

2017 No. 0000

INCOME TAX

CAPITAL GAINS TAX

The Individual Savings Account (Amendment No. XX)
Regulations 2017

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

The Treasury make the following Regulations in exercise of the powers conferred by sections 694, 695, 696, 699 and 701 of the Income Tax (Trading and Other Income) Act 2005(a), sections [XX] of and paragraphs [XX] of Schedule 1 to the Savings (Government Contributions) Act xxxx (b), and section 151 of the Taxation of Chargeable Gains Act 1992(c).

Citation and commencement

1. These Regulations may be cited as the Individual Savings Account (Amendment No. XX) Regulations 2017 and come into force on 6th April 2017.

Amendment of the Individual Savings Account Regulations 1998

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

Regulation 2

3.—(1) Amend regulation 2 (interpretation) as follows.

(2) In paragraph (1)—

(a) in the definition of “account investment”(e)—

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- (a) 2005 c. 5. Section 694 was amended by section 40(2) of the Finance Act 2011(c. 11). Sections 695 and 696 were amended by paragraph 132 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 699 was amended by section 40(4) of the Finance Act 2011 and paragraph 132 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005. Section 701 was amended by section 40 of the Finance Act 2008 (c. 9) and section 40(5) of the Finance Act 2011.
- (b) 20[XX] c. [XX].
- (c) 1992 c. 12. Section 151 was amended by section 85 of the Finance Act 1993 (c. 34), paragraph 436 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005, section 40(6) of the Finance Act 2011 and section 27(2) of the Finance Act 2016.(c. 24).
- (d) S.I.1998/1870; relevant amending instruments are: S.I.2000/2079, S.I.2002/3158, S.I.2006/3194, S.I.2007/2119, S.I.2011/1780, S.I.2012/1871, S.I.2013/605, S.I.2014/1450, S.I.2015/608, S.I.2105/869, S.I.2015/941, S.I.2016/16, S.I.2016/364 and S.I.2016/977.
- (e) The definition of “account investment” was amended by S.I. 2016/364.

- (i) for “or an innovative finance component” substitute “, an innovative finance component or a Lifetime ISA component”;
- (ii) after “8” insert “, 8ZA”;
- (b) after the definition of “CTA 2010” insert—
 - ““current year payments” has the meaning given in regulation 10A(3) and(4)”(a);
- (c) after the definition of “eligible child”(b) insert—
 - ““eligible conveyancer” has the meaning given in the Schedule;”;
- (d) after the definition of “gilt-edged securities” insert—
 - ““government bonus” has the meaning given in the Schedule;”;
- (e) after the definition of “lender”(c) insert—
 - ““Lifetime ISA” has the meaning given in regulation 4(1ZB);”;
- (f) after the definition of “plan shares” insert—
 - ““qualifying addition” (d)” has the meaning given in the Schedule;”.
- (3) In the table in paragraph (2)—
 - (a) after the entry for “Component” insert—
 - “Current year payments 10A(3) and (4)”;
 - (b) after the entry for “Interim claim” insert—
 - “Lifetime ISA payment limit 4ZA(1A)”;
 - (c) in the entry for “Qualifying individual” after “10” insert “and 10A”;
 - (d) after the entry for “Qualifying investments for a cash component” insert—
 - “Qualifying investments for a Lifetime ISA component 8ZA”.

Regulation 2A

- 4. In regulation 2A (meaning of account investor)(e)—
 - (a) in paragraph (2) after “junior ISA account” insert “or a Lifetime ISA”, and
 - (b) after paragraph (5) insert—
 - “(6) In relation to a Lifetime ISA, “account investor” means an individual who makes, or has made—
 - (a) a payment to a Lifetime ISA, or
 - (b) a transfer of current year’s subscriptions or previous years’ subscriptions from another account of the individual to a Lifetime ISA, and
 who, at the time of each payment by the individual into the Lifetime ISA, is a qualifying individual within the meaning of regulation 10A.”.

Regulation 2D

- 5. In regulation 2D (regulations that do not apply to junior ISA accounts)(f)—
 - (a) after “4A,” insert “4AA,”;
 - (b) omit “5B,”; and
 - (c) for “10, 11, 12,” substitute “8ZA, 10 to 12, 12B,”.

(a) Regulation 10A is inserted by these Regulations.
 (b) The definition of “eligible child” was inserted by S.I. 2011/1780.
 (c) The definition of “lender” was inserted by S.I. 2016/364.
 (d) The definition of “plan shares” was inserted by S.I.2008/704.
 (e) Regulation 2A was inserted by S.I. 2011/1780 and amended by S.I. 2012/1871.
 (f) Regulation 2D was inserted by S.I. 2011/1780 and amended by S.I. 2012/1871, 2014/1450, 2015/869, 2016/16 and 2016/364.

Regulation 4

6. In regulation 4(1ZA)(a) for “(1B)(ba) to (e)” substitute “(1B)(ba), (c) to (e)”.
7. In regulation 4(1A) after sub-paragraph (ca)(b) insert—

“(cb) a Lifetime ISA is made up of a single Lifetime ISA component only;”.
8. After regulation 4(1ZA) insert—

“(1ZB) A Lifetime ISA is an account in respect of which—

 - (a) the conditions in paragraphs (1A)(cb), (1B)(bb) and (c), (d)(ii) and (e), 5, 6, 7, 8, 9 and 10 are fulfilled; and
 - (b) the application to open the account is made in accordance with regulation 12B.”.
9. In regulation 4(1B)(c)—
 - (a) after sub-paragraph (ba)(d) insert—

“(bb) a qualifying individual may only make current year payments and a payment described in regulation 10A(4)(c) to a single Lifetime ISA in a particular year;”.
 - (b) at the end of sub-paragraph (c) insert—

“or, in the case of a Lifetime ISA, to which only one qualifying individual makes current year payments”.
 - (c) for sub-paragraph (d)(e) substitute—

“(d) subject to—

 - (i) regulations 5DDA(2)(e) and 7(2)(h), it is an account that is not a Lifetime ISA account to which the qualifying individual subscribes only by payment to the account manager of a sum or sums of the individual’s cash, or
 - (ii) regulations 5DDA(2)(e) and 7(2)(h), it is a Lifetime ISA to which the qualifying individual makes qualifying additions only by—
 - (aa) payment to the account manager of a sum or sums of the individual’s cash; or
 - (bb) a transfer of other qualifying investments for a Lifetime ISA component from another account of the account investor; and”;
 - (d) in sub-paragraph (e)(f) —
 - (i) after “account managers to the individual)” insert “and in the case of a Lifetime ISA the current year payments made to the account”; and
 - (ii) for “the subscription limit in regulation 4ZA(1)” substitute—

“—

 - (aa) the subscription limit in regulation 4ZA(1); or
 - (bb) where applicable, the Lifetime ISA payment limit in regulation 4ZA(1A)(g).”.
10. In regulation 4(6)(c) and (d) after “qualifying investments for an innovative finance component (h),” insert “, a Lifetime ISA component,”.

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- (a) Regulation 4(1ZA) was inserted by S.I. 2016/364.
 - (b) Sub-paragraph (ca) was inserted by S.I. 2016/364.
 - (c) Regulation 4(1B) was inserted by S.I. 2011/1780.
 - (d) Sub-paragraph (ba) was inserted by S.I. 2016/364.
 - (e) Sub-paragraph (d) was amended by S.I. 2015/869.
 - (f) Sub-paragraph (e) was amended by S.I. 2014/1450.
 - (g) Regulation 4ZA(1A) is inserted by these Regulations.
 - (h) Regulation 4(6)(c) and (d) were amended by S.I. 2014/1450 and 2016/977.

11. In regulation 4(6)(fa) for “any cash shall be transferred or paid to him” substitute “any cash shall be transferred or paid to him or, where paragraph 6(8) of the Schedule applies, an eligible conveyancer”.

12. At the end of regulation 4(7) insert (as fall out words)—

“Where the account is a Lifetime ISA and the funds are being withdrawn for the purpose of a first time residential purchase by the account investor under paragraph 6 of the Schedule, the period of 30 days referred to in sub-paragraph (a) runs from the date on which the account manager receives the information from the account investor’s conveyancer in accordance with paragraph 8(2) of the Schedule.”.

13. After regulation 4(8) insert—

“(9) A Lifetime ISA opened by a qualifying individual is to be treated as an account notwithstanding that the account holder reaches 50 years of age or over.

(10) A Lifetime ISA in relation to which a plan manager has received notification of closure within 30 days after the latest applicable cancellation period start date for the purposes of the Conduct of Business Sourcebook published by the Financial Conduct Authority under FISMA 2000(a), is to be treated for all purposes of these Regulations as never having been such an account.

(11) Where a Lifetime ISA is opened to receive a qualifying addition on transfer from another such account (“original account”) of the account investor, the latest applicable cancellation period start date for the original account is to count for the purposes of paragraph (10).”.

Regulation 4ZA

14. In regulation 4ZA (subscriptions to an account other than a junior ISA account)(b)—

(a) in paragraph (1) for “£15,240” substitute “£20,000”;

(b) after paragraph (1) insert—

“(1A) The overall Lifetime ISA payment limit in respect of current year payments for any qualifying individual for any year is £4,000.”.

Regulation 4A

15. In regulation 4A (repair of certain incompatible account and excess subscriptions – accounts other than junior ISA accounts)(c)—

(a) after paragraph (6)(d) insert—

“(7) This regulation is subject to regulation 4AA.

Application of the repair provisions to Lifetime ISAs

4AA.—(1) The following modifications to regulation 4A apply where one or more of the accounts to which the investor subscribes in the relevant year is a Lifetime ISA.

(2) Where an investor has made current year payments in excess of the Lifetime ISA payment limit in regulation 4ZA(1A) to a single Lifetime ISA, an officer of Revenue and Customs may direct the removal of the excess and proceeds representing the excess, whether or not the overall subscription limit in regulation 4ZA(1) has been exceeded.

(a) The Conduct of Business Sourcebook published by the Financial Conduct Authority can be obtained from <https://www.handbook.fca.org.uk/handbook/COBS/15/?view=chapter> and from the Financial Conduct Authority, 25 The North Colonnade, London E14 5HS.

(b) Regulation 4ZA was inserted by S.I. 2011/1780.

(c) Regulation 4A was inserted by S.I. 2002/3158 and the heading was substituted by S.I. 2011/1780.

(d) Paragraph (6) was inserted by S.I. 2011/1780.

(3) Where an investor has exceeded the overall subscription limit in regulation 4ZA(1), but has not exceeded the Lifetime ISA payment limit in regulation 4ZA(1A), the excess shall be removed from the accounts which are not Lifetime ISAs, even if the Lifetime ISA was first subscribed to later in the year than any other such account.

(4) Where an investor has made current year payments or a payment described in regulation 10A(4)(c) to more than one Lifetime ISA, only one account will be a valid account.”.

Regulation 5D

16. In regulation 5D (subscriptions disregarded for the purposes of the subscription limits in regulations 4ZA and 4ZB)(a)—

- (a) in the heading and in paragraph (1) for “4ZA” substitute “4ZA(1)”,
- (b) after paragraph (2)(a)(i) insert—
 - “(ia) a defaulted Lifetime ISA subscription;
 - (ib) a returned withdrawal from a Lifetime ISA following failure of a purchase to complete under paragraph 10(1) of the Schedule;”.

Regulation 5DA

17. In regulation 5DA(a) (defaulted cash account subscription)(b) for “or a cash account” substitute “, a cash account, innovative finance account or a Lifetime ISA”.

New regulation 5DAA

18. After regulation 5DA (defaulted cash account subscription) insert—

“Defaulted Lifetime ISA subscription

5DAA. A subscription is a defaulted Lifetime ISA subscription if—

- (a) it is made to a Lifetime ISA held by the account investor who held the Lifetime ISA in respect of which a defaulted investment payment has been made no more than 180 days before the subscription is made; and
- (b) it does not exceed the defaulted investment payment.”.

Regulation 5DD

19. In regulation 5DD(b) (defaulted investment payment)(c) after “payment” insert—

- “; or
- (c) described in regulation 7 or 8, held in a Lifetime ISA (whether or not the defaulted investment continues to be held in the account at the time of payment)”.

Regulation 5DDA

20. In regulation 5DDA (additional permitted subscription to an account other than a junior ISA account)(d) after paragraph (3A)(e) insert—

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- (a) Regulation 5D was inserted by S.I. 2012/1871.
 - (b) Regulation 5DA was inserted by S.I. 2012/1871.
 - (c) Regulation 5DD was inserted by S.I. 2012/1871 and substituted by S.I. 2016/364.
 - (d) Regulation 5DDA was inserted by S.I. 2015/869.
 - (e) Paragraph (3A) was inserted by S.I. 2016/364 and amended by S.I. 2016/977.

“(3B) In respect of a Lifetime ISA, for the purposes of paragraph (3) the value of the account at the date of the deceased’s death includes any government bonus that has accrued, but not paid, prior to the date of death.”.

Regulation 5DDB

21. In regulation 5DDB (flexible account)(a)—

- (a) in paragraph (1) after “junior ISA account” insert “or a Lifetime ISA”,
- (b) in paragraph (2) for “and (ba)” substitute “, (ba) and (bb)”.

Regulation 5DDC

22. In regulation 5DDC (additional permitted subscription of cash to an account other than a junior ISA on closure of Help to Buy ISA)(b) after paragraph (2)(a) insert—

“(aa) the Help to Buy ISA was not closed following a transfer to a Lifetime ISA in accordance with regulation 10A(4)(c);”.

Regulation 5DF

23. In regulation 5DF(1)(b)(iii) (information required by regulation 5D)(c) for “or innovative finance account” insert “, innovative finance account or Lifetime ISA”.

Regulation 5DFA

24. In regulation 5DFA(4)(b) (declarations required by regulation 5D)(d) for “paragraph (3)” substitute “paragraphs (3), (3A) and (3B)”.

Regulation 5DFB

25. In regulation 5DFB (notices required by regulation 5D)(e) in paragraph (3)(v), (vi), (vii) and (viii) for “paragraph (3)” substitute “paragraphs (3), (3A)(f) and (3B)(g)”.

Regulation 5DFC

26. In regulation 5DFC(1) for “paragraph (3)” substitute “paragraphs (3), (3A) and (3B)”.

Regulation 5DG

27. In regulation 5DG (single regulation 5D subscription)(h) after “defaulted investment subscription” insert “, defaulted Lifetime ISA subscription”.

Regulation 6

28. In regulation 6(6) (general investment rules)(i) after “rights or proceeds” insert “(including any government bonus)”.

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- (a) Regulation 5DDB was inserted by S.I. 2016/16. Paragraphs (1) and (2) were amended by S.I. 2016/364.
 - (b) Regulation 5DDC was inserted by S.I. 2016/16.
 - (c) Regulation 5DF was inserted by S.I. 2012/1871. Paragraph (1)(b)(iii) was amended by S.I. 2016/364.
 - (d) Regulation 5DFA was inserted by S.I. 2015/869.
 - (e) Regulation 5DFB was inserted by S.I. 2015/869.
 - (f) Paragraph (3A) was inserted by S.I. 2016/364 and amended by S.I. 2016/977.
 - (g) Paragraph (3B) is inserted by these Regulations.
 - (h) Regulation 5DG was inserted by S.I. 2012/1871.
 - (i) Regulation 6(6) was amended by S.I. 2007/2119.

New regulation 8ZA

29. After regulation 8 insert—

“Qualifying investments for a Lifetime ISA component

8ZA. The kind of investments (“qualifying investments for a Lifetime ISA component”) which may be purchased, made or held under a Lifetime ISA are—

- (a) investments that are qualifying investments for a stocks and shares component; and
- (b) investments that are qualifying investments for a cash component.”.

Regulation 10

30. In regulation 10 (qualifying individuals who may invest under an account that is not a junior ISA account)—

- (a) at the end of the heading(a) insert “or a Lifetime ISA”, and
- (b) in paragraph (1)(b) after “junior ISA account” insert “or a Lifetime ISA”.

New regulation 10A

31. After regulation 10 insert—

“Qualifying individuals who may invest under a Lifetime ISA

10A.—(1) This regulation specifies the description of individual (“qualifying individual”) who may invest under a Lifetime ISA.

(2) A qualifying individual to whom paragraph (1) refers is an individual who—

- (a) is 18 years of age or over;
- (b) except for a payment in accordance with regulation 5D(2)(a)(ia) or (ib), is under 50 years of age;
- (c) has not made, and will not make, any current year payments or a payment described in paragraph (4)(c) to any other Lifetime ISA, in the year in which the payment is made;
- (d) has not exceeded the overall subscription limit in regulation 4ZA(1)(c) in that year;
- (e) has not exceeded the overall Lifetime ISA payment limit in regulation 4ZA(1A)(d) in that year; and
- (f)
 - (i) is resident in the United Kingdom,
 - (ii) though not resident in the United Kingdom, has general earnings from overseas Crown employment subject to United Kingdom tax within the meaning given by section 28 of ITEPA 2003(e), or
 - (iii) though not resident in the United Kingdom, is married to or in a civil partnership with a person mentioned in paragraph (ii).

(3) The following are current year payments—

- (a) a subscription of money;

(a) The heading was amended by S.I. 2011/1780.
(b) Paragraph (1) was substituted by S.I. 2011/1780.
(c) The subscription limit in regulation 4ZA(1) was most recently substituted by S.I. 2015/608.
(d) Regulation 4ZA(1A) is inserted by these Regulations.
(e) 2003 c. 1; section 28(5) and (6) were amended by paragraph 102(2) and (3)(a) of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11).

- (b) a subscription of shares to which regulation 7(2)(h)(a) applies;
 - (c) a subscription to which regulation 5D(b) applies;
 - (d) an additional permitted subscription in accordance with regulation 5DDA(c);
 - (e) a replacement subscription in accordance with regulation 5DDB(d);
 - (f) an additional permitted subscription on closure of a Help to Buy ISA in accordance with regulation 5DDC(e); and
 - (g) a transfer of qualifying investments for a Lifetime ISA component, from an account which is not a Lifetime ISA.
- (4) The following are not current year payments—
- (a) a defaulted Lifetime ISA subscription under regulation 5D(2)(a)(ia);
 - (b) a returned withdrawal under regulation 5D(2)(a)(ib); and
 - (c) the first or only transfer from a Help to Buy ISA (as described in regulation 5DDC) to a Lifetime ISA in the year 2017-18 in an amount not exceeding the balance on the Help to Buy ISA as at 5th April 2017.”.

Regulation 11

32. In regulation 11 (account investor ceasing to qualify) after “regulation 10(2)(d)” insert “or 10A(2)(f)(f), as the case may be.”.

Regulation 12

33. At the end of the heading for regulation 12 (conditions for application to open an account that is not a junior ISA account)(g) insert “or a Lifetime ISA”.

New regulation 12B

34. After regulation 12A(h) insert—

“Conditions for application to open an account that is a Lifetime ISA

12B.—(1) An application by an individual to open a Lifetime ISA must be made in the year in which the applicant first makes a payment to that account and must fulfil the conditions specified in paragraph (2).

(2) The application must state that it is an application to open a Lifetime ISA and—

- (a) specify the first year to which the application relates,
- (b) contain the information specified in paragraph (3),
- (c) contain a declaration by the applicant in accordance with paragraph (4).

(3) The application must contain—

- (a) the applicant’s full name;
- (b) the address and postcode of the applicant’s permanent residence;
- (c) the applicant’s national insurance number;

(a) Regulation 7(2)(h) was amended by paragraph 86 of Schedule 8 to the Finance Act 2014 (c. 26) and S.I. 2000/2079, 2008/704 and 2011/1780.

(b) Regulation 5D was inserted by S.I. 2012/1871 and amended by S.I. 2015/869, 2015/941 and 2016/16.

(c) Regulation 5DDA was inserted by S.I. 2015/869 and amended by S.I. 2016/16 and 2016/364.

(d) Regulation 5DDB was inserted by S.I. 2016/16 and amended by S.I. 2016/364.

(e) Regulation 5DDC was inserted by S.I. 2016/16.

(f) Regulation 10A is inserted by these Regulations.

(g) The heading was substituted by S.I. 2011/1780.

(h) Regulation 12A was inserted by S.I. 2011/1780 and amended by S.I. 2013/605 and S.I. 2015/941.

- (d) the applicant's date of birth; and
 - (e) the authorisation specified in paragraph (5).
- (4) A Lifetime ISA application must contain a declaration by the applicant that—
- (a) all cash payments made, and to be made, to the account are or will be the applicant's cash;
 - (b) the applicant has not made, and will not make, any current year payments or a payment described in regulation 10A(4)(c) to any other Lifetime ISA—
 - (i) in the year to which paragraph (2)(a) refers, or
 - (ii) in any subsequent year in which the declaration has effect,
 - (c) the applicant has not exceeded, and will not exceed, the overall subscription limit in regulation 4ZA(1)—
 - (i) in the year to which paragraph (2)(a) refers, or
 - (ii) in any subsequent year in which the declaration has effect;
 - (d) the applicant has not made, and will not make, current year payments that exceed the overall Lifetime ISA payment limit in regulation 4ZA(1A)—
 - (i) in the year to which paragraph (2)(a) refers, or
 - (ii) in any subsequent year in which the declaration has effect;
 - (e) the applicant—
 - (i) is 18 years of age or over, and
 - (ii) except where the Lifetime ISA is being opened to receive—
 - (aa) a transfer of current year's subscriptions or previous years' subscriptions from another Lifetime ISA (within the meaning of regulation 21(1)),
 - (bb) a payment in accordance with regulation 5D(2)(a)(ia), or
 - (cc) a payment in accordance with regulation 5D(2)(a)(ib);
 is under 40 years of age;
 - (f) the applicant is—
 - (i) resident in the United Kingdom,
 - (ii) a person who has general earnings from overseas Crown employment subject to United Kingdom tax within the meaning given by section 28 of ITEPA 2003(a), or
 - (iii) married to or in a civil partnership with a person mentioned in paragraph (ii), and will inform the account manager if the applicant ceases to be so resident, or to perform such duties, or to be married or in a civil partnership with a person who performs such duties, as the case may be; and
 - (g) that the declaration shall have effect for each year in which the applicant makes a payment to the account.
- (5) The authorisation specified by this paragraph is authority given by the applicant to the account manager—
- (a) to hold the payments, account investments, interest, dividends and any other rights or proceeds (including any government bonus) in respect of those investments and cash;
 - (b) to make on behalf of the applicant any claims to relief from tax in respect of account investments;

(a) 2003 c.1; section 28(5) and (6) were amended by paragraph 102(2) and (3)(a) of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11).

- (c) to submit government bonus claims to the Board on the applicant’s behalf;
 - (d) to withhold and deduct from a balance in the account and pay to the Board any charges due on withdrawals;
 - (e) to make a record in writing in accordance with paragraph (7)(a) where that paragraph requires the account manager to do so.
- (6) An account manager may not accept as an account investor any individual if the account manager has reason to believe that—
- (a) the individual is not or might not be a qualifying individual;
 - (b) the individual has given untrue information in an application; or
 - (c) subject to the exceptions described in regulation 12B(4)(e)(ii), the individual is 40 years of age or over.
- (7) Where an application is not in writing, or the account manager operates a record system under which all original written applications are not retained—
- (a) the account manager must, immediately after receiving the application, record in writing on behalf of the applicant, the declaration required by paragraph (2)(c) and the authorisation required by paragraphs (3)(e) and (5);
 - (b) the account manager must notify the applicant in writing of the contents of the written record within 5 business days of making it; and
 - (c) the written record, as amended by any corrections notified to the account manager by the applicant within 30 days of the notification mentioned in sub-paragraph (b), shall be treated as the applicant’s declaration required by paragraph (2)(c) and the authorisation required by paragraphs (3)(e) and (5).
- (8) For the purposes of paragraph (7), “in writing” and “written record” have the same meanings as in regulation 12A(12) to (14).
- (9) A Lifetime ISA application may be made on an individual’s behalf—
- (a) if the individual is resident in England and Wales—
 - (i) pursuant to an order under section 16(2)(a) of the Mental Capacity Act 2005(a); or
 - (ii) by a deputy appointed under section 16(2)(b) of that Act; or
 - (b) if the individual is resident in Scotland or Northern Ireland and is suffering from a mental disorder, by a parent, guardian, spouse, civil partner, son or daughter of the individual.
- (10) In paragraph 8(b) “mental disorder” has the meaning given by, in Scotland section 328 of the Mental Health (Care and Treatment) (Scotland) Act 2003(b) or, in Northern Ireland, Article 3 of the Mental Health (Northern Ireland) Order 1986(c).”.

Regulation 14

35. In regulation 14(3)(a) (account manager–qualifications and Board’s approval)(d) after “innovative finance accounts only,” insert “Lifetime ISAs only.”.

Regulation 21

36. In regulation 21 (transfers relating to accounts other than junior ISA accounts)—

- (a) in paragraph (1)(e)—

(a) 2005 c. 9.
 (b) 2003 asp 13.
 (c) S.I. 1986/595 (N.I. 4).
 (d) Regulation 14(3)(a) was amended by S.I. 2007/2119 and 2016/364.
 (e) Paragraph (1) was substituted by S.I. 2007/2119 and amended by S.I. 2011/1780.

- (i) in sub-paragraph (c) of the definition of “the current year’s subscriptions” for “income)” substitute “income and any government bonus”;
- (ii) in sub-paragraph (b) of the definition of “the previous years’ subscriptions” for “income)” substitute “income and any government bonus”;
- (iii) at the end of the definition of “the previous years’ subscriptions” insert—
“
“subscriptions” includes all payments made to a Lifetime ISA.””.
- (b) in paragraph (4)(a)—
 - (i) omit “or” at the end of sub-paragraph (b),
 - (ii) at the end of sub-paragraph (c) insert—
“(d) a Lifetime ISA (if the account investor is 18 or over),”;
- (c) in paragraph (4C)(b)—
 - (i) omit “or” at the end of sub-paragraph (b),
 - (ii) at the end of sub-paragraph (c) insert—
“; or
(d) a Lifetime ISA to a Lifetime ISA,”;
- (d) in paragraph (4CA)(c) for “Regulation 12(1) does” substitute “Regulations 12(1) and 12B(1) do”;
- (e) in paragraph (4D)(d) for “12” substitute “12 or 12B, as the case may be”;
- (f) in paragraph (4DA)(e)—
 - (i) after sub-paragraph (ca)(f) insert—
“(cb) a Lifetime ISA (whether or not in a bulk transfer of accounts) is transferred to a Lifetime ISA held with the transferee immediately before the time when the transfer is made;”;
- (g) in paragraph (4DB) —
 - (i) for “(4DA)(b), (c) or (ca)” substitute “(4DA)(b), (c), (ca) or (cb),”
 - (ii) in sub-paragraph (a) after—
 - (aa) “4DC” insert “or 4DCA, as the case may require”; and
 - (bb) “12” insert “or 12B”;
 - (iii) in sub-paragraph (b) at the beginning insert, “except in relation to a Lifetime ISA account,”;
- (h) in paragraph (4DC) for “The period” substitute “Except in relation to a Lifetime ISA, the period”;
- (i) after paragraph (4DC) insert—
“(4DCA) In the case of a Lifetime ISA, the period of time referred to in paragraph (4DB)(a) is the period—
 - (a) starting at the beginning of the current year in which the payment is made, and
 - (b) ending immediately before the payment is made.”;
- (j) in paragraphs (4DE), (4DF) and (4DI) insert after “12” wherever it appears, “or 12B”;
- (k) in paragraph (4DE)(c)(ii) at the beginning insert “except in relation to a Lifetime ISA,”;

(a) Paragraph (4) was substituted by S.I. 2007/2119 and amended by S.I. 2014/1450 and 2016/364.
(b) Paragraph (4C) was inserted by S.I. 2007/2119 and amended by S.I. 2016/364.
(c) Paragraph (4CA) was inserted by S.I. 2012/1871.
(d) Paragraph (4D) was inserted by S.I. 2007/2119 and amended by S.I. 2012/1871.
(e) Paragraph (4DA) was inserted by S.I. 2012/1871.
(f) Sub-paragraph (ca) was inserted by S.I. 2016/364.

- (l) in paragraph (6)(b)—
- (i) in paragraph (i)(a) for “or innovative finance account” substitute “, innovative finance account or Lifetime ISA”,
 - (ii) omit “and” at the end of paragraph (iv),
 - (iii) at the end of paragraph (v)(b) insert—
 - “,
 - (vii) where the account transferred is a Lifetime ISA, that—
 - (aa) the account being transferred is a Lifetime ISA;
 - (bb) the date on which that Lifetime ISA was first opened and for the purposes of a payment made in accordance with regulation 5D(2)(a)(ia) or (ib), a Lifetime ISA opened for the purpose of receiving the payment is to be treated as being the same Lifetime ISA from which the moneys the subject of the payment originated;
 - (cc) except for a payment in accordance with regulation 5D(2)(a)(ia) or (ib), the date of the first payment to the account in the year of transfer;
 - (dd) the amount of any government bonus that has accrued, but not been claimed, at the date of the transfer,
 - (ee) the number allocated to the account by the transferor;
 - (ff) any government bonus already paid within the current year;
 - (gg) details of qualifying additions to the Lifetime ISA for which a claim has not been made with separate entries for a Help to Buy transfer under 10A(4)(c) and any other qualifying additions;
 - (hh) confirmation of whether or not there has been a withdrawal for a first time residential purchase, for which information required at paragraph 9 of the Schedule has not been received;
 - (ii) if there has been such a withdrawal, an undertaking to pass on to the transferee any such information received without delay; and”
 - (iv) after paragraph (6)(b)(c) insert—
 - “(d) where there is a transfer described in regulation 10A(4)(c), that the amount being transferred is in respect of a Help to Buy ISA (and in this case paragraphs 6(b)(i) and (iii) to (v) are not to apply).”.
 - (v) after paragraph (6) insert—
 - “(8) Where a Lifetime ISA is transferred, the transferee must give to the transferor a notice stating whether or not the account to which the investments are being transferred is a Lifetime ISA before the time of the transfer.
 - (9) A Lifetime ISA of an account investor to which another Lifetime ISA of the account investor (“original”) is transferred in accordance with this regulation is a successor to the original.”.

Regulation 22

37. In regulation 22(1)(a)(i) (exception from tax of account income and gains)(d) for “excluding” substitute “including any government bonus, but excluding”.

(a) Paragraph 6(b)(i) was amended by S.I. 2007/2119 and 2016/364.
 (b) Paragraph 6(b)(vi) was revoked by S.I. 2014/1450.
 (c) Paragraph 6(c) was revoked by S.I. 2007/2119.
 (d) Regulation 22(1)(a)(i) was amended by S.I. 2006/3194.

Regulation 31

38. In regulation 31 (returns of information by account manager)—

(a) after paragraph (1) insert—

“(1A) For the purposes of paragraphs (9) and (10), paragraph (1B) applies instead of paragraph (1).

(1B) An account manager of a Lifetime ISA must, within 14 days after the end of each year in which the account manager acts as an account manager, and after ceasing to act or qualify as an account manager, deliver to the Board a return for the year or part of a year in which the account manager so acted or was qualified, which contains the information specified in the sub-paragraphs referred to in paragraph (10) as modified by that paragraph.”,

(b) after paragraph (4)(a) insert—

“(aa) the information specified in sub-paragraph (a) in respect of any such account investments (excluding cash and cash represented in share accounts with building societies) that are held under a Lifetime ISA component;”,

(c) after paragraph (4)(b) insert—

“(bb) the information specified in sub-paragraph (b), in respect of any such account investments that are held under a Lifetime ISA component;”,

(d) after paragraph (8) insert—

“(9) Paragraph (3) (except as provided in paragraph (10)) and paragraphs (7) and (7A) do not apply to a Lifetime ISA.

(10) The following sub-paragraphs of paragraph (3) apply to a Lifetime ISA—

(a) sub-paragraph (a) with the omission of “if he has one” in sub-paragraph (iv);

(b) sub-paragraph (b) with the insertion of “or Lifetime ISA” after “stocks and shares account”;

(c) sub-paragraph (c)(ii) with the substitution of “paragraph 3AB(a)” for “paragraphs (3A) and 3AB(a)”; and

(d) sub-paragraph (c)(iv).”.

New regulation 37

39. After regulation 36 insert-

“**37.** The Schedule makes further provision for Lifetime ISAs.

SCHEDULE

LIFETIME ISAs FURTHER PROVISION

Interpretation

1. In this Schedule—

“claim period” means for the year—

(a) 2017-18, that year and any month during which—

(i) a claim for a government bonus is made following the death or determination of terminal illness of an account investor; or

(ii) a withdrawal (otherwise than by way of transfer to another Lifetime ISA of the account investor under regulation 21) is made;

(b) 2018-19 and subsequent years, a month,

or such other period as HMRC may specify from time to time pursuant to paragraph 2(1).

For the purposes of this definition a “month” is a period beginning on the 6th of one month and ending on the 5th of the following month;

“government bonus” is an amount equal to 25% of the aggregate of qualifying additions made to a Lifetime ISA in a relevant period;

“qualifying addition” means a payment mentioned in regulation 10A(3) which is made into a Lifetime ISA and which is not a payment mentioned in regulation 10A(4) except for 10A(4)(c);

“relevant period” means 2017-2018 and any subsequent year;

“Schedule 1” means Schedule 1 to the Savings (Government Contributions) Act 2016;

”withdrawal charge” has the meaning given in paragraph 9(4) of Schedule 1.

Government bonus claim

2.—(1) HMRC may from time to time specify—

- (a) the information to be included in a claim for a government bonus;
- (b) the periods to which such a claim is to relate; and
- (c) the form or manner in which such a claim is to be made.

(2) A government bonus is only payable if a claim for it is made in accordance with this Schedule.

(3) A person who is, or was, the plan manager of a Lifetime ISA at the end of a claim period or on closure of a Lifetime ISA must make a claim for a government bonus for qualifying additions made to the Lifetime ISA in a claim period.

(4) The claim must be made within 14 days beginning with the day after the end of a claim period.

(5) Any government bonus payment which on being made is not paid into the Lifetime ISA of the account investor must be treated as a withdrawal.

(6) Where a claim has been made and the plan manager becomes aware within six years after the end of the claim period that—

- (a) anything which should have been included has not been so included,
- (b) anything which should not have been included has been so included, or
- (c) any other error has occurred in the claim,

the plan manager must deliver a return correcting the error to HMRC with the first return due under paragraph 11 after becoming aware or otherwise without delay.

(7) If the plan manager corrects a claim, such assessments, adjustments, payments or repayments of government bonus as are necessary for achieving the objective mentioned in sub-paragraph (8) must be made.

(8) The objective is that the entitlement (or otherwise) of the account investor to a government bonus is the same as it would have been if a correct claim had been delivered.

(9) HMRC may enquire into a claim and return if HMRC have reasonable grounds for believing that an error has occurred in the claim and give notice to the plan manager of HMRC’s intention to do so no later than 12 months after the date on which the claim is made.

(10) For the avoidance of doubt, otherwise than on an account investor’s death or determination of terminal illness, no claim for a government bonus arising in respect of the year 2017-18 may be made before the end of that year.

Rejection of government bonus claim

3.—(1) HMRC must notify the plan manager of a rejection of any claim for a government bonus together with reasons for the decision within 14 days beginning with the day after the day on which the decision is made.

(2) The plan manager on receipt of such notice must so notify the account investor within 14 days beginning with the day after the day of receipt.

(3) An account investor may within 90 days beginning with the day after receipt of a notification under sub-paragraph (2) apply to HMRC for payment of a government bonus which has been refused.

(4) Paragraph 16 (appeals) applies to a decision of HMRC in relation to an application under sub-paragraph (3).

(5) The effect of any decision is not suspended by the making of such an application or appeal.

Specified age; terminal illness; transfer to another Lifetime ISA-no withdrawal charge

4.—(1) For the purposes of paragraph 7(1)(a) of Schedule 1 (withdrawals not triggering a charge-specified age) the specified age is 60.

(2) For the purposes of paragraph 7(5)(c) of Schedule 1 (withdrawals not triggering a charge-terminal illness) an account investor is to be considered as suffering from a terminal illness if the plan manager of their Lifetime ISA has received written evidence from a registered medical practitioner (or the equivalent under any relevant jurisdiction) that the account investor is expected to live for less than one year.

(3) For the purposes of paragraph 7(5)(d) of Schedule 1 (withdrawals not triggering a charge-transfer to another Lifetime ISA), a withdrawal by way of transfer from one Lifetime ISA of the account investor to another such account of the investor must be made in accordance with regulation 21.

Specified percentage for withdrawal charge

5. For the purposes of paragraph 8(2) of Schedule 1 (charge when unlisted withdrawal made) the specified percentage is 25%.

First time residential purchase

6.—(1) For the purposes of paragraph 7(5)(a) and (b) of Schedule 1 (withdrawals not triggering a charge-first time residential purchase) the following provisions apply.

(2) The withdrawal must only be used by the account investor towards defraying the purchase price for the purchase by the account investor as a first time buyer of a residential property.

(3) The purchase price must not be more than £450,000.

(4) The purchase by the account investor must be by way of sole ownership or joint ownership with another who is a first time buyer—

- (a) of a legal interest in land situated within the United Kingdom so as to become a residential property owner; and
- (b) either, funded by a loan that will be secured by a charge over the land by way of—
 - (i) a legal mortgage (if land in England and Wales),
 - (ii) a heritable security (if land in Scotland), or
 - (iii) a legal charge, mortgage by conveyance, demise, assignment or sub-demise (if land in Northern Ireland); or
- (c) funded under the terms of a regulated home purchase plan.

- (5) The account investor must—
- (a) on completion occupy the land as their only or main residence; or
 - (b) in consequence of being either —
 - (i) a member of the regular forces or the reserve forces (each as defined in section 374 of the Armed Forces Act 2006^(a)), or
 - (ii) the spouse or civil partner of a member of the regular forces or the reserve forces,
 be unable to so occupy the land but must intend to so in the future.
- (6) The withdrawal and, where there is more than one withdrawal made for the purposes of the purchase, the aggregate of them, must not exceed the purchase price on completion of the purchase.
- (7) The account investor’s Lifetime ISA from which the withdrawal is made must have been open for at least 12 months after the date of the first payment into it and, for this purpose, a Lifetime ISA opened in the circumstances provided for in regulation 12B(4)(e)(ii) is to be treated as being the same Lifetime ISA from which the moneys received originated.
- (8) The amount of the withdrawal must be passed directly by the plan manager to the account investor’s conveyancer, who must be an eligible conveyancer.
- (9) The account investor must provide the information specified in paragraph 8(1) to their conveyancer and the conveyancer must provide the information set out in paragraph (8)(2) to the plan manager.
- (10) Where the plan manager has received all of the information specified in paragraph 8(2) they must transfer the withdrawal to the account investor’s conveyancer within the period stipulated under regulation 4(7).

Definitions for the purposes of paragraph 6

7. The following definitions apply for the purposes of paragraph 6—

“eligible conveyancer” means—

- (a) in England and Wales, a conveyancer within the meaning of rule 217A of the Land Registration Rules 2003^(b);
- (b) in Scotland, a solicitor or advocate within the meaning of section 65 of the Solicitors (Scotland) Act 1980, or a ‘conveyancing practitioner’ as defined in section 23 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990^(c); or
- (c) in Northern Ireland, a person enrolled as a solicitor of the Court of Judicature of Northern Ireland pursuant to the Solicitors (Northern Ireland) Order 1976^(d);

“first time buyer” means an account investor who is not, and never has been, a residential property owner;

“purchase price” means—

- (a) in connection with an acquisition of land other than under the terms of a regulated home purchase plan, the value of the consideration required to be paid by the purchaser on completion under a sale and purchase agreement entered into in connection with the acquisition (excluding any consideration attributed to the purchase of any fixtures and/or fittings); and

(a) 2006 (c.52).

(b) S.I.1976/582(N.I.12) .

(c) 1980 (c. 46).

(d) S.I.2008/1417

- (b) in connection with the acquisition of land under the terms of a regulated home purchase plan, the value of the consideration required to be paid to the original seller (excluding any consideration attributed to the purchase of any fixtures and/or fittings);

“regulated home purchase plan” means a home purchase plan that is a regulated home purchase plan within the meaning of Article 63F of the Regulated Activities Order 2001;

“residential property owner” means an individual who owns an interest in land, which is—

- (a) in England or Wales—
 - (i) freehold;
 - (ii) leasehold, where the lease was originally granted for a term certain exceeding 21 years; or
 - (iii) commonhold; andincludes an interest in land acquired under the terms of a regulated home purchase plan;
- (b) in Scotland, registered or recorded, or would be capable of being registered or recorded, as a right of absolute ownership in the Land Register of Scotland or General Register of Sasines in Scotland, as applicable; and
- (c) in Northern Ireland—
 - (i) freehold; or
 - (ii) leasehold, where the lease was originally granted for a term certain exceeding 21 years; or
- (d) an equivalent interest in land to the interests in land listed in sub-paragraphs (a)(i) to (iii) above under the laws of any jurisdiction outside the United Kingdom; and
 - (e) (i) comprises a building that is used or suitable for use as a dwelling, or is in the process of being constructed or adapted for such use; and
 - (ii) acquired by the account investor as a purchaser, or entitles the individual to possession or occupation of that land, and

“residential property” is to be construed accordingly.

Specified information for the purposes of paragraph 6

8.—(1) The information to be provided by the account investor to their conveyancer under this sub-paragraph is a declaration as to the following—

- (a) the amount of the withdrawal;
- (b) the account number of the Lifetime ISA to which it relates;
- (c) that the account investor is a first time buyer;
- (d) full address details of the residential property;
- (e) the purchase price of the residential property;
- (f) that the withdrawal will only be used towards defraying the purchase price for the purchase of the residential property;
- (g) that the account investor is not also claiming a bonus under a Help to Buy ISA (within the meaning of regulation 5DDC) in connection with the purchase;
- (h) the name and address of the seller’s conveyancer for the purchase to whom the withdrawal should be paid;
- (i) the provisions of paragraph 6(1) to (7) have been or will on completion be complied with.

(2) The information to be provided by the account investor's conveyancer to the account investor's plan manager under this sub-paragraph is a declaration as to the following—

- (a) that they are an eligible conveyancer;
- (b) that they have received the information in sub-paragraph (1) and have no reason to believe it not to be true and complete;
- (c) the purchase price of the residential property in question;
- (d) that the funds withdrawn from the Lifetime ISA will only be released towards defraying the purchase price for the purchase of the residential property;
- (e) that, should the purchase not proceed to completion within 90 days of the date of receipt by the conveyancer of the withdrawal from the Lifetime ISA, the funds transferred will be returned in full to the plan manager;
- (f) the account details where the withdrawal should be transferred; and
- (g) the conveyancer's unique conveyancer registration number with the appropriate professional body.

Information from conveyancer

9.—(1) Within 10 business days of any of the events listed in sub-paragraph (2) the account investor must procure that their conveyancer provide the information referred to in sub-paragraph (3) to the account investor's plan manager of the Lifetime ISA from which the withdrawal for the purchase was made.

(2) The events referred to in sub-paragraph (1) are—

- (a) the purchase of the residential property being completed;
- (b) the purchase not completing within 90 days of the date of receipt of the withdrawal by the conveyancer;
- (c) if earlier, the withdrawal of the account investor or the seller from the sale and purchase of the residential property.

(3) The information referred to in sub-paragraph (1) is—

- (a) in the case of a purchase completing, the date of completion of the purchase;
- (b) in the case of the purchase not completing the following—
 - (i) that the purchase of the residential property in question has not completed;
 - (ii) the amount of the withdrawal that is being returned and, if it is not the full amount, an account of any shortfall;
 - (iii) the name and address of the account investor;
 - (iv) the account number of the Lifetime ISA for the withdrawal; and
 - (v) the conveyancer's unique conveyancer registration number.

Purchase failure

10.—(1) Where a purchase fails to complete, the account investor's conveyancer, within 10 business days of an event in paragraph 9(2)(b) or (c), must return the full amount of the account investor's withdrawal for the purchase to the plan manager, to hold for the account investor in their Lifetime ISA.

(2) In the event that there is a shortfall in the amount of the withdrawal returned, that amount is to be treated for the purposes of paragraph 7(4) of Schedule 1 as a withdrawal to which paragraph 8(6) of Schedule 1 applies.

(3) Where a person accountable under this paragraph is notified by HMRC that an amount is due from them under it, that amount shall be treated for the purposes of Part 6 of the Management Act (collection and recovery) as if it were tax charged in an assessment and due and payable.

(4) The time limits in sections 34 to 36 of the Management Act apply to amounts payable under this paragraph.

(5) Paragraph 16 (appeals) applies to any notification under this paragraph.

(6) The effect of any notification is suspended by an appeal under paragraph 16.

Amounts not treated as withdrawals

11. For the purposes of paragraphs 7(2) and 11(b) of Schedule 1, the following withdrawals, removals or losses from a Lifetime ISA do not count for the application of a withdrawal charge—

- (a) in respect of a payment (including a government bonus) to an invalid account under regulation 4A;
- (b) in respect of any fees or charges properly levied or charged in respect of the management by the plan manager of a Lifetime ISA in accordance with its terms and conditions;
- (c) in respect of a default event under regulation 5DC(a) or in respect of an act or omission or circumstance not attributable to the account investor; and
- (d) an amount recouped in accordance with paragraph 12.

Recoupment of government bonus payment

12.—(1) Where an amount has been wrongly paid by way of government bonus, the amount must be accounted for to HMRC by—

- (a) the plan manager of the Lifetime ISA (to the extent that the plan manager has assets relating to the account, or directly or indirectly representing any of the payments, in its possession or control);
- (b) the person who is the account investor or former account investor (to the extent that the payments have been made or credited to the account investor); and
- (c) any person in whom the government bonus payments or overpayments, or any property directly or indirectly representing any of them, is wrongly vested (whether beneficially or otherwise);

and they shall be jointly and severally liable for the repayment.

(2) Where a person accountable under this paragraph is notified by HMRC that an amount is due from them under it, that amount shall be treated for the purposes of Part 6 of the Management Act as if it were tax charged in an assessment and due and payable.

(3) The time limits in sections 34 to 36 of the Management Act shall apply to amounts payable under this paragraph.

(4) Paragraph 16 (appeals) applies to any notification under this paragraph.

(5) The effect of any treatment under sub-paragraph (2) is suspended by an appeal under paragraph 16.

Withdrawals: information returns

13.—(1) For the purposes of paragraph 9(1)(a) of Schedule 1, within 14 days after the end of a claim period, a person who is or was a plan manager of a Lifetime ISA must submit to HMRC returns of information relating to the Lifetime ISA during that period.

(2) HMRC may from time to time specify—

- (a) the information to be included in a return;
- (b) the form of a return;

(a) Regulation 5DC was inserted by S.I. 2012/1871.

- (c) the form or manner in which a return is to be submitted; and
- (d) the period to which a return must relate.

(3) Where a return has been made and the plan manager becomes aware within four years after the end of the claim period that—

- (a) anything which should have been included has not been so included,
- (b) anything which should not have been included has been so included, or
- (c) any other error has occurred in the return,

the plan manager must deliver a return correcting the error to HMRC in the first return due under sub-paragraph (1) after becoming aware, or otherwise without delay.

(4) HMRC may enquire into a return if HMRC have reasonable grounds for believing that an error has occurred in the return and give notice to the plan manager of HMRC's intention to do so no later than 12 months after the date on which the return is made.

Payment to HMRC of withdrawal charges

14.—(1) For the purpose of paragraph 9(1)(e) of Schedule 1, a plan manager liable under paragraph 8(3)(b) of that Schedule must pay to HMRC within 14 days after the end of each claim period the amounts due in respect of the period.

(2) Where a person accountable under paragraph 8 of Schedule 1 is notified by HMRC that an amount is due from them, that amount shall be treated for the purposes of Part 6 of the Management Act as if it were tax charged in an assessment and due and payable.

(3) The time limits in sections 34 to 36 of the Management Act shall apply to amounts payable under this paragraph.

(4) An account investor may apply to HMRC where a withdrawal charge has been wrongly made (including, without limitation, in circumstances not attributable to the account investor where paragraphs 4(2) or (3) or 10(1) would otherwise apply) for a refund of the amount of the withdrawal charge.

(5) An application under sub-paragraph (4) must be made within 4 years of the making of the withdrawal charge.

(6) If an application is made, HMRC must make any necessary repayment of charge.

(7) Paragraph 16 (appeals) applies to any decision of HMRC in relation to an application under sub-paragraph (4).

(8) The effect of any notification under sub-paragraph (2) is suspended by the making of an appeal under paragraph 16.

(9) For the avoidance of doubt a transfer from a Lifetime ISA to an account of an account investor other than another Lifetime ISA is to be treated as a withdrawal.

Payments and Interest

15.—(1) Any amount which is payable by virtue of an assessment made, or deemed to be made, under this Schedule is payable on the day following the end of the period of 30 days beginning with the day on which the notice of assessment is given.

(2) Sections 101 and 103 Finance Act 2009 apply for late payment interest on any amount that is payable to HMRC under this Schedule which amount payable for this purpose is to be treated as income tax.

(3) Sections 102 and 103 of that Act apply for late payment interest on any amount that is payable by HMRC under this Schedule which amount payable is to be treated as a repayment of an overpayment of income tax.

Appeals

16.—(1) This paragraph applies to a review or appeal in respect of a decision made or notification given by HMRC under any of paragraphs 3 (rejection of government bonus claim), 10 (purchase failure), 12 (recoupment of government bonus) or 14 (withdrawal charges).

(2) Notice of an appeal must be given to HMRC within 30 days after the date on which notice of the decision or other notification was given.

(3) Notice of an appeal must—

- (a) specify the grounds of appeal;
- (b) be given in writing;
- (c) contain sufficient information to identify the appellant and the decision against which the appeal is being made; and
- (d) be signed, or authenticated in another way approved by HMRC, by or on behalf of the appellant.

(4) Sections 49 and 49A to 49I and section 54 of the Management Act apply in relation to proceedings for a review and appeal.

(5) The following provisions apply where a person is appealing to the Tribunal.

(6) The Tribunal must either—

- (a) dismiss the appeal, or
- (b) quash the whole or part of the decision to which the appeal relates.

(7) The Tribunal may act as mentioned in sub-paragraph (5)(b) only to the extent that it is satisfied that the decision was wrong on one or more of the following grounds—

- (a) that the decision was based, wholly or partly, on an error of fact;
- (b) that the decision was wrong in law.

(8) If the Tribunal quashes the whole or part of a decision, it may either—

- (a) refer the matter back to HMRC with a direction to reconsider and make a new decision in accordance with its ruling, or
- (b) substitute its own decision for that of HMRC.

(9) The Tribunal may not direct HMRC to take any action which they would not otherwise have the power to take in relation to the decision.

(10) A decision of the Tribunal made by virtue of this section has the same effect as, and may be enforced in the same manner as, a decision of HMRC.

(11) In this paragraph “the Tribunal” means the First-tier Tribunal, or when determined by or under Tribunal Procedure Rules, the Upper Tribunal.

Information to be given by plan manager to account investor

17. A plan manager who makes a payment to an account investor out of an account from which a withdrawal charge has been deducted, if the account investor so requests in writing, must furnish the account investor, within 30 days beginning with the day after the day of receipt of the request, with a statement in writing showing the gross amount of the payment, the amount deducted and the amount actually paid.”

Date

Name
Name
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.1998/1870) (“the ISA Regulations”).

The instrument establishes a new Individual Savings Account (ISA), the Lifetime ISA, from 6 April 2017. It sets out eligibility conditions for opening and paying into the new account, the amount and type of payments that can be made, and which investments can be held in the account. It also provides for a 25% government bonus to be payable on certain amounts paid to the account, specifies circumstances in which sums may be withdrawn from an account without a charge, and provides for the application of a 25% charge to other withdrawals. The instrument also sets out provisions for how an account provider claims a bonus that is due, and for the collection and payment of withdrawal charges or other amounts due. In addition, the instrument increases the overall ISA subscription limit (currently £15,240) to £20,000.

The Regulations make consequential amendments to the ISA Regulations to take account of the Lifetime ISA. The principal provisions relating to the new account are set out in the Schedule.