



HM Revenue
& Customs

Maturing Child Trust Funds - draft Regulations

Technical consultation document

Publication date: 6 June 2019

Closing date for comments: 11 August 2019

Consultation description

Child Trust Funds (CTF) begin maturing in September 2020 as account holders reach their 18th birthday and can access their accounts.

An announcement was made at Budget 2018 that consultation would take place in Spring 2019 on draft regulations which would ensure that the funds in maturing CTF accounts could retain their tax advantaged status post maturity.

This technical consultation is designed to gather views on the detail of draft regulations. A programme of informal discussions with CTF providers during the spring has informed these draft regulations.

The changes to the CTF Regulations will provide that, where, at maturity, no instructions have been received from the account holder (i.e. the young person) on the future of the investments in the CTF, the CTF provider will be required to transfer the investments to a tax advantaged 'matured account' pending instruction. The 'matured account' can be a continuing CTF account, or a cash ISA or stocks and shares ISA offered by the original CTF provider. Funds in the 'matured account' will retain their tax advantaged status, and the terms and conditions which applied before maturity. No subscriptions can be made to the matured account and the matured account must be retained by the original provider.

The changes to the ISA Regulations will provide for the investments to be transferred to an ISA at, or post, maturity outside the annual ISA subscription limit but subject to the Lifetime ISA payment limit. This is consistent with the approach taken for maturing Junior ISAs.

The consultation will be of interest to providers of Child Trust Funds and Individual Savings Accounts, Child Trust Fund holders and their parents, representative groups for children and young adults, and other individuals or organisations concerned with promoting financial awareness and capacity among children and young adults.

HMRC has published draft legislation, together with a Tax Information and Impact Note, for a period of technical consultation which will close on 11 August 2019.

We would be interested to hear your views on the following points:

- 1. The ability of the legislation to ensure that investments in maturing CTFs can retain their tax advantaged status post maturity.**
- 2. Any potentially adverse consequences of the legislation on providers.**
- 3. Any potentially adverse consequences of the legislation on holders of maturing CTFs (young adults).**

Comments/responses should be sent by email to: savings.audit@hmrc.gsi.gov.uk.

Or write to: Mature CTF Consultation, HM Revenue and Customs, Room 3C.07, 100 Parliament Street, London, SW1A 2BQ.

As this is a largely technical issue with specialist interests this will be a purely written or electronic exercise. HMRC will also consider requests for meetings as part of this consultation. Any such requests should be made to the email or postal address above.

Responses to the consultation will inform the final draft of legislation – which will be laid in early 2020 with an implementation date of 6 April 2020, ensuring providers have adequate time to make the necessary systems changes.

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