

2015 No. ***

INCOME TAX

CAPITAL GAINS TAX

**The Individual Savings Account (Amendment) Regulations
2015**

<i>Made</i>	- - - -	***
<i>Laid before the House of Commons</i>		***
<i>Coming into force</i>	- -	***

The Treasury make these Regulations exercising the powers in sections 694 to 699 and 701 of the Income Tax (Trading and Other Income) Act 2005(a) and section 151 of the Taxation of Chargeable Gains Act 1992(b).

Citation and commencement

1. These Regulations may be cited as the Individual Saving Account (Amendment) Regulations 2015 and come into force on ***.

Amendment of the Individual Savings Account Regulations 1998

2. The Individual Savings Account Regulations 1998(c) are amended as follows.

3. In regulation 2(1)(a), after the entry “CTA 2010” insert—

““deceased’s account” is an account which the deceased held with an account manager at the date of the deceased’s death;”.

4. In regulation 2D after “5B,” insert “5DDA,”.

5. In regulation 4(1B)(d) after “regulation” insert “5DDA(4) and”.

6. In regulation 5D—

(a) 2005 c. 5; amendments made by the Commissioners for Revenue and Customs Act 2005 (c. 11), Schedule 4, paragraph 132; the Finance Act 2008 (c. 9), section 40; the Finance Act 2011 (c. 11), section 40.

(b) 1992 c. 12; amendments made by the Finance Act 1993 (c. 34), section 85; the Finance Act 1995 (c. 4), section 64(2); the Income Tax (Taxation of Trading and Other Income) Act 2005, Schedule 1, paragraph 426; the Finance Act 2011, section 40(6).

(c) S.I.1998/1870; relevant amending instruments S.I.2000/2079; S.I.2000/3112; S.I.2001/908; S.I. 2001/3269; S.I.2001/3778; S.I.2002/1409; S.I.2002/3158; S.I. 2005/3350; S.I. 2005/3230; S.I.2009/1994; S.I.2012/1871; S.I. 2013/605; S.I. 2013/1743.

- (a) at the end of paragraph (2)(a)(ii) omit “or”;
- (b) at the end of paragraph (2)(a)(iii) substitute “or” for “and”;
- (c) after paragraph (2)(a)(iii), insert—
 - “(iv) permitted in accordance with regulation 5DDA; and”;
- (d) at the end of paragraph(2)(b), substitute a semicolon for the full stop and insert “and
 - (c) in a case within sub-paragraph (a)(iv), the account manager of the account to which the subscription is made is provided with the declarations required by 5DDA as relevant to the subscription.”.

7. After regulation 5DD, insert—

“Additional permitted subscription to an account other than a junior ISA account

5DDA.—(1) A subscription to an account other than a junior ISA account is permitted by this regulation if—

- (a) it is made in the circumstances described in paragraph (2); and
- (b) the amount of the subscription, or the aggregate of a number of such subscriptions, does not exceed in value the amount determined in accordance with paragraph (3).

(2) The circumstances are—

- (a) an account investor dies on or after 3 December 2014 leaving a surviving spouse or civil partner (S);
- (b) the subscription is made by S to an account held by S;
- (c) subject to paragraph (7), the account is managed by the account manager who managed the deceased’s account;
- (d) the subscription is made within the permitted period;
- (e) S and the deceased were living together at the date of the deceased’s death(a); and
- (f) where the subscription comprises non-cash assets—
 - (i) the deceased held an account either comprising or including non-cash assets at the date of the deceased’s death;
 - (ii) S inherits all or part of those assets;
 - (iii) S makes a subscription comprising those assets or any part thereof; and
 - (iv) immediately before that subscription, title to those assets is vested, and has continuously since the deceased’s death been vested, in the account manager or his nominee or jointly in one of them and another.

(3) The amount is—

- (a) where the deceased held a single account with an account manager, then the value of that account at the date of the deceased’s death; or
- (b) where the deceased held more than one account with an account manager, then the combined value of those accounts at the date of the deceased’s death.

(4) For the purposes of a subscription made under paragraph 2(f)—

- (a) “non-cash assets” means—
 - (i) those investments specified in regulation 7, other than those in paragraph (2)(j); and
 - (ii) those investments specified in regulation 8(2)(f), (h), (p) or (q); and

(a) section 1011 of the Income Tax Act 2007(c.3), provides that, for the purposes of the Income Tax Acts, individuals who are married or in a civil partnership are treated as living together unless they are separated (a) by a court order, (b) by a deed of separation, or (c) as a matter of fact in circumstances in which the separation is likely to be permanent.

(b) the value of a subscription comprising non-cash assets made pursuant to paragraph (2) is the value of the assets at the date of the subscription.

(5) In this regulation, the permitted period means—

- (a) in the case of a subscription comprising non-cash assets made in accordance with paragraph (2), the period beginning with distribution to S by the deceased's estate of the non-cash assets and ending no more than 180 days thereafter;
- (b) in the case of any other subscription under this regulation, the period beginning with the date of the deceased's death and ending either—
 - (i) no more than 3 years thereafter; or
 - (ii) no more than 180 days after administration of the estate is complete;which ever is the later.

(6) Where the deceased died in the period beginning with 3 December 2014 and ending on 5 April 2015, the deceased is treated as dying on 6 April 2015 for the purposes of regulation 5DDA(5)(b).

(7) The requirement in paragraph (2)(c) is deemed as met where the Board authorises an account manager other than the account manager who managed the deceased's account at the date of the deceased's death to accept a subscription from S.

(8) The following regulations do not apply to a subscription permitted by regulation 5DDA—4(1B)(a), (b) and (e); 4B; 6(3); 10(2)(b), (c) and (ca); 21A(3)(b)(ii) and (iii) and 31(3)(c)(ii) and (iii).

(9) The requirement in regulation 10(2)(d) is deemed as met where S makes a subscription permitted by regulation 5DDA.

(10) Regulation 12(3) applies to a subscription permitted in accordance with regulation 5DDA with the following modifications—

- (a) omit sub-paragraphs (d) and (e) where an account is opened in a year to which regulation 12(2) refers solely to receive subscriptions permitted by regulation 5DDA; and
- (b) in that regulation—
 - (i) omit sub-paragraph (ea); and
 - (ii) in sub-paragraph (f), omit the words after “or over”.

(11) Regulation 21 applies to a subscription permitted in accordance with regulation 5DDA with the following modifications—

- (a) in paragraph (1), as if that subscription was a previous years' subscription; and
- (b) in sub-paragraph (6), omit sub-paragraphs (b)(iii) and (iv).”.

8. In regulation 5DF—

- (a) at the end of paragraph (1)(b)(iv), for the full stop substitute a semicolon; and
- (b) after paragraph (1)(b) insert—

“(c) in relation to a subscription permitted by regulation 5DDA—

- (i) the deceased's full name;
- (ii) the full address of the deceased's permanent residence at the date of death;
- (iii) the deceased's national insurance number, or confirmation that he did not have one;
- (iv) the deceased's date of birth and date of death; and
- (v) evidence that S was married to, or in a civil partnership with, the deceased.

(1A) The requirements in sub-paragraph (1)(c) are met where the information is provided on the first instance a subscription permitted by regulation 5DDA is made to an account.”.

9. After regulation 5DF, insert—

“Declarations required by regulation 5D

5DFA(1)— The declarations in regulation 5D(2)(c) required by S in relation to a subscription permitted by regulation 5DDA are—

- (a) that S is the surviving spouse or civil partner of the deceased;
- (b) that S and the deceased were living together at the date of the deceased’s death;
- (c) that the subscription is being made under regulation 5DDA;
- (d) that the subscription is being made—
 - (i) in the case of a subscription of non-cash assets made in accordance with paragraph (2) of that regulation, in the period beginning with distribution to S by the deceased’s estate of those assets and ending no more than 180 days thereafter;
 - (ii) in the case of any other subscription under that regulation, in the period beginning with the date of the deceased’s death and ending—
 - no more than 3 years thereafter, or in the case of the deceased’s death occurring in the period beginning with 3 December 2014 and ending with 5 April 2015, no later than 5 April 2018; or
 - no more than 180 days after administration of the estate is complete.

(2) The requirements in sub-paragraphs (a) and (b) are met where the information is provided on the first instance a subscription permitted by regulation 5DDA is made to an account.”.

10. In regulation 31(3)(c)—

- (a) at the end of sub-paragraph (iv) omit “and”;
- (b) at the end of sub-paragraph (v) for the full stop substitute a comma and insert “and
(vi) whether a subscription permitted in accordance with regulation 5DDA has been made at any time in the year or part of the year for which the return is made”.

Date

Name 1
Name 2
Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Individual Savings Account Regulations 1998 (S.I. 1998/1450) (“the principal Regulations”) to allow an additional permitted subscription to the surviving spouse or civil partner (S) of a person who held an Individual Savings Account at their death (D).

Regulation 3 amends regulation 2 of the principal Regulations to insert a definition of a “deceased’s account”.

Regulation 4 amends regulation 2D to provide that an additional permitted subscription cannot be made to a junior ISA account.

Regulation 5 amends regulation 4(1B) of the principal Regulations to allow an additional permitted subscription to be made in the form of non-cash assets where S inherits those assets from D and certain other conditions set out at regulation 5DDA(2)(f) are met.

Regulation 6 amends regulation 5D of the principal Regulations. It adds an additional permitted subscription as a further category of subscription to be disregarded for the purposes of the yearly ISA subscription limits.

Regulation 7 inserts regulation 5DDA into the principal Regulations. Regulation 5DDA permits S (in addition to the yearly subscription limit provided for at regulation 4ZA) to subscribe an amount not exceeding the value of the ISA investments held by D on death, where D dies on or after 3 December 2014. Such subscriptions are subject to eligibility conditions, time limits and information requirements.

Regulation 8 amends regulation 5DF of the principal Regulations to specify the information which S must provide when making a subscription permitted by regulation 5DDA.

Regulation 9 amends regulation 5DF of the principal Regulations to specify the declarations which S must make when making a subscription permitted by regulation 5DDA.

Regulation 10 amends regulation 31 of the principal Regulations to provide that an account manager must state in any return whether a subscription permitted by regulation 5DDA of the principal Regulations has been made.