STATUTORY INSTRUMENTS

No.

INCOME TAX

CAPITAL GAINS TAX

The Individual Savings Account (Amendment No. X) Regulations 2026

Made - - - -	***
Laid before Parliament	***
Coming into force	

The Treasury make these Regulations in exercise of the powers conferred by section 151(1) of the Taxation of Chargeable Gains Act 1992(**a**) and sections 694(1), (3) and (5), 695, 695A, 696, 699 and 701 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 2026 and come into force on 6th April 2027.

Amendment of the Individual Savings Account Regulations 1998

2. The Individual Savings Account Regulations 1998(**c**) are amended in accordance with these Regulations.

Amendment of regulation 2

3. In regulation 2 (interpretation)(**d**), in paragraph (1), in sub-paragraph (b) insert at the appropriate place the following definitions—

> "“alternative finance return” means a return paid by a financial institution in accordance with Part 10A of ITA 2007;";

(**a**) 1992 c. 12.
(**b**) 2005 c. 5. In these footnotes, "FA" followed by a year is a reference to a Finance Act of that year. Section 694 was amended by section 40(2) of FA 2011 (c. 11). Section 695 was amended by paragraph 132 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11) ("the 2005 Act"). Section 695A was inserted by section 40(3) of FA 2011. Section 696 was amended by paragraph 132 of Schedule 4 to the 2005 Act. Section 699(2) was amended by paragraph 132 of Schedule 4 to the 2005 Act. Section 701 was amended by section 40(5) FA 2011.
(**c**) S.I. 1998/1870.
(**d**) Paragraph (1)(b) of regulation 2 was relevantly amended by S.I. 2001/3629, 2008/704, 2009/1994, 2013/1773 and 2025/733.

"“money market fund” means a money market fund authorised under Article 4 or Article 5 of Regulation 2017/1131 of the European Parliament and of the Council of 14th June 2017 on Money Market Funds;”.

Amendment of Regulation 2D

4. In regulation 2D (regulations that do not apply to junior ISA accounts)(**a**) after “21” insert “, 22A”.

Amendment of regulation 4

5. In regulation 4 (general conditions for accounts and subscriptions to accounts)(**b**), in paragraph (1B), in sub-paragraph (e) for “limit in regulation 4ZA(1)” substitute “limits in regulation 4ZA(1) and (1C)”.

Amendment of regulation 4ZA

6. In regulation 4ZA (subscriptions to an account other than a junior ISA account)(**c**)—

(a) at the end of paragraph (1) insert “(but see paragraph (1C))”;

(b) after paragraph (1B) insert—

“(1C) In any year in which a qualifying individual is 64 or under at the end of that year, the subscription limit in relation to a cash account is £12,000.”

Amendment of regulation 4A

7. In regulation 4A (repair of certain incompatible account and excess subscriptions - accounts other than junior ISA accounts)(**d**)—

(a) in paragraph (1A)—

(i) after “because” insert “one or both of the”;

(ii) for “limit” substitute “limits”; and

(iii) after “4ZA(1)” insert “and (1C)”;

(b) in paragraph (3), in sub-paragraph (b)—

(i) after “with the” insert “conditions of the”;

(ii) for “limit” substitute “limits”; and

(iii) after “4ZA(1)” insert “or (1C), as the case may be”;

(c) in paragraph 4, in sub-paragraph (a), in paragraph (ii) after “4ZA(1)” insert “or (1C), as the case may be”.

Amendment of regulation 5DDB

8. In regulation 5DDB (flexible account)(**e**), at the end of paragraph (3A), insert “and, where applicable, must not exceed the subscription limit in regulation 4ZA(1C)”.

(**a**) Regulation 2D was inserted by S.I. 2011/1780 and was amended by S.I. 2012/1871, 2014/1450, 2015/869, 2016/16, 2017/466 and 2024/350.

(**b**) Paragraph (1B) of regulation 4 was inserted by S.I. 2011/1780 and was amended by S.I. 2014/1450, 2015/869, 2016/16, 2016/364, 2017/466 and 2024/350.

(**c**) Regulation 4ZA was inserted by S.I. 2011/1780 and relevantly amended by S.I. 2017/466, S.I. 2024/1022 and S.I. 2024/3500.

(**d**) Regulation 4A was inserted by S.I. 2002/3158 and was amended by S.I. 2007/2119, 2011/1780, 2014/1450, 2017/466 and 2024/350.

(**e**) Regulation 5DDB was inserted by S.I. 2016/16 and paragraph (3A) was inserted by S.I. 2025/733.

Amendment of regulation 7

9. In regulation 7 (qualifying investments for a stocks and shares component)(**a**)—

(a) in paragraph (2), at the end of sub-paragraph (j) insert "which an account manager holds for the purpose of investing in qualifying investments for a stocks and shares component or payment of account fees";

(b) in paragraph (2), after sub-paragraph (s) insert—

"(t) subject to the conditions specified in paragraph (10A), money market funds."; and

(c) after paragraph (10) insert—

"(10A) The condition specified in this paragraph is that 100% of the value of the investments (other than cash) must not be money market funds.".

Amendment of regulation 8

10. In regulation 8 (qualifying investments for a cash component)(**b**), in paragraph (2)—

(a) for paragraph (p) substitute—

"(p) money market funds"; and

(b) omit paragraph (q).

Amendment of regulation 8A

11. In regulation 8A (qualifying investments for an innovative finance component)(**c**), in paragraph (2), in sub-paragraph (d) after "6(4) to (6)" insert "which an account manager holds for the purpose of investing in qualifying investments for an innovative finance component or payment of account fees".

Amendment of regulation 10

12. In regulation 10 (qualifying individuals who may invest under an account that is not a junior ISA account nor a Lifetime ISA)(**d**), in paragraph (2), in sub-paragraph (ca)—

(a) for "limit" substitute "limits";

(b) after "4ZA(1)" insert "and (1C)".

Amendment of regulation 12

13. In regulation 12 (conditions for application to open an account that is not a junior ISA account or a Lifetime ISA)(**e**), in paragraph (3), after sub-paragraph (ea) insert—

"(ec) that in the case of a cash account the applicant has not subscribed, and will not subscribe, more than the subscription limit in regulation 4ZA(1C)—

(i) in the year to which paragraph (2) refers, and

(**a**) Regulation 7 was relevantly amended by S.I. 2001/3778, 2003/2747, 2004/996, 2007/2119, 2014/1450, 2024/1022 and 2026/248.

(**b**) Regulation 8 was relevantly amended by S.I. 2014/654.

(**c**) Regulation 8A was inserted by S.I. 2016/364 and paragraph (2) was amended by S.I. 2016/977, 2023/264, 2024/350, 2025/733 and 2026/248.

(**d**) Paragraph (2)(ca) of regulation 10 was inserted by S.I. 2007/2119 and amended by S.I. 2011/1780 and 2014/1450.

(**e**) Paragraph (3)(ea) of regulation 12 was inserted by S.I. 2007/2119 and amended by S.I. 2011/1780 and 2014/1450.

(ii) in each successive year following that year, in which the declaration has effect and the subscription limit in regulation 4ZA(1C) applies;”.

Amendment of regulation 21

14. In regulation 21 (transfers relating accounts other than junior ISA accounts)(**a**)—

(a) in paragraph (4)—

(i) at the beginning, for “The” substitute “In the case of a cash account, the”;

(ii) omit “(if the account investor is 18 years of age or over)” in sub-paragraphs (a), (c) and (d);

(b) after paragraph (4) insert—

“(4ZA) In the case of a stocks and shares account or an innovative finance account, the current year’s subscriptions and the previous years’ subscriptions may be transferred to—

(a) a stocks and shares account,

(b) an innovative finance account,

(c) a Lifetime ISA, or

(d) a cash account (if the account investor is 65 or over at the end of the year)

belonging to the same account investor.”;

(c) in paragraph (4DA), in sub-paragraphs (e) and (f) omit “, a cash account”;

(d) in paragraph (6), sub-paragraph (b)—

(i) omit the “and” at the end of paragraph (iv);

(ii) after sub-paragraph (v) insert “and

(vii) any amount which is, or will become, due under regulation 22A which has not been paid to the Board at the date of the transfer;”.

Amendment of regulation 22

15. In regulation 22 (exemption from tax of account income and gains)(**b**), in paragraph (1)—

(a) in sub-paragraph (a), paragraph (ia) omit “paid by a financial institution in accordance with Part 10A of ITA 2007”;

(b) in sub-paragraph (e) omit “held under a cash component”.

Insertion of regulation 22A

16. After regulation 22, insert—

“Interest or alternative finance return on cash deposits held under a stocks and shares component or innovative finance component

22A—(1) When in any year, a sum of interest or alternative finance return is paid or credited in respect of a cash deposit which is held under a stocks and shares component or innovative finance component in accordance with regulation 6(4) to (6)—

(a) no relief from tax applies to such interest or alternative finance return, but

(**a**) Regulation 21 was relevantly amended by S.I. 2007/2119, 2012/1871, 2014/1450, 2016/16, 2016/634, 2017/466, 2017/1089 and 2024/350.

(**b**) Paragraph (1)(a)(ia) of regulation 22 was inserted by S.I. 2005/50. Paragraph (1)(e) was amended by S.I. 2001/908, 2008/704 and 2011/1780.

(b) paragraph (2) applies, and the amount determined in accordance with that paragraph represents the tax on such interest in place of the liabilities to tax which would otherwise arise.

(2) Where this paragraph applies—

(a) the account manager must pay to the Board an amount representing income tax at the savings basic rate in force for the year on all sums of interest or alternative finance return referred to in paragraph (1) paid or credited in that year; and

(b) any amount so payable—

(i) may be set-off against any repayment in respect of tax due under regulation 25, and

(ii) is to be treated as an amount of tax due under an assessment which is final and conclusive and payable not later than 6 months after the end of the year in which the interest was paid or credited.

(3) The interest or alternative finance return referred to in paragraph (1) in all other respects is to be regarded as if it were not income for any income tax purposes, and no repayment of tax or amounts representing tax may be made to the account investor receiving or entitled to such interest.

(4) The reference to interest in paragraph (1), and in regulation 22, includes a reference to any bonus and to a dividend paid or credited in respect of a share account with a building society.”.

Amendment of regulation 24

17. In regulation 24 (tax liabilities and reliefs—account manager to act on behalf of account investor)(**a**), in paragraph (3)—

(a) omit the “and” at the end of sub-paragraph (a);

(b) after that sub-paragraph insert—

“(aa) any sum representing income tax which is payable under regulation 22A on amounts of interest or alternative finance return paid or credited as mentioned in that regulation; and”.

Amendment of regulation 26

18. In regulation 26 (repayments in respect of tax to account manager—annual returns and annual claims)(**b**), in paragraph (2) after “all income” insert “, all sums of interest or alternative finance return referred to in regulation 22A(1), the total amount payable under regulation 22A(2)(a),”.

Amendment of regulation 31

19. In regulation 31 (returns of information by account manager)(**c**), paragraph (4), sub-paragraph (a), after paragraph (viii) insert—

“(ix) funds in a money market fund,

(**a**) Paragraph (3)(a) of regulation 24 was amended by S.I. 2014/1450.
(**b**) Paragraph (2) of regulation 26 was amended by S.I. 1998/3174 and 2014/1450
(**c**) Paragraph (4)(a) of regulation 31 was amended by S.I. 2000/3112, 2003/2747, 2005/2561, 2008/704, 2009/1994, 2014/654, 2014/1450, 2015/1370, 2019/689 and 2026/248.

(x) any sum representing income tax which is payable under regulation 22A on amounts of interest or alternative finance return paid or credited as mentioned in that regulation,”.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Individual Savings Account Regulations 1998. Regulation 6 introduces a £12,000 limit on subscriptions to cash ISA accounts for individuals under the age of 65. Regulations 9 and 11 introduce new requirements when cash is held in a stocks and shares ISA or Innovative Finance ISA. Regulation 16 inserts Regulation 22A to introduce a charge on interest or alternative finance return generated by any of those cash deposits. Regulation 9 also introduces a new requirement in relation to money market funds held in a stocks and shares ISA and the definition of money market funds has been updated (Regulation 3). These Regulations make the required consequential amendments to the subscription, transfer, tax liabilities and reporting provisions applying to ISA accounts as a result of these introductions and remove obsolete references regarding the age an account holder needs to be to open an account.

A Tax Information and Impact Note covering this instrument will be published on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.