
STATUTORY INSTRUMENTS

2020 No. 30

**INCOME TAX
CAPITAL GAINS TAX**

**The Individual Savings Account
(Amendment) Regulations 2020**

Made - - - - *14th January 2020*
Laid before the House of
Commons - - - - *15th January 2020*
Coming into force in accordance with regulation 1

The Treasury make these Regulations in exercise of the powers conferred by section 151 of the Taxation of Chargeable Gains Act 1992⁽¹⁾ and sections 694, 695, 699 and 701 of the Income Tax (Trading and Other Income) Act 2005⁽²⁾.

Citation and commencement

1.—(1) These Regulations may be cited as the Individual Savings Account (Amendment) Regulations 2020 and come into force, except as provided in paragraph (2), on 6th April 2020.

(2) Regulations 3(b) and 5 come into force immediately after the coming into force of the Taxes (Amendments) (EU Exit) Regulations 2019⁽³⁾.

Amendment of the Individual Savings Account Regulations 1998

2. The Individual Savings Account Regulations 1998⁽⁴⁾ are amended as follows.

3. In regulation 2(1) (interpretation)—

(a) in sub-paragraph (a) insert at the appropriate place—

(1) 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).

(2) 2005 c. 5. Sections 694(1A), 699(9) and 701(6) were inserted by section 40 of the Finance Act 2011, sections 695 and 699 were amended by paragraphs 131 and 132 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11), section 701(5) was inserted by section 40 of the Finance Act 2008 (c. 9).

(3) S.I. 2019/689.

(4) S.I. 1998/1870.

““Child Trust Funds Regulations” means the Child Trust Funds Regulations 2004(5).”;

and

““CTF matured account” has the meaning given in regulation 5DZA(6).”;

and

(b) in sub-paragraph (b) for the definition of “recognised UCITS”(7) substitute—

““recognised UCITS” means—

- (a) a UCITS within the meaning given by section 236A of the Financial Services and Markets Act 2000(8) which is a recognised scheme for the purposes of Part 17 of that Act; or
- (b) an undertaking established in Gibraltar which is a UCITS under the law of Gibraltar which implemented [Directive 2009/65/EC](#) of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities;”.

4. After regulation 5D(9) (subscriptions disregarded for the purpose of the subscription limits in regulations 4ZA(1)(10) and 4ZB(11)) insert—

“Treatment of ISA where funds transferred under regulation 13A of the Child Trust Funds Regulations (maturity of child trust fund - instructions)

5DZ.—(1) This regulation applies where a qualifying individual has given an instruction under regulation 13A(12) of the Child Trust Funds Regulations that investments be transferred by way of subscription to an account under these regulations.

(2) A subscription made in accordance with this regulation must be disregarded for the purposes of—

- (a) the overall subscription limit under regulation 4ZA(1) (subscriptions to an account other than a junior ISA account); and
- (b) the conditions under regulations—
 - (i) 10(2)(b) to (d)(13) (qualifying individuals who may invest under an account that is not a junior ISA account nor a Lifetime ISA);
 - (ii) 10A(2)(f)(14) (Lifetime ISA qualifying individuals who may invest under a Lifetime ISA); and
 - (iii) 12B(4)(d)(i) to (iii)(15) (conditions for application to open an account that is a Lifetime ISA).

(5) [S.I. 2004/1450](#).

(6) Regulation 5DZA is inserted by these Regulations.

(7) The definition of “recognised UCITS” was substituted for that of “relevant UCITS” by [S.I.2009/1994](#). That definition is substituted in turn by [S.I. 2019/689](#) which is not yet in force.

(8) 2000 c.8 . Section 236A was inserted by [S.I. 2019/325](#).

(9) Inserted by [S.I. 2012/1871](#).

(10) Inserted by [S.I.2011/1780](#) and amended by [S.I. 2014/1450](#), [2017/186](#) and [2017/466](#).

(11) Inserted by [S.I. 2011/1780](#) and amended by [S.I.2019/382](#).

(12) Regulations 13A and 13B (see regulation 5DZA of these regulations) were inserted by the Child Trust Funds (Amendment) Regulations 2020.

(13) Relevant amendments are made by [S.I. 2001/908](#), [2005/3230](#), [2007/2119](#), [2008/704](#), [2011/1780](#), [2013/605](#), [2014/1450](#), [2016/16](#), [2016/364](#),

(14) Inserted by [S.I.2017/466](#).

(15) Inserted by [S.I. 2017/466](#).

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

Treatment of ISA where funds transferred under regulation 13B(2)(b) of the Child Trust Funds Regulations (maturity of child trust fund - no instructions)

5DZA.—(1) This regulation applies where a transfer is made under regulation 13B(2)(b) of the Child Trust Funds Regulations to a cash account or a stocks and shares account (“a CTF matured account”).

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

- (a) the overall subscription limit under regulation 4ZA(1) (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 or a Lifetime ISA).

(4) The CTF matured 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(2)(b) of the Child Trust Funds Regulations.

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

(6) No further subscription may be made to the CTF matured account.

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

(8) In relation to a CTF matured account, regulation 31(1) (returns of information by account manager) is to be treated as omitted and paragraph (9) is to apply instead.

(9) This paragraph applies for the purposes of paragraph (8).

(a) An account manager must within 60 days after the end of each year (beginning 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) 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 sub-paragraph as regards the account holder is their—

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

(c) the information specified in this sub-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 that year.

(10) No transfer is to be made of any part of the CTF matured account, otherwise than in circumstances where the account manager intends to cease to act as an account provider, or ceases to qualify as such and any of 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 7 (qualifying investments for a stocks and shares component), after paragraph (2) insert—

5.—“(2A) Notwithstanding any provision of paragraph (1), investments which—

- (a) are held by an account investor under a stocks and shares component on the coming into force of this paragraph; and
- (b) immediately beforehand fell within paragraph (2)(f) by virtue of being units in, or shares of, a recognised UCITS,

are to be treated, for as long as they are so held, as qualifying investments for the stocks and shares component.”.

6. In regulation 8(5)(16) (qualifying investments for a cash component) after “fund” in subparagraph (b), insert—

“; and

(c) a CTF matured account”.

7. In regulation 12(3)(f) (conditions for application to open an account that is not a junior ISA account or a Lifetime ISA), after “5D” insert “or 5DZ”.

14th January 2020

Mike Freer
Rebecca Harris
Two of the Lord Commissioners of Her
Majesty’s Treasury

(16) Paragraph (5) was inserted by [S.I. 2012/1871](#).

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 when 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) Regulations 2020, which come into force at the same time as these Regulations (“the Child Trust Fund Regulations”), subject to regulation 1(2) of each of these Regulations and the Child Trust Fund Regulations.

Regulation 3 makes an amendment to the definition of “recognised UCITS” in regulation 2(1)(b) of the Individual Savings Account Regulations to take account of amendments made under the Financial Services and Markets Act 2000 (c.8). Consequential amendment is made by regulation 5 to regulation 7 of those Regulations.

Regulation 4 inserts new regulation 5DZ and 5DZA into the Individual Savings Account Regulations and regulations 6 and 7 make consequential changes.

Regulation 5DZ provides for when there has been a transfer under regulation 13A of the Child Trust Fund Regulations, when 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(2)(b) of the Child Trust Fund Regulations when no such instructions have been given.

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