

Technical consultation on draft secondary legislation relating to Help-to-Save accounts

Publication date: 15 September 2017

Closing date for comments: 27 October 2017

Subject of this consultation: Technical consultation on draft regulations for the creation of Help-to-Save accounts.

Scope of this consultation:

The primary legislation setting out the Help-to-Save scheme is covered in Schedule 2 of the **Savings (Government Contributions) Act 2017 (“The Act”)**. The Act provides the overall structure of the scheme and the way in which it will operate. It also contains a number of delegated powers to be exercised by regulations. This consultation seeks comments on the draft regulations made under the powers contained in the legislation to provide for the administration of the scheme.

The detailed policy design was the subject to a HM Treasury consultation between 26 May and 21 July 2016, and debated during the passage of the Savings (Government Contributions) Act 2017.

The HM Treasury consultation can be viewed at the following link:

<https://www.gov.uk/government/consultations/help-to-save-consultation-on-implementation/help-to-save-consultation-on-implementation>

The policy design is therefore not subject to the consultation and we are only asking for responses on the draft regulations. The HM Treasury consultation sought views on the framework for the implementation of the Help-to-Save scheme, which aims to support people on low incomes to build up a rainy day fund. It also sought views on a number of detailed policy design issues. The views expressed in the consultation has informed the final design of the scheme and the government’s approach to implementing Help-to-Save.

Who should read this: This technical consultation will be of interest to organisations providing savings and money advice, and those representing or helping with those eligible for the scheme – Working Tax Credit (TWC) and Universal Credit customers. This will include individuals, financial providers and civil society organisations with an interest in the scheme.

Duration: 6 weeks, commencing on 15 September 2017 and ending on 27th October 2017.

How to respond or enquire about this consultation: Any comments should be sent to:

helptosave.consultation@hmrc.gsi.gov.uk

Additional ways to be involved: As this is a largely technical issue, this will primarily be a written exercise. However if you are interested in meeting HMRC to discuss the regulations then please contact the policy team at helptosave.consultation@hmrc.gsi.gov.uk

After the consultation: Responses to this technical consultation will be reviewed and the draft regulations will be revised as appropriate before they are laid before Parliament.

If you would like to have this document in Welsh or alternate formats including large print, audio and braille, please let us know and we will provide a copy.

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Introduction and background

1. The government is committed to supporting people at all income levels and all stages of life to save, recognising the important role that savings can play in promoting aspiration and supporting households' standards of living. Over recent years the government has introduced a range of reforms to promote saving and ensure that the right incentives and products are in place to meet savers' needs. These include changes to make ISAs more flexible and generous, and the introduction of the Personal Savings Allowance, which removed 17 million people from tax on their savings.
2. The government also recognises the need for more targeted incentives to promote saving among particular groups. The Lifetime ISA launched in April 2017 and supports young people to save flexibly for a first home and their retirement, offering a generous 25% government bonus on up to £4,000 of annual saving. The NS&I Investment Bond also launched in April, and offers a market-leading rate for savers affected by low interest rates.
3. Help-to-Save will target working families on low incomes to help them build up their savings. The scheme will be open to around 4 million individuals who either receive universal credit and have minimum weekly household earnings equivalent to 16 hours at the national living wage, or receive Working Tax Credit (WTC).
4. Help-to-Save will work by providing a 50% government bonus on up to £50 of monthly savings into a Help-to-Save account. The bonus will be paid after two years, with savers able to continue saving for a further two years, meaning people can save up to £2,400 and benefit from total government bonuses worth up to £1,200.
5. Accounts will be available through the government's chosen account provider, NS&I.
6. Legislation to implement the new scheme, the Savings (Government Contributions) Act 2017, received Royal Assent on 16 January 2017. The Act as introduced and accompanying Explanatory Notes together with an Impact Assessment can be found at

<http://services.parliament.uk/bills/2016-17/savingsgovernmentcontributions/documents.html>.

7. The draft Help-to-Save regulations contain the detailed rules concerning eligibility for the scheme - for example what the eligibility criteria is, general requirements for the operation of the account and how the Government bonus is calculated.

Role of HMRC and NS&I in the opening and day to day running of the accounts

8. HMRC will administer the scheme, including checking the identity and eligibility of account applicants and checking and facilitating the funding of the bonus payments from HMT. NS&I will set up accounts for eligible customers, maintain the accounts and handle the bonus calculation and payment.
9. Customers will register for an account through the gov.uk portal. HMRC will carry out the necessary eligibility checks (using Tax Credits and Universal Credits data) and will pass the customers through to NS&I to set up an account if they are eligible. Eligibility queries will be handled by HMRC.
10. Eligibility checks will be conducted by HMRC based on data held for the customer. HMRC will advise customers of successful eligibility via a confirmation screen (phone message for digitally excluded) and NS&I will set up an account in the name of the customer and payments and withdrawals can be made.
11. Online access will be the default but there will be a digitally excluded route delivered in addition. Queries from the customer on a 'fail' eligibility result will be passed through to HMRC. Any form of review or appeal will be handled by HMRC. The account maintenance on a day to day basis will be undertaken by NS&I and will be governed by a memorandum of understanding with HMRC.
12. HMRC will have powers to recover any bonus amount that has been wrongly paid, and to require information to be produced in certain cases, for example where this is necessary to check an individual's eligibility for an account or a bonus payment.
13. The above summarises a digital journey. For the Digitally Excluded and those in need of support, phone support will be available.

During the account period

14. Customers access their Help-To-Save account through the gov.uk portal. The maximum monthly amount which an account holder may pay into an account is £50, including by online debit card payments, standing orders and bank transfers. However, an individual who does not during any period meet a UK connection condition is not able to pay any amount into an account and no bonus will accrue on any amount which is paid into an account during such a period. They can also make withdrawals through the gov.uk portal, and/or chose to close the account.

At the two year bonus point

15. The bonus in respect of the first bonus period is to be an amount equal to 50 per cent of the highest balance achieved for that period.

16. Customers will be able to access the accrued bonus at the two year bonus point. The bonus due will be calculated by NS&I, which will submit the necessary money requests to HMRC.

At the four year maturity point

17. Help-to-Save accounts will usually mature after 4 years. Once an account matures it will automatically rollover into a successor account which will not attract a further Help to Save bonus. However, an account may mature earlier if the account holder dies or becomes terminally ill, with the bonus paid at this point.

Provisions not included in the regulations and which will be covered in administrative arrangements with the Director of Savings (NS&I)

18. As set out in the HM Treasury consultation paper of October 2016 and set out by Ministers in Parliament during the passage of the Savings (Government Contribution) Act 2017 National Saving & Investments (NS&I) have been chosen as the current sole account provider for Help-to-Save accounts.
19. There is a provision within the Savings (Government Contributions) Act 2017 that, if National Savings and Investments (NS&I) provide Help-to-Save (HtS) accounts, while regulations can be made under the Act about administrative matters between HM Revenue and Customs and NS&I, this does not prevent these issues being dealt with instead in arrangements between NS&I's Director of Savings and the Treasury or HMRC. The following areas will be covered in a separate document setting out the administrative arrangements between NS&I and HMRC and will not covered in the Regulations:
 - Account statements
 - Records to be kept by account provider
 - Claims for Government bonuses by account providers

Authorised Account Provider Provisions

20. The Government have decided that as NS&I will be providing Help-to-Save accounts; the draft Help-to-Save account regulations do not contain any provisions that deal with the process for applying to become an authorised account provider. The regulations also do not cover the provision for dealing with the withdrawal of an approval to provide Help-to-Save accounts. However if a decision is made in the future to move to a multi-provider model the regulations will be amended accordingly.

Treatment of Government bonuses for tax credits and Universal Credit

21. Section 3 of the Act specifically excludes the Government bonuses added to both Lifetime ISAs and Help to Save accounts from being treated as taxable income. During the policy consultation stage stakeholders asked how such bonuses will be treated under the benefits system.
22. For Universal Credit purposes the Government bonus will not count as income and no consequential changes are needed to the Universal Credit regulations. We have also discussed and agreed that consequential Tax Credit regulations will be made later this year to disregard the Government bonus as income for tax credit entitlement.

Technical consultation on the draft regulations

23. The purpose of the draft regulations is to set out how the Help-to-Save account will operate and the general requirements of the accounts.
24. The draft regulations are set out in Annex A. In particular, they cover the following areas:
 - Eligibility for the scheme
 - Conditions for opening a Help-to-Save account
 - How the Government bonus is calculated
 - UK connection condition
 - Review and appeals
 - General requirements for Help-to-Save accounts
 - Limit on sums paid into a Help-to-Save account
 - Recoupment of a wrongly paid Government bonus
 - Repair of invalid accounts

The Consultation Process: How to respond

25. This consultation is being conducted in line with the Tax Consultation Framework.

There are 5 stages to tax policy development:

- Stage 1 - Setting out objectives and identifying options.
 - Stage 2 -determining the best option and developing a framework for implementation including detailed policy design.
 - Stage 3 drafting legislation to effect the proposed change.
 - Stage 4- Implementing and monitoring the change.
 - Stage 5 - Reviewing and evaluating the change.
26. This consultation is taking place during stage 3 of the process. The purpose of the consultation is to seek views on draft regulations in order to confirm, as far as

possible, that it will achieve the intended policy effect with no unintended consequences.

How to respond

27. Responses should be sent by 27th October 2017. Any comments should be sent to helptosave.consultation@hmrc.gsi.gov.uk
28. All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations. When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

Next Steps

29. Responses to this technical consultation will be reviewed and the draft regulations will be revised as appropriate before they are laid before Parliament.

Confidentiality

30. Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.
31. If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs (HMRC). HMRC will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Consultation Principles

32. This consultation is being run in accordance with the Government's Consultation Principles. The Consultation Principles are available on the Cabinet Office website: <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>
33. If you have any comments or complaints about the consultation process please contact: John Pay, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ. Email: hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk

34. Please do not send responses to the consultation to this address.

Annex A – Draft Regulations

Draft Regulations laid before the House of Commons under section 4(2) of the Savings Government Contributions) Act 2017, for approval by resolution of that House.

DRAFT STATUTORY INSTRUMENTS

2018 No. 0000

HELP-TO-SAVE ACCOUNTS

The Help-to-Save Accounts Regulations 2018

<i>Made</i>	- - - -	2018
<i>Coming into force</i>	- -	2018

The Treasury make the following Regulations in exercise of the powers conferred by section 4 (6) of, and paragraphs 3(3),(6)(a) and (7), 4(2), 5, 6, 7, 10(1)(b), (3) and (4), 11(2) and (3), 12, 14, 15, 16 and 18 of Schedule 2 to, the Savings (Government Contributions) Act 2017(1).

A draft of this instrument was laid before, and approved by a resolution of, the House of Commons in accordance with section 4(2) of the Savings Government Contributions) Act 2017.

Citation and commencement

1. These Regulations may be cited as the Help-to-Save Account Regulations 2018 and come into force on [***** 2018].

Interpretation

2.—(1) In these Regulations—

(a) The following expressions have the meanings given in the Savings (Government Contributions) Act 2017 (“the Act”)—

“authorised account provider” (see paragraph 9(2)(c) of Schedule 2);

“benefit entitlement condition” (see paragraph 4 of Schedule 2);

“bonus” (see paragraph 1 of Schedule 2);

“eligibility reference dates” (see paragraph 3(4) of Schedule 2);

“eligible person” (see paragraph 4 of Schedule 2);

“first benefit entitlement condition” (see paragraph 5 of Schedule 2);

“Help-to-Save account” (see paragraph 3 of Schedule 2);

“HMRC” (see section 5(1) of the Act);

“maturity period” (see paragraph 3(6) of Schedule 2);

“maximum monthly amount” (see paragraph 10(2) of Schedule 2);

“second benefit entitlement condition”(see paragraph 6 of Schedule 2);

“UK connection condition” (see paragraph 7 of Schedule 2).

The following expressions have the following meanings—

“account”, means a Help-to-Save account;

“account holder”, “applicant” and “agreed terms” have the meaning given in regulation 8;

“Management Act” means the Taxes Management Act 1970(2);

“Schedule 2” means Schedule 2 to the Act;

“tax year” means a period beginning with 6th April in one year and ending with 5th April in the next.

Eligible persons – entitlement to working tax credit or universal credit

3.—(1) This regulation specifies the condition to be met by an individual for the purposes of meeting the first benefit entitlement condition or the second benefit entitlement condition.

(2) The specified condition relating to the first benefit entitlement condition is that on each of the eligibility reference dates—

Condition 1

the individual (whether alone or with another person) has a current award validly obtained of working tax credit (not being at a nil rate) under section 14 of the Tax Credits Act; or

Condition 2

the individual (whether alone or with another person) has a current award validly obtained under section 14 of the Tax Credits Act of working tax credit at a nil rate and of child tax credit at a rate other than a nil rate; or

Condition 3

(a) the individual would have met either Condition 1 or Condition 2 if the reference in the condition to “has” were a reference to “had, immediately before the end of the preceding tax year”; and

(b) payments are in fact being made under section 24(4) of the Tax Credits Act and are treated by section 24(5) of that Act as if they were payments of working tax credit or child tax credit that the individual (whether alone or with another person) is entitled to claim for the current tax year.

(3) The specified condition relating to the second benefit entitlement condition is that on each of the eligibility reference dates—

(a) the individual (as a single claimant or as a joint claimant combined with another) is in receipt of an award validly obtained of universal credit (not being a nil award), and

(b) has earned income in the month immediately preceding the first eligibility reference date equal to or greater than the equivalent of 16 hours per week at the national living wage.

(4) A benefit entitlement condition is to be treated as met by HMRC on any day if it would have been met but for an error or delay on the part of HMRC.

(5) In this regulation—

(a) “working tax credit”, “child tax credit” and “tax credit” have the meanings given by the Tax Credits Act;

(b) “universal credit”, “single claimant”, “joint claimant”, and “earned income” have the meanings given by the Welfare Reform Act 2012 (3), or in the case of Northern Ireland, the Welfare Reform (Northern Ireland) Order 2015 (4);

(c) “national living wage” has the meaning given by the National Minimum Wage Act 1998(5); and

(d) “Tax Credits Act” means the Tax Credits Act 2002 (6).

(2) 1970 c. 9
(3) 2012 c. 5
(4) S.I. 2015/2006 (N.I. 1)
(5) 1998 c. 39
(6) 2002 c. 21

Eligible persons-presence in the United Kingdom.

4.—(1) At any time, an individual is to be treated as being or not being in the United Kingdom for the purpose of meeting the UK connection condition, if paragraph (2) applies.

(2) This paragraph applies if the individual meets —

- (a) the first benefit entitlement condition, and the individual would be so treated at such time under regulations 3 to 6 (as the case requires) of the Tax Credits (Residence) Regulations 2003⁽⁷⁾; or
- (b) the second benefit entitlement condition, and the individual would be so treated at such time under regulations 9 to 11 (as the case requires) of the Universal Credit Regulations 2013⁽⁸⁾ or the Universal Credit Regulations (Northern Ireland) 2016⁽⁹⁾.

Account holder not being in the United Kingdom

5.—(1) An account holder, who at any time does not meet the UK connection condition, may retain the benefits of the account subsisting at that time.

(2) For as long as an account holder does not meet the UK connection condition, the account holder must not pay any amount into the account and the maximum monthly amount is to be nil.

(3) An account holder must inform the account provider within the period specified in paragraph (6) if the account holder does not meet the UK connection condition.

(4) In the event of failure by an account holder to comply with the duty under paragraph (3), HMRC may impose a penalty on the account holder which must not exceed £300.

(5) The penalty imposed may be deducted by the authorised account provider from amounts to be paid by way of bonus to the account holder and must be accounted for by the authorised account provider to HMRC.

(6) The period specified for the purposes of paragraph (3), is 14 days beginning with the first day on which the UK connection condition is not met.

Opening of Help-to-Save Account

6. For the purposes of these Regulations, an account is opened with an authorised account provider on the date when the following conditions are satisfied—

Condition 1

the applicant enters into agreed terms with the authorised account provider, which includes the application and declaration required by regulation 7; and

Condition 2

where that application is not in writing, the applicant has agreed, or is treated as having agreed, the contents of the declaration required by regulation 7(2).

Application to open a Help-to-Save account

7.—(1) An application by an individual to open an account with an authorised account provider must be made to HMRC and must satisfy the conditions in paragraph (2).

(2) An application must—

- (a) contain such information to be given to such persons as HMRC may specify; and
- (b) incorporate a declaration by the applicant that—
 - (i) the applicant has not previously opened a Help-to-Save account; and
 - (ii) the information contained in it is true and complete.

(3) An authorised account provider must decline to accept an application, if it has reason to believe that—

(7) S.I.2003/654

(8) S.I.2013/376

(9) SR 2016/216

- (a) the applicant’s declaration or application is or might be untrue, or contains matters which are or might be untrue; or
- (b) opening an account would be in breach of these Regulations or the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(**(10)**),

and must notify the applicant within 21 days of the date of the application with reasons accordingly.

(4) An 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(**(11)**); 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 mental disorder, by a parent, guardian, spouse, civil partner, son or daughter of the individual.

(5) In paragraph (4) “mental disorder” has the meaning given by, in Scotland, section 328 of the Mental Health (Care and Treatment) (Scotland) Act 2003(**(12)**) or, in Northern Ireland, Article 3 of the Mental Health (Northern Ireland) Order 1986(**(13)**).

(6) Regulation 16 (appeals) applies to any notification under this regulation.

(7) The effect of paragraph (3) is suspended by an appeal under regulation 16 until the appeal is determined or withdrawn.

General requirements for Help-to-Save accounts

8.—(1) A Help-to-Save account must satisfy the requirements that—

- (a) it is the account of a single individual (“the account holder”), who is “the applicant” in regulation 6;
- (b) the account is denominated in sterling; and
- (c) the account must at all times be managed in accordance with the Act and these Regulations by an authorised account provider and under terms agreed (the “agreed terms”) between the authorised account provider and the account holder.

(2) Apart from other requirements of the Act and these Regulations, the agreed terms must include (or comply with, as the case may be) the conditions that—

- (a) the authorised account provider must pay the account holder, or in the case of death their personal representatives, any bonus due in accordance with regulation 10;
- (b) there is no restriction on the maximum or minimum amount or on timing (subject to the authorised account provider’s normal business hours) of withdrawals of the credit balance of the account;
- (c) there is no requirement that a minimum credit balance must be maintained in the account (with the result that an account with a nil balance is not automatically closed);
- (d) no deductions or withdrawals from the account (by way of charges or otherwise) may be made by the authorised account provider, except in accordance with regulation 5(5);
- (e) the authorised account provider shall have no right of charge, lien, set-off, mortgage or other security against the money in the account, except in accordance with regulation 5(5); and
- (f) the authorised account provider shall satisfy itself that any person to whom it delegates any of its functions or responsibilities under the agreed terms is competent to carry out those functions or responsibilities.

(3) HMRC is to determine whether an account meets the requirements imposed by these Regulations.

(10) S.I 2017/692
 (11) 2005 c. 9
 (12) 2003 asp13
 (13) S.I 1986/595 (N.I.4)

Limit on sums paid into a Help-to-Save account

9.—(1) The maximum monthly amount that may be paid into the account each month (excluding interest or other sums paid by the authorised account provider and excluding any bonus) must not exceed an amount of £50.

(2) The maximum monthly amount is to be a gross amount (ignoring previous withdrawals from the account and the mentioned exclusions in paragraph (1)).

(3) The minimum sum that can be paid into an account is £1 or such smaller amount agreed by an authorised account provider.

(4) An amount paid into an account in excess of the maximum monthly amount is not to be treated as an amount added to an account and must not be held in that account.

(5) This regulation is subject to regulation 5(2).

Amount of Bonus

10.—(1) A bonus is to be paid to an account holder—

(a) at the end of the maturity period, and

(b) if earlier, also at the end of the period of 24 months beginning with the month in which the account is opened (the “first bonus period”).

(2) The amount of a bonus is to be nil if the account is closed or otherwise ceases to be a Help-to-Save account before the end of the maturity period.

(3) The amount of a bonus is to be calculated by the authorised account provider by multiplying

A by B where

A is the number of whole pounds in the qualifying balance of the account, and

B is 50 pence.

(4) The qualifying balance, in the case of a bonus that is paid at the end of the first bonus period, is the highest balance of an account achieved in that period.

(5) The qualifying balance, in the case of a bonus that is paid at the end of the maturity period, is the highest balance of an account achieved after the first bonus period in that period’ less the highest balance of the account achieved in the first bonus period (if any).

(6) In calculating any qualifying balance, the following are to be disregarded—

(a) any bonus, interest or other sum paid by the authorised account provider under the terms of the account;

(b) any sum paid into the account in breach of the limit specified in regulation 9; and

(c) any sum paid into the account in breach of regulation 5.

(7) The authorised account provider must pay the bonus to the account holder, within 21 days from the end of the first bonus period or the maturity period (as the case requires).

(8) If the account holder dies, paragraph (7) does not apply and the authorised account provider must pay to the account holder’s personal representatives the amount of the bonus accrued to the date of death.

(9) A payment of bonus due on death must be made within 21 days of the end of the month in which the authorised account provider receives sufficient evidence of the death of the account holder and of the status of the personal representatives.

(10) For the purposes of paragraph 3(7) of Schedule 2, an account holder is to be considered as suffering from a terminal illness if HMRC has received sufficient written evidence from a registered medical practitioner that the account holder is expected to live for less than 12 months.

Bonus claim

11.—(1) A bonus is only payable if a claim for it is made in accordance with arrangements made between HMRC and the Director of Savings as authorised account provider.

- (2) HMRC may from time to time specify—
 - (a) the information to be included in a claim for a bonus;
 - (b) the period to which such a claim is to relate (“claim period”); and
 - (c) the form or manner in which such a claim is to be made.
- (3) The authorised account provider must make a claim for a bonus.
- (4) The claim is to be made within such period provided for in accordance with those arrangements after the end of a claim period.
- (5) HMRC in accordance with those arrangements must pay the authorised account provider for the account of the account holder any bonus amount that is due.

Rejection of bonus claim

- 12.**—(1) HMRC must notify the authorised account provider of a rejection of any claim for a bonus together with reasons for the decision—
- (a) where the claim is made by the due date, within 14 days beginning with the day after the due date for the claim, and
 - (b) where the claim is made later than the due date, within 14 days beginning with the day after receipt of the claim.
- (2) The authorised account provider, on receipt of such notification, must notify the account holder within 14 days beginning with the day after the day of receipt.
- (3) An account holder may within 90 days, beginning with the day after receipt of a notification under paragraph (2), apply to HMRC for payment of a bonus which has been refused.
- (4) Regulation 16 (appeals) applies, in relation to an authorised account provider, to a notification under paragraph (1), and, in relation to an account holder, to a decision in respect of an application under paragraph (3).
- (5) The effect of any notification or decision is not suspended by the making of an application or an appeal.

Recoupment of bonus etc.

- 13.**—(1) Where—
- (a) the account holder was not an eligible person on an eligibility reference date; or
 - (b) in relation to an account, there is a breach of any of regulations 5(2), 7(2) or 8(1)(c),
- the account is void and the persons mentioned in paragraph (5) must account to HMRC for any bonus wrongly paid in respect of the account.
- (2) HMRC must notify the authorised account provider of an account becoming void under paragraph (1) within 14 days beginning with the day a determination to that effect was made.
- (3) The authorised account provider, on receipt of such notification, must notify the account holder within 14 days beginning with the day after receipt.
- (4) Where an amount is paid by HMRC to an authorised account provider in pursuance of the Act, due to a misstatement, or a mistake by HMRC, or at a time when an account is not a Help- to -Save account, the persons mentioned in paragraph (5) must account to HMRC for any bonus or overpayment wrongly paid or made in respect of the account.
- (5) The persons mentioned in this paragraph are—
- (a) the authorised account provider (to the extent that it has assets relating to the account, or directly or indirectly representing any of the payments, in its possession or control),
 - (b) the account holder, or former account holder (to the extent that the payments have been made or credited to the account holder),
 - (c) any person in whom the bonus or overpayments, or any property directly or indirectly representing any of them, is vested (whether beneficially or otherwise), and they are to be jointly and severally liable.

(6) Where a person accountable under this regulation is notified by HMRC that an amount is due from that person under it, that amount is to 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.

(7) The time limits in sections 34 to 36 and 40 of the Management Act are to apply to amounts payable under this regulation as they apply to assessments.

(8) Regulation 16 (appeals) applies to any notification under this Regulation.

(9) The effect of paragraphs (1) and (4) is suspended by an appeal under regulation 16 until the appeal is determined or withdrawn.

Payments by and to HMRC

14.—(1) Any amount which is payable by virtue of an assessment made, or treated as made, under these Regulations 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) Paragraph (1) is subject to any proceedings relating to appeal.

(3) Sections 101 and 103 of the Finance Act 2009⁽¹⁴⁾ apply for late payment interest on any amount that is payable to HMRC under these Regulations which amount payable for this purpose is to be treated as income tax.

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

“Repair” of invalid accounts

15.—(1) Except in the case of a breach of regulation 5(2), 7(2) or 8(1)(c) (where no repair of an account is possible), it is an overriding requirement to be satisfied in relation to an account that the authorised account provider and account holder, as the case may be, take any steps necessary to remedy any breach of these Regulations.

(2) Where a breach is remedied as mentioned in paragraph (1), the account must, to the extent of that breach, be treated as having been a valid account at all times, except for the purposes of paragraphs 20 and 22 of Schedule 2 (penalties).

Appeals

16.—(1) This Regulation applies to a review or appeal in respect of a decision made or notification given by HMRC under any of regulations 5 (account holder not being in the UK), 7 (application declined), 12 (rejection of bonus claim) and 13 (recoupment of bonus).

(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) be treated as a requirement by the appellant under section 49A(2)(a) of the Management Act for HMRC to review the matter in question;
- (d) contain sufficient information to identify the appellant and the decision against which the appeal is being made; and
- (e) be signed, or authenticated in another way authorised by HMRC, by or on behalf of the appellant.

(4) Sections 49, 49A to 49I and 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.

⁽¹⁴⁾ 2009 c. 10 and S.I. 2011/701

(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 paragraph (6)(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 Regulation “the Tribunal” means the First-tier Tribunal, or when determined by or under Tribunal Procedure Rules, the Upper Tribunal.

Name

Name

Date

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make detailed provision for Help-to-Save Accounts (“accounts”), under the Savings (Government Contributions) Act 2017 (c. 2) (“the Act”).

Regulation 1 provides for citation and commencement, and regulation 2 for interpretation. The authorised account provider under the Act is the Director of Savings (National Savings and Investments).

Regulation 3 sets out the benefit entitlement conditions for working tax credit and universal credit.

Regulation 4 sets out the circumstances relevant to the UK connection condition under the Act.

Regulation 5 provides for the case of an account holder not being in the United Kingdom. The account holder is under an obligation to inform the authorised account provider if the account holder is not in the United Kingdom.

Regulations 6 to 8 set out the provisions relating to the opening and maintaining of an account.

Regulation 9 sets out the maximum monthly amount which may be paid into an account.

Regulation 10 provides for calculation and payment of bonus.

Regulation 11 provides for claims for bonus by the authorised account provider.

Regulation 12 provides for rejection of bonus claims.

Regulation 13 makes provision for recoupment by HMRC of bonus or overpayments wrongly paid or made.

Regulation 14 provides for payments by and to HMRC in relation to overpayments, repayments and late payments, including interest.

Regulation 15 provides for minor breaches of statutory requirements for accounts to be remedied (“repaired”) by administrative action.

Regulation 16 provides for appeals.

A full Regulatory Impact Assessment for Help-to-Save Accounts was published on 6th September 2016, the date of the introduction of the Savings (Government Contributions) Bill 2016.

Commentary on draft Help-to-Save regulations

Draft regulation 1 - Citation and commencement

35. This draft regulation gives the title by which the regulations are to be known (The Help-to-Save Account Regulations 2017) and will provide details of when these regulations come into force.

Draft regulation 2 – Interpretation

36. This draft regulation provides details of how certain terms used in these regulations are to be interpreted.

Draft regulation 3 – Eligible persons – entitlement to Working Tax Credit (WTC or Universal Credit)

37. ***The Savings (Government Contributions) Act 2017 Schedule 2*** makes provision for Help-to-Save accounts. A person to be eligible for the scheme must meet certain criteria. The conditions that an individual needs to be meet are that on a particular day:
- The individual meets one of the benefit entitlement conditions (see paragraphs 5, 6, and 8(1) (a)) of the Act.
 - The individual meets the UK connection condition (see paragraph 7); and
 - The individual has not opened a Help-to-Save account earlier.
38. The Act also provides that regulations can specify when a person is to be treated as eligible person for the purposes of the schedule. This draft regulation sets out the circumstances in which a person will be eligible for the Help-to-Save whether individually or as part of a couple, to working tax credit.
39. Paragraph (2) sets out three conditions that must be met for tax credits. The *first condition* is that the individual has an initial WTC award decision alone or with another person and that award is not at a nil rate. The relevant legislative provisions on initial tax credit awards, which are made annually is at section 14 of the Tax Credits Act 2002. The Government has decided to allow eligibility on the basis of a provisional award as the alternative of allowing eligibility based on a finalised award under sections 18-21 TCA 2002 would mean that WTC claimants would need to wait a long time until they have a final award to open an account.
40. The *second condition* is that if the individual does not meet condition one, but he/she has an initial award under section 14 at a nil rate, while at the same time has a Child Tax Credit (CTC) award not being a nil rate. This provision has been included to cover the scenario where people are eligible where they qualify for both WTC and CTC, but whose WTC award is tapered because of their income. Someone may be eligible for WTC, but because technically their WTC payments are reduced to zero before their CTC payments are reduced, they are not paid WTC.

41. The *third condition* is that there are interim payments made under s.24 TCA to the individual during the tax credit renewal period.
42. For the period of time between 6th April until the 31 July of Tax Year 2 (the renewal period) an individual will continue to receive payments in line with the previous tax year but this is not an award of Tax Credit. The power to make the payments is in section 24(4) TCA. During the renewal period (6 April – 31 July of Tax Year 2) individuals are asked to “renew” their claim by returning a section 17 TCA notice to HMRC. A section 14 decision will then be made on that “renewed claim” for Tax Year 2. So for some claimants there will be a period of time between 6 April to 31 July in a given tax year that they will not be “eligible persons” because they are not in receipt of an award of Tax Credits.
43. This draft regulation makes sure that those who have been working in Tax Year 1 and are receiving s.24 TCA payments will be deemed as eligible persons if they are receiving such payments.
44. Paragraph (3) sets out the condition that must be met by Universal Credit applicants in order to be eligible for the Help-to-Save, whether individually or as part of a couple, to Universal Credit.
45. The condition is that the individual whether as a single or joint claimant is in receipt of a validly obtained award of Universal Credit (not being an nil award); and has earned income in the month immediately preceding the first eligibility reference being equal to or greater than 16 X National Living Wage (NLW).
46. Paragraph (5) details how certain terms relating to draft regulation 3 are to be interpreted.

Draft Regulation 4 – Eligible person – presence in the United Kingdom

47. ***Paragraph 7 of Schedule 2 of the savings (Government Contributions) Act 2017*** (‘the Act’) provides that in order to satisfy the ‘UK connection condition’ for an account, a person must be in the United Kingdom. Broadly, a person will meet the condition to be in the UK if they are present and ordinary resident or habitually resident in the UK.
48. This draft regulation provides that an individual who on each of the eligibility reference dates meet the benefit entitlement conditions contained in regulations 3 is to be deemed to meet the UK condition on that date. The intended effect of this provision is that the residency status of an applicant is automatically passported on the basis that the individual meets all the benefit entitlements conditions for the qualifying benefit on the date of the application.
49. The Government has decided to passport the residency status of an individual in order to make the customer journey when applying for a Help-to-Save account as simple and smooth as possible. The practical effect of this provisions is that HMRC will not be required to ask whether the individual is living in the UK to determine the UK condition,

rather as long as the individual meets the WTC or UC benefit entitlement then their residency status will be passported.

50. **Paragraph 7, sub-paragraph 2(a) of the Act** provides that Treasury regulations may specify circumstances in which a person is to be treated as being, or not being in the United Kingdom, and specify circumstances in which temporary absence from the United Kingdom which is disregarded.
51. Crown Servants (for example diplomats) and members of the Armed Forces, (together with any accompanying partners), who are posted overseas will also be treated as being in the UK provided that they were resident in the UK immediately before their posting or, if there are consecutive postings, then immediately before the first of those. This is reflected in the underlying Tax Credits (regulation 5 of the Tax Credits Residence Regulations 2003) and Universal Credit regulations 2013 at regulation 10.

Draft Regulation 5 – Account holder not being in the United Kingdom

52. **Paragraph 12, sub-paragraph (1) of Schedule 2 of the Act** provides that Treasury regulations may be made in connection with any stipulation that directly or indirectly links entitlement to the bonus in respect of a Help-to-Save account with the presence in the United Kingdom of the individual for whom the account is opened.
53. This draft regulation sets out the conditions that will apply when an account holder is not in the UK, including a penalty for not informing the account provider of any absences which are not temporary.
54. Paragraph (1) specifies that an account holder who at any time is not in the United Kingdom may retain the benefits of the account.
55. Paragraph (2) states that while the account holder is not in the United Kingdom, the account holder must not pay any amount in their Help-to-Save.
56. Paragraph (3) specifies that an account holder must inform the authorised account provider if the account holder is not in the United Kingdom.
57. Paragraph (4) specifies that if an account holder fails to inform the authorised account provider of their absence (bar any temporary absence) then HMRC may impose a penalty of the account holder which may not exceed £300. This notification is similar to the undertaking that working tax credit and UC claimants currently have to make to the relevant authority if they are abroad.
58. Paragraph (5) clarifies that the penalty imposed for not informing the account provider of any absences may be deducted by the authorised account provider from amount to be paid the account holder by way of a Government bonus to the account holder.
59. The intended effect of this provision is such that it ensures that an individual cannot make deposits to an account when they do not have the appropriate connection to the UK, and could not thereby earn additional government bonus.

Draft Regulation 6 – Opening of Help-to-Save Account

60. ***Paragraph 11, sub-paragraph (2)(a) of Schedule 2 of the Act*** states that Treasury regulations may make provisions about applications to open a Help-to-Save accounts including the provisions about the form and manner in which applications may be made. This draft regulation sets out the two conditions that must be met for a Help-to-Save account to be opened by HMRC.
61. The first condition is that the account holder and approved account provider enter into terms under which the account will be managed, and that these terms include the account application and the declaration, both of which are referred to at draft regulations 7 and 8.
62. The second condition is relevant to cases in which an account application is not in writing. In such cases, the applicant must have agreed, or be treated as having agreed, the declaration required under draft regulation 7(2). This declaration required is that that the applicant has not previously opened a Help-to-Save account. The declaration also includes asking the individual to confirm the information they are providing is true and complete.
63. ***Paragraph 23 of Schedule 2 of the Act*** applies a penalty where a person deliberately provides a material inaccuracy in an application for a Help-to-Save account. Sub-paragraph (2) links the penalty amount to that specified at paragraph 39(2) of Schedule 36 to FA 2008 (currently £300). Sub-paragraph (3) applies various provisions of Schedule 36 to FA 2008 – concerning the assessment and enforcement of penalties, double jeopardy, rights of appeal and appeal procedures – to penalties charged under this paragraph.

Draft Regulation 7 – Application to open a Help-to-Save account

64. This draft regulation sets out the conditions that must be met by an applicant for a Help-to-Save account. It also sets out circumstances in which an account provider shall decline to accept such an application, and in which an appointee or similar can act for an eligible person in matters relating to the Help-to-Save.
65. Paragraph (2) specifies that an application must contain such information and be given to such person as HMRC may specify. HMRC will set out in guidance the information that an individual needs to provide during the application process.
66. Paragraph (2) also specifies the conditions that must be met by an application for an account, and the matters that an application must contain. These include that the applicant has provided a true declaration that they: (i) have not previously opened a Help-to-Save account. The declaration also includes asking the individual to confirm the information they are providing is true and complete.

67. Paragraph (3) sets out the circumstances in which HMRC shall decline to accept an application. Paragraph 3(a) allows HMRC to decline to accept an application when HMRC has reason to believe that the account applicant's declaration or application is not, or may not be, true. Paragraph 3(b) also allows HMRC not to open an account where any requirement of money-laundering legislation is not satisfied.
68. If an application is declined by HMRC then it must notify the applicant within 21 days of the date of the application with reasons why.
69. **Paragraph 11 (3) (c) of the Act** allows regulations to set out who can carry out the functions of an account holder. In most cases it is intended that these functions will be carried out by the account holder. Paragraph (5) of draft regulation 7 sets out the circumstances in which an appointee or similar person may act for a person in relation to the Help-to-Save account.

Draft Regulation 8 – General requirements for Help-to-Save accounts

70. **Paragraph 10 (1) (b) of Schedule 2 of the Act** provides HM Treasury may impose any requirements in relation to the account. This draft regulation sets out some of the main features, requirements and conditions for Help-to-Save accounts. See also paragraph 3 of Schedule 2 relating to Help-to-Save accounts.
71. Paragraph (1) sets out a number of additional requirements a Help-to-Save account must satisfy including that the account must be denominated in sterling. The account must not be held on behalf of a person other than the account holder.
72. Paragraph (2) lists a number of conditions that must be included within the account terms. These are that:
 - (a) the account provider is required to pay the bonus due in accordance with regulation 10;
 - (b) there is no restriction on the maximum amount or timing of withdrawals of the credit balance of an account. This stipulation does not prevent an account provider from setting a minimum amount for a withdrawal;
 - (c) There is no requirement that a minimum credit balance must be maintained in the account (with the result that an account with a nil balance is not automatically closed). This draft regulation has been included to make sure that if withdrawals are made by the account holder and no deposits are made for whatever reason the account remains open until the end of the maturity period, allowing deposits to be made at a later time.
 - (d) the account provider shall not levy charges against the balance of the account;
 - (e) where an account provider delegates responsibility for any of its functions or responsibilities, it must be satisfied that the person to whom the function or responsibility is delegated is competent to carry them out.
73. Guidance will set out the methods of payment an account holder can use to make payments into their Help-to-Save account.

74. Paragraph (3) specifies that HMRC will determine whether an account meets the requirements imposed by these regulations.

Draft Regulation 9- Limit on sums paid into Help-to Save account

75. ***Paragraph 10, sub-paragraph (2) of Schedule 2 of the Act*** allows for a “maximum monthly” amount specified on the amount of deposits that can be made into an account in a month. The Act sets out that the monthly limit is £50 or such other amount (which may be nil) as be specified in treasury regulations. The Act also provides that regulations may also specify whether the £50 monthly limit is based on a gross or net basis.
76. This draft regulation sets out that the total monthly deposits into any Help-to-Save account (excluding interest or other sums paid by the account provider under the agreed terms of the account), should not exceed £50, and in calculating this limit any account withdrawals shall be ignored.
77. The effect is that the maximum that can be deposited into a Help-to-Save account by the account holder is £2,400 (48 months x £50) and the maximum bonus payment payable to an account holder will be £1,200. Account holders who do not pay in during one month will not be able to roll it over to the next month.
78. ***Paragraph 10 of Schedule 2 of the Act*** provides that Treasury regulations may specify whether the £50 monthly limit should be calculated on a gross or net basis. The £50 deposit limit will apply on a calendar month basis and will be a gross payment limit. Therefore, if there is a withdrawal from a HTS account it can only be replaced within the same month if there is still headroom within the £50 monthly limit. This will mean that:
- If a person pays in £50 and withdraws it later in the month, they cannot make another payments until the next calendar month; and
 - If they pay in £30 and withdraw it later in the month, they can pay in a further £20 within the same calendar month.
79. Paragraph (3) sets out that the minimum amount that can be paid into an account is £1 or such smaller amount agreed by an authorised account provider.
80. Paragraph (4) specifies that an amount paid into the Help-to-Save account in excess of the £50 monthly maximum limit is not be treated as an amount added to an account and must not be held in that account.

Draft regulation 10 – Amount of Bonus

81. ***Paragraph 15 of Schedule of the Act*** concerns the calculation and payment of the Government bonus. Sub-paragraph (2) to (4) permit HM Treasury regulations to make provisions in relation to the calculation and payment of the bonuses.

- 82.** Paragraph (1) (a) states that a bonus is to be paid to an account holder at the end of the maturity period (48 months). Paragraph 1(b) states that if earlier than the 48 month, also at the end of the period of 24 months beginning with the month in which the account is opened.
- 83.** Paragraph (2) specifies that the amount of a bonus is to be nil if the account is closed or otherwise ceases to be a Help-to-Save account before the end of the maturity period.
- 84.** Paragraph (3) sets out the formula that an account provider needs to use to calculate the bonus in the first 24 month bonus period. The amount of the bonus payment is calculated by multiplying the number of whole pounds in the qualifying balance of the account (“A”) multiplied by 50 pence (“B”).
- 85.** Paragraph (3) sets how the amount of a bonus is to be calculated. The following *example illustrates how the qualifying balance is to be calculated at the 24 month period:*

A is the number of whole pounds and pence of the qualifying balance of the account (highest balance) x B is 0.50p.

It may help to illustrate this with an example:

Emma opens a HTS account and pays in £25 a month. After 24 month she has built up a highest balance of £600 – this earns her a government bonus of £300.

If we use the formula set out above to work out the government bonus due on Emma’s account is as follows:

A =£600 (Emma’s highest balance at 24 months) x B=0.50p = £300 government bonus due to Emma.

- 86.** The Government has announced that the government bonus will be calculated at the rate of 50p for every £1 in the qualifying balance of a Help-to-Save account.
- 87.** Paragraph (4) provides that the qualifying balance of a Help-to-Save account at the end of the first bonus period (24 months) is the highest balance achieved in that period.
- 88.** Paragraph (5) sets out that the qualifying balance in the case of a bonus that is paid at the end of the maturity period (48 months), is the highest balance of an account in that period minus the highest balance of the account achieved in the first bonus period (if any). The bonus calculation has been framed in this way to make sure that account holders are not able to recycle the same money from the first 2 years and then earn a bonus on the same money in second bonus period.
- 89.** Paragraph (6) provides that three sums are to be disregarded when calculating the highest balance that has been achieved in a Help-to-Save account. Paragraph (6) (a) specifies that interest or other sums credited to the account by the account provider under the terms of the account are to be disregarded.

- 90. Paragraph (6) (b) specifies that any amounts paid in breach of the limit on deposits specified in regulations 9 (limit on sums paid into a Help-to-Save account) are to be disregarded.
- 91. Paragraph (6) (c) specifies that any sum paid into the account in breach of regulation 5 (account holder not being in the United Kingdom) needs to be excluded from the bonus calculation.

The example below illustrates how the qualifying balance is to be calculated at the 48 month period:

Jack saves regularly into his Help-To-Save account and has built up a balance of £300 after 18 months. However he is then forced to withdraw all his savings to pay an unexpected bill. After beginning to save again, his balance after 24 months is £50. As his qualifying balance/highest balance was £300, he receives a 50% government bonus on the £300 which is £150.

Jack continues to save regularly in the second term, and manages to save up to £500 at the end of year 4. This represent additional savings of £200 (as he had already earned a bonus on £300 of savings). He therefore earns a further bonus of £100 for the second 24 month period.

If we use the formula set out above to work out the government bonus due on Jack's account at 48 months is as follows:

$\text{£500 (highest balance at 48 months) - £300 (highest balance at 24 months) x C} = 0.50p = \text{£100}$
government bonus.

- 92. Paragraph (7) provides that at the end of this maturity period, the account provider must make the bonus payment to the account holder within 21 days.
- 93. The Act provides that regulations may make provisions for an amount to be nil in the case of an account that is closed, or otherwise ceases to be a Help-to-Save account, before the end of its maturity period.
- 94. Paragraph (8) deals with bonus payments if an account holder dies. This draft regulations requires the account provider to pay the account holder's personal representative an amount of bonus earned by the account holder accrued to the account holder's death. Paragraph (9) sets out that this payment must be made within 21 days of the appropriate evidence being presented to HMRC.
- 95. Paragraph (9) provides that a payment of bonus due on death must be made within 21 days of the end of the month in HMRC receive sufficient evidence of the death of the account holder and of the status of the personal representative.
- 96. Paragraph (10) clarifies that for the purposes of paragraph 3(7) of Schedule 2 of the Act, an account holder is to be considered as suffering from a terminal illness if HMRC has received sufficient written evidence from a registered medical practitioner that the account holder is expected to live for less than 12 months.

Draft regulation 11 – Bonus claim

97. Paragraph (1) specifies that a bonus is only payable if it is made in accordance with arrangements made between HMRC and the Director of Savings as the authorised account provider.
98. Paragraph (2) specifies that HMRC may from time to time specify the information to be included in a claim for a bonus from HMRC, the period to which such claims is to relate; and the form and manner in which such a claim is to be made. The intention is to include the administrative arrangements for claiming a bonus between HMRC and the Director of Savings in a separate document
99. Paragraph (3) specifies that the account provider must make a claim for a bonus.
100. Paragraph (4) states that a claim is to be made within such period that are provided within the administrative arrangements document governing the claim of a bonus.
101. Paragraph (5) states that HMRC in accordance with those arrangements must pay NS&I any bonus amount due.

Draft regulation 12 – Rejection of bonus claim

102. This draft regulation sets out the process when a bonus is rejected by HMRC. Paragraph 1(a) and (b) states that HMRC must notify the account provide of a rejection of any claim for a bonus together with reasons for the decision.
103. Paragraph (2) provides that the account provider on receipt of a rejection of a bonus notification must notify the account holder within 14 days beginning with the day after the day of receipt of the notification.
104. Paragraph (3) sets out that an account holder may within 90 days beginning with the day after receipt of a notification of a rejection apply to HMRC for a payment of a bonus which has been refused.
105. Paragraph (4) specifies that regulations 16 (appeals) applies to a notification from HMRC to an account provider of a rejection of a bonus claim, and in relation to account holder to decisions in respect of application to HMRC for a payments of a bonus which has been refused.
106. Paragraph (5) specifies that the effect of any notification or decision is not suspended by the making of an application or an appeal.

Draft regulation 13 – recoupment of bonus etc.

107. ***Paragraph 16 of Schedule 2 of the Act*** sets out at sub-paragraph (1) that HM Treasury regulations may provide for the repayment of wrongly paid Government bonus

amounts. The regulations may make provisions about (a) identifying the persons liable to make a repayments (b) charging interest on repayable amounts; and (c) for collecting a repayment and interest charged on it.

108. This draft regulation sets out the circumstances in which HMRC may recoup payments made under the scheme, specifies from whom payments may be recouped, and also provides other details concerning the recoupment of payments that are made under the scheme.
109. Paragraph (1) sets out the circumstances in which accounts are void, where there will be a requirement to account to HMRC for bonus payments that were wrongly made. These circumstances include breaches in relation to the eligibility of the account holder, the account opening process and declaration, and the opening of more than one Help-to-Save account.
110. Paragraph (4) sets out other circumstances in which there will be a requirement to account to HMRC for a bonus payment that has been wrongly made. These relate to where a person's award to UC, or their tax credit award at the eligibility reference date was not validly obtained so as to impact upon entitlement for a Help-to-Save account; or where an amount has been paid to an account provider by mistake or as a result of a mis-statement or at a time when the account is not a Help-to-Save account.
111. Paragraph (5) lists the persons from whom recoupment may be sought by HMRC in certain circumstances and provides that these persons shall be jointly and severally liable. These persons are the account provider; the account holder (or former account holder); and any other person in whom the payment is vested.
112. Paragraph (6) sets out that that any amount due will be treated as if it were tax charged in an assessment and due and payable.
113. Paragraph (7) provides for the time limits within which HMRC may require any payment that is due under this draft regulation. The time limits in section 34 to 36 and 50 of the Taxes Management Act will apply to amounts payable under this regulation s they apply to assessment.
114. Paragraph (8) states that the appeals provisions at regulations 16 of these draft regulations applies to any notification made under this regulation.

Draft regulation 14 – Payments by and to HMRC

115. ***Paragraph 16 of Schedule 2 to the Act*** provides that where an amount has been wrongly paid by way of bonus, the amount must be repaid to HMRC. Paragraph 16 (1) and (3) allows regulations to be made in relation to the repayment of these bonuses, including by applying tax provisions for the charging of interest on amounts that are due.
116. Paragraph 16(2) (b) allows regulations to be made on charging interest on repayable amounts.

Draft regulation 15 - "Repair" of invalid accounts

- 117.** *Paragraph 3, sub-paragraph (3) of Schedule 2 of the Act* permits HM Treasury to provide by regulations for an account to be treated as a Help-to-Save account. This is intended to cover cases in which there has been a minor breach of the regulations, which it is possible to repair without removing the Help-to-Save status from the accounts.
- 118.** This draft regulation concerns circumstances in which there is a minor breach in the account rules, where it is not appropriate to withdraw the account's Help-to-Save status without providing an opportunity for this breach to be repaired.
- 119.** Paragraph (1) sets out the circumstances in which it may be possible to 'repair' an account and places a requirement on the account provider or account holder to take any steps necessary to remedy the breach. This will apply to any breach, other than where the account holder is not an eligible person, the account holder is not in the United Kingdom, or has opened more than one Help-to-Save account. Where any of these exceptions apply, repair of the account is not possible and the account is invalid.
- 120.** Paragraph (2) sets out that where such a breach is remedied, the account is treated as if it had always been valid for all purposes of the scheme, other than any penalties that may be charged under the Act.

Draft regulations 16 – Appeals

- 119.** This draft regulation sets out the circumstances in which mandatory reviews or appeals may be made against decisions made, or actions taken by HMRC in relation to the Help-to-Save accounts.
- 120.** Paragraph (1) provides a right to a mandatory review or appeal against a decision made by HMRC relating to:
- An application being declined by HMRC
 - Recoupment of a wrongly paid Government bonus
 - account holder not being in the UK
 - Rejection of a bonus claim.
- 121.** The intended effect of this regulation is to require a HTS account holder to seek a mandatory review of the decision by HMRC before they can have recourse to the tribunal system. This approach is common in other schemes like Tax Free Childcare and used elsewhere in Whitehall.
- 122.** Paragraph (2) specifies that an appeal must be given to HMRC within 30 days on which notice of the decision review was given.
- 123.** Paragraph (3) sets out the information that must be contained in a notice of an appeal to HMRC.

124. Paragraph (5) to (10) sets out the powers of the tribunal that will hear appeals relating to appeals set out at regulation 16(1).

Questions for consultation

Question 1: Do these draft regulations meet the published policy objectives?

Question 2: Do these draft regulations produce any unintended consequences?

Annex B – Relevant legislation

Help-to-Save - Savings (Government Contributions) Act 2017 – Schedule 2

http://www.legislation.gov.uk/ukpga/2017/2/pdfs/ukpga_20170002_en.pdf