

**2020 No. 0000/draft**

**DRAFT FOR CONSULTATION PURPOSES ONLY**

**INDIVIDUAL SAVINGS ACCOUNTS**

**The Individual Savings Account (Amendment No. X)  
Regulations 2020**

*Made* - - - - - \*\*\*  
*Laid before the House of Commons* \*\*\*  
*Coming into force* - - - - - 6th April 2020

The Treasury makes these regulations in exercise of the powers conferred by section 151 of the Taxation of Chargeable Gains Act 1992(a) and section 694 of the Income tax (Trading and Other Income Act) 2005(b).

**Citation and commencement**

1. These regulations may be cited as the Individual Savings Account (Amendment No. X) Regulations 2020 and come into force on 6th April 2020.

**Amendment of the Individual Savings Account Regulations 1998**

2. The Individual Savings Account Regulations 1998(c) are amended as follows.
3. In regulation 2(1)(b) (interpretation) insert at the appropriate place—  
““Child Trust Funds Regulations” has the meaning given in regulation 5DZ;”.
4. After regulation 5D (subscriptions disregarded for the purpose of the subscription limits in regulations 4ZA(1) and 4ZB) insert—

**“5DZ.—Treatment of ISA where funds transferred under regulation 13A of the Child Trust Funds Regulations**

(1) This regulation applies where a qualifying individual has given an instruction under regulation 13A of the Child Trust Funds Regulations 2004(d) (“the Child Trust Funds Regulations”) that investments be transferred by way of subscription to an account under these regulations.

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(a) 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 (c. 5), section 40(6) of the Finance Act 2011 (c. 11) and section 27(2) of the Finance Act 2016 (c. 24).  
(b) 2005 c. 5. Section 694 was amended by section 40 of the Finance Act 2011.  
(c) S.I. 1998/1870.  
(d) S.I. 2004/1450. Regulations 13A and 13B (see regulation 5DZA below) were inserted by regulation 5 of the Child Trust Funds (Amendment No. X) Regulations 2020.

(2) A subscription made in accordance with this regulation must be disregarded for the purposes of the overall subscription limit under regulation 4ZA(1)(a) (subscriptions to an account other than a junior ISA account).

(3) A subscription made in accordance with this regulation to a Lifetime ISA is subject to the overall Lifetime ISA payment limit under regulation 4ZA(1A).

(4) Where a qualifying individual has given an instruction in relation to funds held otherwise than in cash, such transfer may be made in-specie.

**“5DZA.—Treatment of ISA where funds transferred under regulation 13B(3)(b) of the Child Trust Funds Regulations**

(1) This regulation applies where a transfer is made under regulation 13B(3)(b) of the Child Trust Funds Regulations to a cash account or a stocks and shares account.

(2) A transfer under that regulation is to be disregarded for the purposes of—

- (a) the overall subscription limit under regulation 4ZA(1)(b) (subscriptions to an account other than a junior ISA account), and
- (b) the conditions for a qualifying individual under regulation 10(2)(b) to (d) (qualifying individuals who may invest under an account that is not a junior ISA account nor a Lifetime ISA).

(3) Notwithstanding any other provision of these regulations, paragraphs (4) to (10) apply until the account holder makes an application under regulation 12 (conditions for application to open an account that is not a junior ISA account).

(4) The account is to be held in the name of the account holder of the matured child trust fund to which the transfer relates in accordance with regulation 13B(3)(b) of the Child Trust Funds Regulations.

(5) The account holder is to be treated as an account investor.

(6) No further subscription is to be made to the account.

(7) Amounts in respect of investments on the account are to be credited to it.

(8) In relation to the account, regulation 31(1) (returns of information by account manager) is to be treated as omitted and the following paragraph is to apply.

(9) (a) An account manager must within 60 days after the end of each year (beginning with the year 2020-21) deliver to the Board a return for that year which contains the information as at the 5th April in that year specified in sub-paragraphs (b) and (c) below and is to be accompanied by a certificate as to the contents of the return being true and correct in the form prescribed by the Board, signed by the account manager or on their behalf.

(b) The information specified in this paragraph as regards the account holder is their—

- (i) full name,
- (ii) address of permanent residence including postcode,
- (iii) date of birth,
- (iv) national insurance number (if available), and
- (v) unique reference number for the child trust fund relating to the transfer.

(c) The information specified in this paragraph as regards the account is—

- (i) the type of account and that it represents a matured child trust fund,
- (ii) the number allocated to it by the account manager, and
- (iii) the aggregate market value of the investments in the account in

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(a) Inserted by S.I. 2011/1780 and amended by S.I. 2014/1450 and 2017/186.

(b) Inserted by S.I. 2011/1780 and amended by S.I. 2014/1450 and 2017/186.

that year.

(10) No transfer is to be made of the account, otherwise than in circumstances where the account manager intends to cease to act as an account provider or ceases to qualify, a transfer when regulations 19 (account provider’s intention to make a bulk transfer of accounts or to cease to act as an account provider), 20 (account manager ceasing to qualify) or 21 (relating to transfers of accounts) applies.”.

5. In regulation 8(5) (qualifying investments for a cash component) after “fund” in subparagraph (b), insert—

“; and

(c) a CTF matured account”.

Name

Name

Two of the Lord Commissioners of Her Majesty’s Treasury

Date

#### **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations amend the Individual Savings Account Regulations 1998 (S.I.1998/1870) (“the Individual Savings Account Regulations”) to provide for where a transfer is made of investments held in a child trust fund which has matured under the Child Trust Funds Regulations 2004 (S.I.2004/1450) as amended by the Child Trust Funds (Amendment No.X) Regulations 2020, which come into force at the same time as these Regulations ( “the Child Trust Fund Regulations”).

Regulation 4 inserts new regulation 5DZ and 5DZA into the Individual Savings Account Regulations.

Regulation 5DZ provides for when there has been a transfer under regulation 13A of the Child Trust Fund Regulations, where instructions are given by the person who holds the child trust fund which has matured as to what is to be done with the investments in the child trust fund.

Regulation 5DZA provides for when there has been a transfer under regulation 13B(3)(b) of the Child Trust Fund Regulations where no such instructions have been given.

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