE OR CIVIL PARTNER OF SELF-EMPLOYED EARNER

- 9 A change means that one of the conditions of entitlement to MA for a participating wife or civil partner of a S/E earner is that the S/E earner has paid¹ a Class 2 contribution in the 26 weeks in [DMG 62711](#) 2..

I SS CB Act 92, s 35B(1)(c)

- 10 Because of the change in the way Class 2 contributions are collected, the S/E earner may not have paid 26 contributions for the relevant weeks in the participating wife's or civil partner's test period. If

1. the S/E earner then makes a payment so that they have paid 26 contributions for the relevant weeks **and**
2. all the other conditions of entitlement are satisfied

the DM should decide to award MA. However, if the S/E earner does not make such a payment, the DM should disallow the claim.

- 11 If, after a decision has been made to disallow the claim

1. the S/E earner makes a payment so that they have paid 26 contributions for the relevant weeks **and**
2. all the other conditions of entitlement are satisfied

the DM should revise that decision¹ and award MA.

I SS CS (D&A) Regs, reg 3(8C)(a)(ii)

ANNOTATIONS

Please annotate the number of this memo (8/15) against DMG paragraphs:

62524, 62525, 62539, 62711

CONTACTS

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, 1S25, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in [Memo DMG 03/13](#) - Obtaining legal advice and guidance on the Law.

DMA Leeds: March 2015