



## The Individual Savings Account Regulations 1998 (S.I. 1998 No. 1870)

as amended by The Individual Savings Account (Amendment) Regulations 1998 (S.I. 1998 No. 3174)  
The Individual Savings Account (Amendment; No.2 & No.3) Regulations 2000 (S.I. 2000 Nos. 809; 2079 & 3112)  
The Individual Savings Account (Amendment & No.2) Regulations 2001 (S.I. 2001 Nos. 908 & 3778)  
The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001 No. 3629)  
The Individual Savings Account (Amendment; No.2 & No.3) Regulations 2002 (S.I. 2002 Nos. 453; 1974 & 3158)  
The Individual Savings Account (Amendment) Regulations 2003 (S.I. 2003 No. 2747)  
The Individual Savings Account (Amendment & No.2) Regulations 2004 (S.I. 2004 Nos. 1677 & 2996)  
The Individual Savings Account (Amendment; No.2 & No.3) Regulations 2005 (S.I. 2005 Nos. 609; 2561 & 3350)  
The Tax and Civil Partnership (No.2) Regulations 2005 (S.I. 2005 No. 3230)  
The Individual Savings Account (Amendment) Regulations 2006 (S.I. 2006 No. 3194)  
The Individual Savings Account (Amendment) Regulations 2007 (S.I. 2007 No. 2119)  
The Individual Savings Account (Amendment; No.2 & No.3) Regulations 2008 (S.I. 2008 Nos. 704; 1934 & 3025)  
The Individual Savings Account (Amendment & No.2) Regulations 2009 (S.I. 2009 Nos. 1550 & 1994)  
The Individual Savings Account (Amendment) Regulations 2010 (S.I. 2010 No. 835)

### ARRANGEMENT OF REGULATIONS

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- The meaning of words and phrases printed in ***bold italic*** is specifically defined (often in Regulation 2).
- When compared with the consolidated ISA Regulations most recently made available to members via the TISA website (*ISAREgs\_2009B effective 6 October 2009 to 5 April 2010*)
  - Single bold change bars (in the right margin) indicate paragraphs that are wholly new.
  - Double change bars (in the right margin) indicate existing paragraphs that have been totally or partially amended

ISA Amendment Regulations SI 2009 No.1550 (which came into force on 6 October 2009) included some amendments which do not have effect until 6 April 2010. This consolidation includes these amendments which bring in the same subscription limits from tax year 2010-11 onwards, for all ISA investors.

The effect of ISA Amendment Regulations SI 2010 No.835 (which comes into force on 9 April 2010) is to allow individuals who had ISAs managed by Keydata Investment Services Limited ("Keydata," which went into administration on 8<sup>th</sup> June 2009), holding investments in a Luxembourg company, SLS Capital S.A. Secure Income Bonds, issues 1, 2 or 3 ("the Bonds"), who have lost their capital, to reinvest up to the amount subscribed for investment in the Bonds in another Stocks and Shares ISA, by means of a single subscription, before 6<sup>th</sup> April 2011.

These Regulations have effect from 30<sup>th</sup> December 2009, and make provision which does not impose or increase any liability to tax. In these circumstances, authority to make retrospective provision is conferred by section 701(4) of the Income Tax (Trading and other Income) Act 2005.

The relevant individuals will have received a certificate from the Administrators of Keydata, showing (inter alia) the maximum amount which can be so invested. The certificate must be handed to the new ISA Manager, who will treat the subscription in the same way as an ISA transfer. Such reinvestments have already taken place under the terms of HMRC ISA Bulletins 16 and 17.



Peter Shipp, *Technical Director (Saving Schemes), TISA*  
18 March 2010

The Treasury, in exercise of the powers conferred on them by sections 694 to 701 of the Income Tax (Trading and Other Income) Act 2005<sup>1</sup>; sections 333 and 333B of the Income and Corporation Taxes Act 1988<sup>2</sup>, section 151 of the Taxation of Chargeable Gains Act 1992<sup>3</sup> and sections 75 and 76(3) of the Finance Act 1998<sup>4</sup>, hereby make the following Regulations:

## Citation and commencement

1. The Principal Regulations may be cited as the Individual Savings Account Regulations 1998 and shall come into force for the purposes of -
  - (a) applications under regulations 12 and 13 relating to *the year 1999-00*, to subscribe to an *account* in that *year*,
  - (b) applications under regulation 14 to be approved as an *account manager* to manage *accounts* in *the year 1999-00* and subsequent *years*, and
  - (c) regulations 16 to 18 and 20, so far as they relate to applications referred to in paragraph (b),
 on 1<sup>st</sup> October 1998, and for all other purposes on 6<sup>th</sup> April 1999.

The Amendment Regulations may be cited as the Individual Savings Account (Amendment) Regulations 1998, the Individual Savings Account (Amendment) Regulations 2000, the Individual Savings Account (Amendment No.2) Regulations 2000, the Individual Savings Account (Amendment No.3) Regulations 2000, the Individual Savings Account (Amendment) Regulations 2001, the Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001, the Individual Savings Account (Amendment No.2) Regulations 2001, the Individual Savings Account (Amendment) Regulations 2002, the Individual Savings Account (Amendment No.2) Regulations 2002, the Individual Savings Account (Amendment No.3) Regulations 2002, the Individual Savings Account (Amendment) Regulations 2003, the Individual Savings Account (Amendment) Regulations 2004, the Individual Savings Account (Amendment No.2) Regulations 2004, the Individual Savings Account (Amendment) Regulations 2005, the Individual Savings Account (Amendment No.2) Regulations 2005, the Tax and Civil Partnership (No.2) Regulations 2005, the Individual Savings Account (Amendment No.3) Regulations 2005, the Individual Savings Account (Amendment) Regulations 2006, the Individual Savings Account (Amendment) Regulations 2007, the Individual Savings Account (Amendment) Regulations 2008, the Individual Savings Account (Amendment No.2) Regulations 2008, the Individual Savings Account (Amendment No.3) Regulations 2008, the Individual Savings Account (Amendment) Regulations 2009, the Individual Savings Account (Amendment No.2) Regulations 2009 and the Individual Savings Account (Amendment) Regulations 2010 and shall come into force on 6<sup>th</sup> April 1999, 6<sup>th</sup> April 2000, 21<sup>st</sup> August 2000, 13<sup>th</sup> December 2000, 6<sup>th</sup> April 2001, 1<sup>st</sup> December 2001, 19<sup>th</sup> December 2001, 6<sup>th</sup> April 2002, 1<sup>st</sup> October 2002, 8<sup>th</sup> January 2003, 17<sup>th</sup> November 2003, 22<sup>nd</sup> July 2004, 7<sup>th</sup> December 2004, 6<sup>th</sup> April 2005, 6<sup>th</sup> October 2005, 5<sup>th</sup> December 2005, 27<sup>th</sup> December 2005, 1<sup>st</sup> January 2007, 6<sup>th</sup> April 2008, 6<sup>th</sup> April 2008, 12<sup>th</sup> August 2008, 16<sup>th</sup> December 2008, 6<sup>th</sup> October 2009, 11<sup>th</sup> August 2009 and 9<sup>th</sup> April 2010 respectively.

1 2005 c. 5. Sections 695, 696, 698, 699 and 700 were amended by paragraph 132 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11) to replace references to the Commissioners of Inland Revenue with references to the Commissioners for Her Majesty's Revenue and Customs; and section 701 was amended by section 40 of the Finance Act 2008 (c.9).

2 1988 c.1. Section 333 was amended by section 70 of the Finance Act 1991 (c.31) and by sections 75 and 123(7) of, and Part 3(15) of Schedule 27 to, the Finance Act 1998 (c.36) and by paragraph 141 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005; section 333A was removed by paragraph 142 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005; section 333B was inserted by section 77 of the Finance Act 1998 and amended by paragraph 143 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005.

3 1992 c.12; section 151 was amended by section 85 of the Finance Act 1993 (c.34), by section 64(2) of the Finance Act 1995 (c.4) and by paragraph 436 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c.5).

4 1998 c.39. Section 76(3) was amended by paragraph 503 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005.

The Individual Savings Account (Amendment) Regulations 2002 shall have effect for the tax *year* 2002-03 and subsequent tax *years*.

The Individual Savings Account (Amendment No.2) Regulations 2002 shall come into force on 1<sup>st</sup> October 2002 and shall apply to all *accounts*, whether set up before or after that date.

The Individual Savings Account (Amendment No. 3) Regulations 2002 shall come into force on 8<sup>th</sup> January 2003, but shall have effect -

- (a) for the purposes of regulation 4A -
  - (i) where a *notice of discovery* is given on or after 8<sup>th</sup> January 2003, and
  - (ii) in relation to subscriptions to *accounts* made on or after 6<sup>th</sup> April 2001;
- (b) for the purposes of regulation 4B, for subscriptions to *accounts* made on or after 6<sup>th</sup> April 2003; and
- (c) for the purposes of the amendments to regulation 31(3), on or after 6<sup>th</sup> April 2003.

The Individual Savings Account (Amendment) Regulations 2003 shall have effect from their coming into force on 17<sup>th</sup> November 2003 in respect of -

- (a) amendments to regulations 2(1)(b) and 6(1ZA)
- (b) the insertion of regulations 7(2)(ga), 8(2)(g) and 8(2)(h), and
- (c) the insertion of regulations 7(14), 7(15) and 7(16) so far as those provisions relate to regulation 7(2)(ga)

The Individual Savings Account (Amendment) Regulations 2003 shall otherwise have effect from 6<sup>th</sup> April 2004.

The Individual Savings Account (Amendment No.2) Regulations 2004 shall have effect from 7<sup>th</sup> December 2004 in respect of the definition of "*assurance undertaking*" in Regulation 2(1)(a) and shall otherwise have effect from 6<sup>th</sup> April 2005.

The Individual Savings Account (Amendment No.2) Regulations 2009 shall have effect from 8<sup>th</sup> October 2008 in respect of Regulation 5A and shall otherwise have effect from 11<sup>th</sup> August 2009.

The Individual Savings Account (Amendment) Regulations 2010 shall have effect from 30<sup>th</sup> December 2009.

## Interpretation

2. (1) In these Regulations unless the context otherwise requires -

(a) “*account*”, except in the case of -

- (i) an account with a *deposit-taker*, or
- (ii) [Paragraph omitted]
- (iii) a share or deposit account with a *building society*, or
- (iv) a deposit account with a person falling within section 840A(1)(b) of *the Taxes Act*, or a *relevant European institution*,

shall be construed in accordance with regulation 4(1) and shall include a personal equity plan treated on and from the 6th April 2008 as a stocks and shares *account*;

an “*account investment*” is an investment under the *account* which is a qualifying investment for a stocks and shares *component* or a cash *component*, as the case may be, within the meaning of regulation 7 or 8;

an “*account investor*” is an individual who subscribes to an *account* and who is a *qualifying individual* within the meaning of regulation 10;

an “*account manager*” is a person who fulfils the conditions of these Regulations and is approved by *the Board* for the purposes of these Regulations as an account manager;

“*approved SAYE option scheme*” shall be construed in accordance with the SAYE code (see section 516(3) of *ITEPA 2003*<sup>5</sup>);

“*approved SIP*” shall be construed in accordance with the SIP code (see section 488(3) of *ITEPA 2003*);

“*approved profit sharing scheme*” has the same meaning as in Chapter IV of Part V of *the Taxes Act*;

an “*assurance undertaking*” means an assurance undertaking within the meaning of Article 2 of the Council Directive of 5<sup>th</sup> November 2002 concerning life assurance (No. 2002/83);

“*the Board*” means the Commissioners for Her Majesty’s Revenue and Customs;

“*building society*” means a building society within the meaning of the Building Societies Act 1986<sup>6</sup>, or the Irish Building Societies Act 1989<sup>7</sup>;

“*building society bonus*”, except in regulation 22(1)(a)(i), excludes any bonus, distribution of funds or the conferring of rights in relation to shares—

- (a) in connection with an amalgamation, transfer of engagements or transfer of business of a *building society*, and
- (b) mentioned in section 96 or 100 of the Building Societies Act 1986<sup>8</sup>,

and “*payment under a building society bonus scheme*” shall be construed accordingly;

<sup>5</sup> Section 516 was amended by paragraph 605 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005.

<sup>6</sup> 1986 c.53.

<sup>7</sup> Number 17 of 1989.

<sup>8</sup> 1986 c. 53

2. (1) (a)  
continued

“*ceasing to be subject to the plan*”, in relation to *plan shares* under an *approved SIP*, shall be construed in accordance with the SIP code (see section 488(3) of *ITEPA 2003*);

“*company*”, except in regulation 7(4), means any body corporate having a share capital other than -

- (i) an open-ended investment company, within the meaning given by section 236 of *FISMA*,
- (ii) a *UK UCITS, recognised UCITS* or *non-UCITS retail scheme*,
- (iii) an *industrial and provident society*, or
- (iv) a body corporate which is a *51 per cent. subsidiary* of any *industrial and provident society*;

“*credit union*” means a society registered as a credit union under the Industrial and Provident Societies Act 1965<sup>9</sup> or the Credit Unions (Northern Ireland) Order 1985<sup>10</sup>;

“*deposit-taker*” has the meaning given by section 853 of *ITA 2007*;

“*the Director of Savings*” has the same meaning as in the National Debt Act 1972<sup>11</sup>

“*EEA Agreement*” means the Agreement on the European Economic Area signed at Oporto on 2<sup>nd</sup> May 1992<sup>12</sup>, as adjusted by the Protocol signed at Brussels on 17<sup>th</sup> March 1993<sup>13</sup>, as modified or supplemented from time to time

“*EEA State*” means a State, other than the United Kingdom, which is a Contracting Party to the *EEA Agreement*;

“*European institution*” means an EEA firm of the kind mentioned in paragraph 5(a), (b) or (c) of Schedule 3 to *FISMA* which is an authorised person for the purposes of that Act as a result of qualifying for authorisation under paragraph 12 of that Schedule;

“*51 per cent. subsidiary*” and “*75 per cent. subsidiary*” have the meanings given by section 838 of *the Taxes Act*;

“*gains*”, except in regulations 22(1)(a)(ii) to (v) and 35(6), means “chargeable gains” within the meaning of the Taxation of Chargeable Gains Act 1992;

N.B.: The effect of the amendments contained in SI1998 N°3174 is to define “gain” as follows: “*gain*”, except in regulations 22(1)(a)(ii) to (v), 25(5), 26(2), 35(6) and 36, means “chargeable gains” within the meaning of the Taxation of Chargeable Gains Act 1992, while, in regulations 25(5), 26(2), and 36, “*gain*” has the same meaning as in section 541 of the Income and Corporation Taxes Act 1988;

“*gilt-edged securities*” has the meaning given by paragraphs 1 and 1A of Schedule 9 to the Taxation of Chargeable Gains Act 1992;

an “*incorporated friendly society*” means a society incorporated under the Friendly Societies Act 1992<sup>14</sup>;

an “*industrial and provident society*” means a society registered or deemed to be registered under the Industrial and Provident Societies Act 1965<sup>15</sup> or under the Industrial and Provident Societies (Northern Ireland) Act 1969<sup>16</sup>;

“*investment trust*” has the meaning given by section 842 of *the Taxes Act*<sup>17</sup>;

9 1965 c. 12.

10 S.I. 1985/1205 (N.I. 12).

11 1972 c.65.

12 O.J. No. L1, 31.1.94, p3.

13 O.J. No. L1, 3.1.94, p572.

14 1992 c.40.

15 1965 c.12.

16 1969 c.24.

2. (1) (a)  
continued

“**ITA 2007**” means the Income Tax Act 2007<sup>18</sup>;

“**ITEPA 2003**” means the Income Tax (Earnings and Pensions) Act 2003<sup>19</sup>;

“**ITTOIA 2005**” means the Income Tax (Trading and Other Income) Act 2005<sup>20</sup>;

“**the Management Act**” means the Taxes Management Act 1970<sup>21</sup>;

“**market value**” shall be construed in accordance with section 272 of The Taxation of Chargeable Gains Act 1992;

“**notice**”, except in regulations 9 and 36, means notice in writing and “**notify**” shall be construed accordingly;

“**participant**”, in relation to an **approved SIP**, shall be construed in accordance with the SIP code (see section 488(3) of **ITEPA 2003**);

“**plan shares**”, in relation to an **approved SIP**, shall be construed in accordance with the SIP code (see section 488(3) of **ITEPA 2003**) except that—

- (a) paragraph 87(6) of Schedule 2 to **ITEPA 2003** (meaning of the word “shares” in the context of company reconstructions) shall not apply, and
- (b) in paragraph 88(2) of that Schedule (treatment of shares acquired under rights issue) the words “or securities or rights” shall be treated as omitted;

“**qualifying distribution**” has the same meaning as in section 832(1) of **the Taxes Act**;

“**recognised stock exchange**” has the same meaning as in section 841 of **the Taxes Act**;

a “**registered friendly society**” has the meaning given by the Friendly Societies Act 1992<sup>22</sup>, and includes any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society;

“**release date**” has the meaning given by section 187(2) of **the Taxes Act**<sup>23</sup>;

“**relevant authorised person**” has the same meaning as in section 697(2)(b) of **ITTOIA 2005**;

“**relevant European institution**” has the meaning given by section 697(2)(a) of **ITTOIA 2005**;

“**security**”, except in regulations 7(2)(c) to (cc) and (8)(b), 8(2)(f); and 34(3), means any loan stock or similar security of a **company** whether secured or unsecured, and in regulation 7(2)(cc) has the same meaning but with the omission of the words “of a company”;

“**the Stakeholder Products Regulations**” means the Financial Services and Markets Act 2000 (Stakeholder Products) Regulations 2004<sup>24</sup>;

17 1988 c.1; section 842 was amended by section 117 of the Finance Act 1988 (c.39), section 55 of the Finance Act 1990 (c.29), paragraphs 14(1) and 55 of Schedule 10 to the Taxation of Chargeable Gains Act 1992, (c.12), section 146 of and paragraph 8 of Schedule 17 to the Finance Act 1994, and paragraphs 2 and 3 of Schedule 30, and paragraph 7 of Schedule 38, to the Finance Act 1996 (c.8).

18 2007 c. 3.

19 2003 c. 1.

20 2005 c. 5.

21 1970 c.9.

22 1992 c.40.

23 1988 c.1; section 187 was amended by paragraph 9 of Schedule 12 to the Finance Act 1989 (c.26), sections 38 and 41 of the Finance Act 1991, paragraph 14(1) and (13) of Schedule 10 to the Taxation of Chargeable Gains Act 1992, paragraph 12(a) of Part III of Schedule 4, and Part II of Schedule 7 to the Pensions Act 1995 (c.26) and sections 116 and 117(2) of, and Part V(5) of Schedule 41 to, the Finance Act 1996 (c.8).

24 S.I. 2004/2738

2. (1) (a) “*tax*” where neither income tax nor capital gains tax is specified means either of those taxes;

*continued*

“*tax credit*” means a *tax credit* under section 231 of *the Taxes Act*<sup>25</sup>;

“*the Taxes Act*” means the Income and Corporation Taxes Act 1988;

“*year*” means a year of assessment, and “*the year 1999-00*” means the year of assessment beginning on 6<sup>th</sup> April 1999;

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25 Section 231 was amended by section 106 of and Part IV of Schedule 17 to the Finance Act 1989, paragraph 2 of Schedule 7 to the Finance Act 1990, paragraph 12 of Schedule 20 and Part V(10) of Schedule 41 to the Finance Act 1996, Part VI (7) of Schedule 18 to the Finance Act 1997 (c.16), and sections 19, 22 and 30 of, and paragraph 4 of Schedule 4, and Part II(9) of Schedule 8 to, the Finance (No. 2) Act 1997 (c.58).

2. (1)  
continued

(b) “*authorised fund*” means -

- (i) an *authorised unit trust*, or
- (ii) an *open-ended investment company*;

“*authorised unit trust*” means a *unit trust scheme* in the case of which an authorisation order made by the Financial Services Authority under section 243 of *FISMA*;

“*collective investment scheme*” has the meaning in section 235 of *FISMA 2000*;

“*the Collective Investment Schemes Sourcebook*” means the sourcebook of that name made by the Financial Services Authority under *FISMA*<sup>26</sup>;

“*depository interest*” means the rights of the person mentioned in paragraph (b), under a certificate or other record (whether or not in the form of a document) acknowledging –

- (a) that a person holds relevant investments or evidence of the right to them, and
- (b) that another person is entitled to rights in or in relation to those or identical relevant investments, including the right to receive such investments, or evidence of the right to them or the proceeds from such investments, from the person mentioned in paragraph (a),

where “relevant investments” means investments which are exclusively qualifying investments for a stocks and shares *component* falling within any of regulation 7(2)(a) to (h), and the rights mentioned in paragraph (b) are exclusively rights in or in relation to relevant investments;

“*FISMA 2000*” means the Financial Services and Markets Act 2000<sup>27</sup>

“*non-UCITS retail scheme*”—

- (a) has the meaning in *the Collective Investment Schemes Sourcebook* (that is, a scheme to which, or to whose authorised fund manager and depository, COLL 5.1, 5.4 and 5.6 apply),
- (b) includes a “recognised scheme” by virtue of section 270 or 272 of *FISMA*, which would fall within paragraph (a) of this definition if it were an authorised fund, and
- (c) includes a sub-fund of an umbrella which the terms of the scheme identify as a sub-fund which would fall within paragraph (a) or (b) of this definition if it were itself an authorised fund or a recognised scheme.

In this definition, expressions defined in the Glossary forming part of the Financial Services Authority Handbook have those defined meanings;

“*open-ended investment company*” means a company incorporated in the United Kingdom to which section 236 of *FISMA* applies;

<sup>26</sup> This sourcebook is part of the FSA Handbook. The FSA Handbook may be purchased on paper and on CD Rom from the Publications Department (Sales), Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS and is available on line at [www.fsa.gov.uk](http://www.fsa.gov.uk).

<sup>27</sup> 2000 c. 8.

2. (1) (b) “*qualifying units in or shares of a non-UCITS retail scheme*” means that—  
continued

- (a) the instrument constituting the scheme secures that redemption of the units or shares in question shall take place no less frequently than bi-monthly (see Rule 6.2.16(6) of *the Collective Investment Schemes Sourcebook* omitting the words “Except where (7) applies, and”, read with Rule 6.3.4(1), whether or not those Rules apply to the scheme), and
- (b) a provision for suspension of dealings in exceptional conditions in accordance with Rule 7.2 of that Sourcebook (or any foreign procedure which is a direct foreign equivalent of that Rule) shall not be treated as a provision contrary to paragraph (a) of this definition;

“*recognised UCITS*” means—

- (a) a *collective investment scheme* constituted in an *EEA State*, which is a “recognised scheme” under section 264 of *FISMA 2000*, and complies with the requirements to be a “UCITS scheme” for the purposes of *the Collective Investment Schemes Sourcebook* (see in particular COLL 1.2.2); or
- (b) a part of a recognised UCITS mentioned in paragraph (a) of this definition, which would be a sub-fund of an *umbrella scheme* which is a recognised UCITS;

“*UK UCITS*” means—

- (a) a *collective investment scheme* authorised under section 31(1)(a) of *FISMA 2000*, which complies with the requirements to be a “UCITS scheme” for the purposes of *the Collective Investment Schemes Sourcebook* (see in particular COLL 1.2.2); or
- (b) a part of a UK UCITS mentioned in paragraph (a) of this definition which would be a sub-fund of an *umbrella scheme* which is a UK UCITS;

“*umbrella scheme*” means an *authorised fund* which according to the terms of the scheme is an umbrella scheme belonging to the category under that name established by the Financial Services Authority, and

- (i) in the case of an *authorised fund* which is an *authorised unit trust*, references to a part of an umbrella scheme shall be construed in accordance with subsection (8) of section 468 of *the Taxes Act*, and sub-paragraphs (6) and (7) of regulation 7 of the Authorised Investment Funds (Tax) Regulations 2006<sup>28</sup> shall apply for the purposes of these Regulations as they apply for the purposes of those Regulations, and
- (ii) in the case of an *authorised fund* which is an *open-ended investment company*, references to a part of an umbrella scheme shall be construed in accordance with subsection (4) of section 468A of the Taxes Act<sup>29</sup>, and sub-paragraphs (2) and (3) of regulation 7 of the Authorised Investment Funds (Tax) Regulations 2006 shall apply for the purposes of these Regulations as they apply for the purposes of those Regulations;

“*unit holder*” means a person entitled to a share of the investments subject to the trusts of a unit trust scheme;

“*unit trust scheme*” has the meaning given by section 237 of *FISMA*;

“*units*”, in relation to an *authorised unit trust*, means the rights or interests (however described) of the *unit holders* in that *authorised unit trust* and, in relation to a part of an *umbrella scheme*, means the rights or interests for the time being of the *unit holders* in that part;

<sup>28</sup> S.I. 2006/964, to which there are amendments not relevant for these Regulations.

<sup>29</sup> Section 468A was inserted by section 16 of the Finance (No. 2) Act 2005 (c. 22).

2. (1) (b)  
continued

“*units in, or shares of, a UK UCITS or recognised UCITS*” means the rights or interests (however described) of the holders of the units or shares in that *UK UCITS* or *recognised UCITS*;

(2) The Table below indexes other definitions in these Regulations:

Term defined	Regulation
<i>Account</i>	4(1)
<i>Cash account</i>	4(1)(a) and (c)
<i>Component</i>	4(1)(b) and (c)
<i>The disqualifying circumstances</i>	17(1)
<i>Interim claim</i>	25
<i>Overall subscription limit</i>	4(2)
<i>Qualifying circumstances</i>	14(1)
<i>Qualifying individual</i>	10
<i>Qualifying investments for a stocks and shares component</i>	7
<i>Qualifying investments for a cash component</i>	8
<i>Qualifying securities</i>	7(2)(b)
<i>Stocks and shares account</i>	4(1)(a) and (b)
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## Introductory

3. These Regulations provide for the setting up of plans in the form of an *account*, by *account managers* approved by *the Board*, under which individuals may make certain investments, for the conditions under which they may invest and under which those *accounts* are to operate, for relief from *tax* in respect of *account investments* and generally for the administration of *tax* in relation to such *accounts*.

## General conditions for accounts and subscriptions to accounts

4. (1) An *account* is a scheme of investment, to which an individual who is a *qualifying individual* may subscribe, and in respect of which the following conditions must be fulfilled -
- (a) the *account* is set up as a *stocks and shares account* or a *cash account*;
  - (b) a *stocks and shares account* is made up of a single stocks and shares *component* only;
  - (c) a *cash account* is made up of a single cash *component* only;
  - (d) a qualifying individual who is 16 years of age or over may only subscribe to a single *cash account* in a particular year,
  - (e) a qualifying individual who is 18 years of age or over may only subscribe to a single *stocks and shares account* in a particular year;
  - (f) it is an *account* to which only one qualifying individual subscribes;
  - (g) subject to regulation 7(2)(h), it is an *account* to which the qualifying individual subscribes only by payment to the *account manager* of a sum or sums of the individual's cash; and
  - (h) the subscriptions made by the qualifying individual to *accounts* (ignoring transfers and payments from *account managers* to the individual) do not in the aggregate in any year exceed the subscription limits in paragraphs (2) and (3).
- (2) The *overall subscription limit* for any qualifying investor for any year (that is, the aggregate of the investor's subscriptions to all *accounts* in that year) is £10,200, unless —
- [Paragraph (a) omitted]
- (b) the qualifying investor is 16 years of age or over but less than 18 years at the end of the year, where it is £5,100.
- (3) Within and subject to that *overall subscription limit*, the qualifying investor may subscribe up to £5,100 in any year to a *cash account*.
- (4) Accordingly, by way of illustration, the qualifying investor may subscribe in a year—
- (a) £5,100 to a *cash account* and £5,100 to a *stocks and shares account*;
  - (b) £2,000 to a *cash account* and £8,200 to a *stocks and shares account*; or
  - (c) nil to a *cash account* and £10,200 to a *stocks and shares account*;
- but while under the age of 18 years the qualifying investor may only subscribe £5,100 to a *cash account*.

**4.**  
*contd*

- (5) An *account* must at all times be managed in accordance with these Regulations by an *account manager* and under terms agreed in a recorded form between the *account manager* and the *account investor*.
- (6) Apart from other requirements of these Regulations the terms agreed to which paragraph (5) refers shall include the following conditions -
- (a) that the *account investments* shall be in the beneficial ownership of the *account investor*;
  - (b) that, except in relation to *qualifying investments for a cash component* within regulation 8(2)(a), (b) or (e), and subject to regulation 15 -
    - (i) the title to all *account investments* shall be vested in the *account manager* or his nominee or jointly in one of them and the *account investor*, and
    - (ii) where a share certificate or other document evidencing title to an *account investment* is issued, it shall be held by the *account manager* or as he may direct;
  - (c) that, in relation to a stocks and shares *component*, and qualifying investments falling within paragraphs (g), (h), (k), (l) and (m) of regulation 8(2), the *account manager* shall, if the *account investor* so elects, arrange for the *account investor* to receive a copy of the annual report and accounts issued to investors by every *company*, unit trust, *open-ended investment company* or other entity in which he has *account investments*;
  - (d) that, in relation to a stocks and shares *component*, and qualifying investments falling within paragraphs (g), (h), (k), (l) and (m) of regulation 8(2), the *account manager* shall be under an obligation (subject to any provisions made under any enactment and if the *account investor* so elects) to arrange for the *account investor* to be able -
    - (i) to attend any meetings of investors in *companies*, unit trusts, *open-ended investment companies* and other entities in which he has *account investments*,
    - (ii) to vote, and
    - (iii) to receive, in addition to the documents referred to in sub-paragraph (c), any other information issued to investors in such *companies*, unit trusts, *open-ended investment companies* and other entities;
  - (e) that the *account manager* shall satisfy himself that any person to whom he delegates any of his functions or responsibilities under the terms agreed with the *account investor* is competent to carry out those functions or responsibilities;
  - (f) that on the instructions of the *account investor* (“the *transfer instructions*”) and within such time as is stipulated by the *account investor* in the transfer instructions -
    - (i) an *account*, with all rights and obligations of the parties to it, or
    - (ii) such parts thereof as may be agreed between the *account investor* and the *account manager*,

shall be transferred to another *account manager* subject to and in accordance with regulation 21;
  - (fa) that on the instructions, subject to regulation 9(3)(b), of the *account investor* (“the *withdrawal instructions*”) and within such time as is stipulated by the *account investor* in the withdrawal instructions, *account investments*, interest, dividends, rights or other proceeds in respect of such investments or any cash shall be transferred or paid to him;
  - (g) that the *account manager* shall *notify* the *account investor* if by reason of any failure to satisfy the provisions of these Regulations an *account* is or will become no longer exempt from *tax* by virtue of regulation 22(1).

4.  
*cont'd*

- (7) The time stipulated in *transfer instructions* or *withdrawal instructions* shall be subject to any reasonable business period (not exceeding 30 days) of the *account manager* required for the practical implementation of the instructions.
- (8) Where an account holds units in or shares of a *UK UCITS, recognised UCITS* or *non-UCITS retail scheme*, and dealings in the units or shares are suspended in accordance with Rule 7.2 of *the Collective Investment Schemes Sourcebook* (COLL 7.2), or any direct foreign equivalent of that Rule, the business period in paragraph (7) may be extended to 7 days after the end of such suspension.

## Repair of certain incompatible accounts and excess subscriptions

4A. (1) An *invalid account* is “*eligible for repair*” if, in relation to the *year* in which the subscriptions to the *account* were made (“*the relevant year*”), it satisfies –

- (a) both the First and Second Conditions below, or
- (b) the Third Condition.

### First Condition

The *account* is invalid because a subscription to the *account* causes the *account investor* to breach the conditions in regulation 4(1)(d) or (e) (which, taken together, allow an individual to subscribe to a single *cash account* and a single *stocks and shares account*, in a particular year) and for no other reason.

### Second Condition

The *account* is (disregarding any *account* exempt from tax under regulation 4B) the earliest *account* in *the relevant year*, the subscriptions to which caused the *account investor* to breach the conditions in regulation 4(1)(d) or (e), as the case may be (that is, it was first subscribed to earlier in that year than any other such *account*).

### Third Condition

The *account* is invalid because a subscription to the *account* breaches the *overall subscription limit* in regulation 4(2)(a), and for no other reason.

(2) In this regulation -

- (a) where an *account investor* subscribes to a particular *account* in more than one *year*, each *year*'s subscriptions shall be treated as a separate *account* for the purposes of this regulation, and regulation 4B (except for determining when an *account* is closed) only;
- (b) “*date of discovery*” means the date on which an officer of *the Board* gives a notice (“*notice of discovery*”) to the *account manager* or *account investor* that the *account* is invalid, and (if appropriate) directions under paragraph (5) below;
- (c) [Paragraph omitted]
- (d) “*valid account*” means an *account* which (apart from under this regulation) is exempt from tax under regulation 22(1);
- (e) “*invalid account*” means a scheme of investment which is not exempt from tax under these Regulations but which (if so exempt) would be an *account* within the meaning in regulation 4(1)(a) and, in relation to an *invalid account*, references to an *account* and *component* have corresponding meanings; and
- (f) (for the avoidance of doubt) “*repair*” of an *account* is without prejudice to loss of, and accounting to *the Board* for, any relief from tax given for the period up to the *date of discovery*.

(3) An *invalid account* which is *eligible for repair* shall be treated as -

- (a) exempt from tax under this regulation (as if under regulation 22), and
- (b) complying with the conditions of regulation 4(1)(d) or (e), or 4(2)(a), as the case may be,

as from the *date of discovery*, to the extent of the relevant proportion mentioned in paragraph (4)(b).

**4A.**  
*contd.*

- (4) (a) Calculate the extent to which the subscriptions made (and counting towards the subscription limits) during *the relevant year*—
- (i) to that *account*, any other *account* which is *eligible for repair*, and any valid *account* (but ignoring subscriptions to any closed *account* within the meaning in regulation 4B)) do not exceed,
- (ii) the subscriptions limits in regulation 4(2) and (3), as the case may be, and
- (b) an officer of *the Board* shall apportion that result between the *accounts* mentioned in sub-paragraph (a)(i), and the amount apportioned to the *account* mentioned in paragraph (3) is the relevant proportion.
- (5) The *account manager* must comply within 30 days with any directions in the *notice of discovery* which -
- (a) make the apportionment under paragraph (4)(b) and identify the *account* and *component* from which excess subscriptions or allocations (if any) are to be removed;
- (b) direct the removal of subscriptions and proceeds representing them from an *account*; or
- (c) direct the removal of subscriptions and proceeds representing them from a *component*.

### Closure of cash account prior to the opening of the same type of account to be disregarded once

- 4B.** (1) Where -
- (a) an *account investor*, within the same *year* -
- (i) subscribes to a cash *account*,
- (ii) then closes it ("*the closed account*"), and
- (iii) subsequently first subscribes to another *cash account*, and
- (b) *the closed account* was (apart from under this regulation) exempt from tax under regulation 22(1),
- the earliest *account* in that *year* to fall within the terms of sub-paragraph (a)(iii) (the "*first later account*") shall be eligible for the relief in paragraph (2).
- (2) The *first later account* shall be treated, as from the date of the first subscription to it mentioned in paragraph (1)(a)(iii) as complying with the conditions of regulation 4(1)(d) in the same manner as *the closed account*.
- (3) In this regulation, an *account* is closed where -
- (a) the *account investor* withdraws from the *account* all *account investments*, other proceeds in respect of such investments and cash, representing subscriptions to the *account* (and closure shall be treated as occurring at the date of such withdrawal), and
- (b) no further subscriptions to the *account* are made during the remainder of the *year*, after such withdrawal.

### Removal of insurance components at 6<sup>th</sup> April 2005

- 4C. (1) This regulation applies to *accounts* which include (or are made up of) an insurance *component* immediately before 6<sup>th</sup> April 2005 (“*the transitional time*”).
- (2) Where all the policies of life insurance falling within regulation 9, held under the *component* at *the transitional time*, were issued in respect of an insurance made before 6<sup>th</sup> April 2004, the *component*—
- (a) if the *account* is, or had been, designated as a *maxi-account*, shall be treated on and from 6<sup>th</sup> April 2005 as merged into the stocks and shares *component* for that *account*; and
- (b) if the *account* is, or had been, designated as a *mini-account*, shall be treated on and from 6<sup>th</sup> April 2005 as a stocks and shares *component* of the same *account*.
- (3) Where any of the policies of life insurance falling within regulation 9, held under the *component* at *the transitional time*, were issued in respect of an insurance made on or after 6<sup>th</sup> April 2004—
- (a) the condition in regulation 7(15) shall be applied to those policies on 6<sup>th</sup> April 2005, modified as if for “the date” to “five years” there were substituted “6<sup>th</sup> April 2005”;
- (b) if all those policies satisfy that condition, paragraph (2)(a) or (b), as the case may be, shall apply to the *component*;
- (c) if any of those policies does not satisfy that condition, the *component*—
- (i) if the *account* is, or had been, designated as a *maxi-account* including a cash *component*, shall be treated on and from 6<sup>th</sup> April 2005 as merged into the cash *component* for that *account*; and
- (ii) in any other case, shall be treated on and from 6<sup>th</sup> April 2005 as a cash *component* for the same *account*.

### Removal of maxi-accounts, mini-accounts and TESSA only accounts at 6<sup>th</sup> April 2008

- 4D. (1) This regulation applies to *accounts* in existence immediately before 6<sup>th</sup> April 2008 (“*the transitional time*”).
- (2) An *account* that, at the transitional time, is or has been designated as a TESSA only account shall be treated as a *cash account* on and from 6<sup>th</sup> April 2008.
- (3) An *account* that, at the transitional time, is or has been designated as a mini-account made up of a cash *component* shall be treated as a *cash account* on and from 6<sup>th</sup> April 2008.
- (4) An *account* that, at the transitional time, is or has been designated as a mini-account made up of a stocks and shares *component* shall be treated as a *stocks and shares account* on and from 6<sup>th</sup> April 2008.
- (5) An *account* that, at the transitional time, is or has been designated as a maxi-account and is made up of a stocks and shares *component* only, shall be treated as a *stocks and shares account* on and from 6<sup>th</sup> April 2008.
- (6) Where an *account*, at the transitional time, is or has been designated as a maxi-account and is made up of two *components*—
- (a) the stocks and shares *component*, if it holds investments or cash at the transitional time, shall be treated as a *stocks and shares account* on and from 6<sup>th</sup> April 2008; and
- (b) the cash *component*, if it holds investments or cash at the transitional time, shall be treated as a separate *cash account* on and from 6<sup>th</sup> April 2008.

[Regulation 5 omitted]

## Treatment of sums held in accounts managed by Icesave Bank

- 5A. (1) This regulation applies if—
- (a) at 8<sup>th</sup> October 2008, an *account investor* had an investment in an account (“*the Icesave account*”) for which the *account manager* was Landsbanki Islands hf (trading as Icesave);
  - (b) compensation is paid in respect of that investment by (or through) the Financial Services Compensation Scheme<sup>30</sup>; and
  - (c) the *account investor* receives from the Financial Services Compensation Scheme a certificate containing the following information—
    - (i) the *account investor*’s full name;
    - (ii) his or her permanent address, including postcode;
    - (iii) his or her date of birth;
    - (iv) his or her national insurance number (if any);
    - (v) the Icesave account number;
    - (vi) the date on which the account was suspended;
    - (vii) the amount in the account (capital and interest) at the date of suspension;
    - (viii) the date of the first subscription (if any) to the account in the year 2008-09; and
    - (ix) the aggregate of the subscriptions made to the account in the year 2008-09 on or before 8<sup>th</sup> October 2008 (“*current year subscriptions*”).
- (2) Where this regulation applies, the *account investor* may, not later than 5<sup>th</sup> October 2009, make a single subscription to an account held by him or her with another *account manager* (“*the receiving account*”), giving the certificate to the *account manager*, in accordance with the following paragraphs.
- (3) Where the subscription to the receiving account is made during the year 2008-09, the amount subscribed under this regulation may not exceed:

$$X \text{ minus } Y$$

where X is the closing balance in *the Icesave account* (see paragraph (1)(c)(vii)), and Y is the amount (if any) by which the aggregate of—

- (a) the *current year subscriptions* (if any) made to *the Icesave account* (see paragraph (1)(c)(ix)), and
- (b) the subscriptions (if any) made to the receiving account by the *account investor* in the year 2008-09 (ignoring the subscription made under this regulation),

would otherwise exceed the *subscription limit* for the year 2008-09 in regulation 4(3).

Paragraphs (4) to (6) shall also apply to a subscription made under this regulation during the year 2008-09.

- (4) The subscription made under this regulation shall only count towards the *subscription limit* in regulation 4(3) to the extent that the *current year subscriptions* (if any) made to *the Icesave account* exceed Y (or where there is no amount for Y, exceed nil).

<sup>30</sup> Established by the Financial Services Authority pursuant to section 213 of the Financial Services and Markets Act 2000

- (5) Where the receiving account is a *stocks and shares account*—
- (a) the references in paragraphs (3) and (4) to the *subscription limit* in regulation 4(3) shall be read as references to the *subscription limit* in regulation 4(2); and
  - (b) the *current year subscriptions* (if any) made to *the Icesave account* shall be treated, for all purposes including regulation 31(3)(c), as if they had been made to the *stocks and shares account*, and accordingly shall not count towards the cash *subscription limit* in regulation 4(3).
- (6) The *account manager* for the receiving account must—
- (a) in the case of a subscription made under this regulation to the account in the year 2008-09, treat the subscription in the same way as an account transferred from another *account manager* to him during the year 2008-09; and
  - (b) retain either the certificate mentioned in paragraph (2), or a copy of it.
- (7) Where the subscription to *the receiving account* is made during the year 2009-10 (but not later than 5<sup>th</sup> October 2009), the amount subscribed under this regulation—
- (a) may not exceed X (see paragraph (3)), and
  - (b) shall not count towards the *subscription limits* in regulation 4(2) or (3),
- and paragraph (6) (omitting sub-paragraph (a)) shall also apply to that subscription.

## Treatment of certain sums held in accounts managed by Keydata Investment Services Limited

Regulation 5B  
has effect from  
30- Dec-2009

- 5B.** (1) This regulation applies if—
- (a) at 8<sup>th</sup> June 2009, an *account investor* had an account holding SLS Capital S.A. Secure Income Bonds, issue 1, 2 or 3 (“*the Bonds*”), for which the account manager was Keydata Investment Services Limited (“*Keydata*”) which went into administration on that date;
  - (b) the investor has received from the Administrators of *Keydata* a certificate containing the following information—
    - (i) the investor’s full name and permanent residential address, including postcode;
    - (ii) the investor’s *Keydata* client reference number;
    - (iii) the date of investment in *the Bonds*;
    - (iv) the amount (if any) subscribed in cash;
    - (v) the amount (if any) subscribed by an ISA transfer;
    - (vi) the total amount subscribed (for investment in *the Bonds*); and
    - (vii) the maximum amount that can be reinvested using the certificate.
- (2) Where this regulation applies, the *account investor* may make a single subscription to a *stocks and shares account* held by him or her with another *account manager*—
- (a) not exceeding the maximum stated in the certificate under paragraph (1)(b)(vii);
  - (b) not later than 5<sup>th</sup> April 2011; and
  - (c) giving the certificate to the new *account manager*.
- (3) The subscription made under this regulation shall not count towards the *subscription limits* in regulation 4(2).
- (4) The new *account manager* must—
- (a) treat the subscription made under this regulation in the same way as an account transferred from another account manager to him; and
  - (b) retain either the certificate mentioned in paragraph (1)(b), or a copy of it.

## General investment rules

6. (1) All transactions by way of purchase by an *account manager* of investments under an *account* shall be made -
- (a) in the case of an *authorised fund* which is a *dual priced unit trust*, at the manager's price for the sale of the relevant class of *units* within the meaning of, and complying with the requirements of, rules 6.3.5 and 6.3.5B of *the Collective Investment Schemes Sourcebook*;
  - (b) in the case of an *authorised fund* which is a *single priced unit trust* or an *open-ended investment company*, at the price of a *unit* or share within the meaning of, and complying with the requirements of, rules 6.3.5 and 6.3.5A of *the Collective Investment Schemes Sourcebook*; and
  - (c) in the case of all other *account investments*, at the price for which those investments might reasonably be expected to be purchased in the open market.

(1ZA) In paragraph (1)(a) and (b)—

“*a dual priced unit trust*” means an *authorised unit trust* in respect of which the manager gives different prices for buying and selling units at the same time;

“*a single priced unit trust*” means an *authorised unit trust* in respect of which the manager gives the same price for buying and selling units at the same time.”

- (2) All other transactions by way of sale or otherwise by an *account manager* in investments under an *account* shall be made at the price for which those investments might reasonably be expected to be sold or otherwise transacted, as the case may be, in the open market.
- (3) Investments, or rights in respect of investments, may not at any time -
  - (a) be purchased or made otherwise than out of cash which an *account manager* holds under an *account* and *component*, for which those investments or rights are qualifying investments; or
  - (b) be purchased from -
    - (i) an *account investor*, or
    - (ii) the spouse or civil partner of an *account investor*,
 so as to become *account investments* under an *account* to which the *account investor* subscribes or has subscribed.
- (4) Subject to paragraphs (5) and (6), an *account investor*'s cash subscription and any other cash held by an *account manager* under an *account* shall be held only in sterling and be deposited in -
  - (i) an account with a *deposit-taker* (including for this purpose a *credit union*), or a deposit account or a share account with a *building society*, or
  - (ii) in the case where the *account manager* is *the Director of Savings*, an account with National Savings,
 which is designated as an ISA account for the purposes of these Regulations only.
- (5) An *account manager* who is a *European institution*, a *relevant authorised person* or an *assurance undertaking* may hold an *account investor*'s cash subscription and other cash held under an *account* in the currency of the *EEA State* in which he has his principal place of business and may deposit such cash in an account, which is designated as mentioned in paragraph (4), with any person authorised under the law of that State to accept deposits.

**6.**  
*contd*

- (6) Cash by way of dividends, interest, distributions, and other rights or proceeds in respect of qualifying investments for any *account* shall at all times be recorded and accounted for separately from that for any other *account*, and may be invested only -
- (a) in qualifying investments for the appropriate *component*; or
  - (b) by way of cash deposit in accordance with paragraphs (4) and (5).

## Qualifying investments for a stocks and shares component

7. (1) This regulation specifies the kind of investments (“*qualifying investments for a stocks and shares component*”) which may be purchased, made or held under a stocks and shares *component*, and in this regulation and regulations 31 and 34, “*shares*” without more includes stock.
- (2) Qualifying investments for a stocks and shares *component* to which paragraph (1) refers are -
- (a) *shares*, not being shares in an *investment trust*, —
- (i) issued by a *company* wherever incorporated,
- (ii) subject to paragraph (3), officially listed on a *recognised stock exchange*, and
- (iii) in circumstances where the shares in question satisfy the condition specified in paragraph (15), or were held under the *component* on 6th October 2005;
- (b) *securities* (“*qualifying securities*”) -
- (i) issued by a *company* wherever incorporated,
- (ii) where the *securities* in question satisfy—
- (a) at least one of the conditions specified in paragraph (5), and
- (b) the condition specified in paragraph (6),
- (c) [Paragraph omitted]
- (iii) in the case of *securities* of an *investment trust*, purchased or acquired by the *account manager* in circumstances where the trust satisfies the conditions specified in paragraph (8);
- (c) *gilt-edged securities* which satisfy the condition specified in paragraph (12);
- (ca) any securities issued by or on behalf of a government of any *EEA State*, which satisfy the condition specified in paragraph (12);
- (cb) any securities which -
- (i) in relation to a security mentioned in sub-paragraph (ca), would be a strip of that security if “strip” had the same meaning as in section 47 of the Finance Act 1942<sup>31</sup>, with the omission of the words “issued under the National Loans Act 1968”, and
- (ii) satisfy the condition specified in paragraph (12);
- (cc) securities issued by a multilateral institution, contributions to which may be reported as official development assistance, listed in Part I of Annex 2 to the DAC Statistical Reporting Directive<sup>32</sup> (approved by the Development Assistance Committee of the Organisation for Economic Co-operation and Development), where the securities satisfy the conditions in paragraphs (5)(b) and (6)
- (d) *shares* in an *investment trust*, listed in the Official List of the Stock Exchange, in circumstances where the trust satisfies the conditions specified in paragraph (8);
- (e) [Paragraph omitted]
- (f) *units in, or shares of, a UK UCITS or recognised UCITS*, in circumstances where the units or shares satisfy the condition specified in paragraph (15);

<sup>31</sup> 1942 c.21; the relevant amendment to section 47 was made by section 202(2) of the Finance Act 1996 (c.8).

<sup>32</sup> DCD/DAC(2007)34.

7. (2)  
continued

- (g) *qualifying units in or shares of a non-UCITS retail scheme*, in circumstances where the units or shares satisfy the condition specified in paragraph (15);
- (h) subject to the conditions specified in paragraph (10) –
  - (i) *shares* which the *qualifying individual* has exercised the right to acquire in accordance with the provisions of an *approved SAYE option scheme*,
  - (ii) *shares* which have been appropriated to the *qualifying individual* in accordance with the provisions of an *approved profit-sharing scheme*, or
  - (iii) *plan shares* of an *approved SIP* which *cease to be subject to the plan* but have remained in the beneficial ownership of the *participant*,

and such *shares* shall be treated as fulfilling the condition as to payment of cash in regulation 4(1)(h); *See paragraph (13) re depositary interests*
- (ha) a *depositary interest*;
- (j) cash deposited in accordance with regulation 6(4) to (6) which an *account manager* holds for the purpose of investment in investments which are qualifying investments for a stocks and shares *component*.
- (k) investments which -
  - (i) were held under a stocks and shares *component* or a personal equity plan on 28th November 2001,
  - (ii) on that date were admitted to trading on a recognised stock exchange in an EEA State and were not listed by a competent authority in an EEA State for the purposes of Council Directive 2001/34<sup>33</sup>,
  - (iii) since that date have not ceased to be so admitted and have not become so listed,
  - (iv) do not fall within any of the other sub-paragraphs of this paragraph, and
  - (v) are not investments which, having fallen within any of those sub-paragraphs, have ceased so to fall on or after that date.
- (l) investments which—
  - (i) were held under the stocks and shares *component* or a personal equity plan on 6th April 2004; and
  - (ii) immediately before that date, fell within sub-paragraphs (e), (f) or (g), or subparagraph (ha) so far as the relevant investments (within the meaning in the definition of “*depositary interest*”) fell within any of those sub-paragraphs.
- (m) units in a relevant *collective investment scheme* specified as a stakeholder product by regulation 5 of *the Stakeholder Products Regulations*, in circumstances where the units satisfy the condition in paragraph (15);
- (n) policies of life insurance falling within regulation 9, issued in respect of an insurance made on or after 6<sup>th</sup> April 2005, in circumstances where the policy satisfies the condition in paragraph (15);

33 O.J. No. L 184, 6.7.2001, p1-66.

7. (2)  
continued

- (o) policies of life insurance falling within regulation 9, issued in respect of an insurance made before—
- (i) 6<sup>th</sup> April 2004, in a case where regulation 4C(2)(a) or (b) applies, or
- (ii) 6<sup>th</sup> April 2005, in a case where regulation 4C(3)(b) applies.
- (p) in the case of a personal equity plan which is treated on and from 6<sup>th</sup> April 2008 as a **stocks and shares account**<sup>34</sup>, investments which, immediately before that date, were qualifying investments for the plan under regulation 6(2)(m) of the Personal Equity Plan Regulations 1989<sup>35</sup>;
- (3) An investment in **shares** fulfils the condition as to official listing in paragraph (2)(a) or (d) if -
- (a) in pursuance of a public offer, the **account manager** applies for the allotment or allocation to him of **shares** in a **company** or trust which are due to be admitted to such listing within 30 days of the allocation or allotment, and which, when admitted to such listing, would be qualifying investments for a stocks and shares **component**, and
- (b) the **shares** are not allotted or allocated to the **account manager** in the circumstances specified in paragraph (4).
- (4) The circumstances specified in this paragraph are where -
- (a) the allotment or allocation of the **shares** was connected with the allotment or allocation of -
- (i) **shares** in the company or trust of a different class, or
- (ii) rights to **shares** in the company or trust of a different class, or
- (iii) **shares** or rights to **shares** in another company or trust, or
- (iv) **units** in or shares in, or rights to **units** in or shares in, an **authorised fund** or a part of an **umbrella scheme**, or
- (v) [Paragraph omitted]
- (vi) **securities** or rights to **securities** of the company or trust, or of another company or trust, to the **account manager**, the **account investor** or any other person; and
- (b) the terms on which the first-mentioned **shares** in this paragraph were offered were significantly more favourable to the **account manager** or **account investor** than they would have been if their allotment or allocation had not been connected as described in sub-paragraph (a).
- (5) The conditions specified in this paragraph are -
- (a) that the **shares** in the **company** issuing the **securities** are listed on the official list of a **recognised stock exchange**;
- (b) that the **securities** are so listed;
- (c) that the **company** issuing the **securities** is a **75 per cent. subsidiary** of a **company** whose **shares** are so listed.

<sup>34</sup> See S.I. 2007/2120

<sup>35</sup> S.I. 1989/469

7.  
contd

- (6) The condition specified in this paragraph is that, judged at the date when each of the *securities* is first held under the *account*, the terms on which it was issued do not -
- (a) require the loan to be repaid or the *security* to be re-purchased or redeemed, or
  - (b) allow the holder to require the loan to be repaid or the *security* to be re-purchased or redeemed except in circumstances which are neither certain nor likely to occur,
- within the period of five years from that date.
- (7) [Paragraph omitted]
- (8) The condition specified in this paragraph is that not more than 50 per cent. in value of the investments of the *investment trust*, are either -
- (a) *securities* which would not be *qualifying securities*, or
  - (b) securities which would not fall within any of sub-paragraphs (c) to (cb) of paragraph (2),
- if paragraph (6), or paragraph (6) as it applies with the modifications in paragraph (12), as the case may be, required the terms on which they were issued to be judged at the date when they first became investments of the *investment trust*.
- (9) [Paragraph omitted]
- (10) The conditions specified in this paragraph are - *See paragraph (13) re depositary interests*
- (a) in relation to *shares* which the individual has exercised his right to acquire in accordance with the provisions of an *approved SAYE option scheme*, that the *shares* are transferred to the *account manager* or his nominee before the expiry of the period of 90 days following the exercise of that right;
  - (b) in relation to *shares* appropriated to the individual in accordance with the provisions of an *approved profit-sharing scheme*, that the *shares* are transferred to the *account manager* or his nominee before the expiry of the period of 90 days following the date when the individual directed the trustees to transfer the ownership of the *shares* to him or, if earlier, the *release date* in relation to the *shares*;
  - (ba) in relation to *plan shares* mentioned in paragraph (2)(h)(iii), that the shares are transferred to the *account manager* or his nominee before the expiry of the period of 90 days following the date when the *plan shares ceased to be subject to the plan*;
  - (c) that the aggregate *market value* at the date of transfer of any *shares* transferred to the *account manager* or his nominee in accordance with sub-paragraphs (a), (b) or (ba) in any *year*, and the individual's cash subscriptions in that *year* to that *account*, do not together exceed the *overall subscription limit* in regulation 4(2)(a) in that year, reduced by the subscriptions by the individual in that year to a *cash account*.
- (11) In paragraph (4)(a), "company" means any body corporate having a share capital.
- (12) The condition specified in this paragraph is the condition specified in paragraph (6), omitting sub-paragraph (b) of that paragraph and the word "or" after sub-paragraph (a).
- (13) The references to "shares" in paragraphs (2)(h) and (10) shall include references to a *depositary interest* where the relevant investments in question (referred to in paragraphs (a) and (b) of the definition of "depositary interest") are shares falling within both paragraphs (2)(h) and (10).
- (14) *Qualifying investments for a stocks and shares component* falling within subparagraph (ha) of paragraph (2), so far as the relevant investments (within the meaning given in the definition of "depositary interest") fall within any of sub-paragraphs (a), (f), or (g) of that paragraph, must satisfy the condition specified in paragraph (15).
- (15) .....

7.  
contd

- (15) The condition specified in this paragraph is that, judged at the date on which the qualifying investments in question become held in the *account* (and having regard to the contractual terms and conditions then in existence) the *account investor* will not be entitled to a secured minimum return at any time falling within the following 5 years.

The *account investor* is entitled to a secured minimum return if—

- (a) the contract under which the investments were acquired, or any other transaction entered into by the *account investor* or any other person, or
- (b) the nature of the underlying subject matter of the investments,

have the effect that the *account investor* is not exposed, or not exposed to any significant extent, to the risk of loss from fluctuations in the value of the investments exceeding 5% of the capital consideration paid or payable for the acquisition of those investments.

- (16) In this regulation references, in relation to qualifying investments, to—
- (a) the underlying subject matter are references to or to the value of the investments, currencies or other matters to which, or to the value of which, those qualifying investments or their value is referable, and in the case of a policy of life insurance, under whose terms some or all of the benefits are determined by reference to fluctuations in, or in an index of, the value of any property of any description (whether or not specified in the policy or contract), that property or that index;
  - (b) the capital consideration paid or payable include premiums paid or payable under a policy of life insurance, and include the incidental costs of acquisition; and
  - (c) the value are to be construed applying regulation 6(2), but deducting the incidental costs that would be incurred by a disposal and, in the case of a policy of life insurance, omitting any benefits payable in the event of the death of the *account investor*.
- (17) Where a policy of life insurance confers on the person to whom it is issued an option to have another policy issued for it or to have any of its terms changed, the condition in paragraph (15) shall only be satisfied if it would also be satisfied if each or any of the changes capable of being made in pursuance of such an option had been made.

## Qualifying investments for a cash component

8. (1) This regulation specifies the kind of investments (“*qualifying investments for a cash component*”) which may be purchased, made or held under a cash *component*.
- (2) Qualifying investments for a cash *component* to which paragraph (1) refers are, subject to paragraph (3) –
- (a) cash deposited in a deposit account with—
    - (i) a *building society*,
    - (ii) a *credit union*,
    - (iii) a person within subsection (2)(b) of section 991 of the Income Tax Act 2007<sup>(36)</sup> (read with subsection (3) of that section), or
    - (iv) a *relevant European institution*;
  - (b) cash deposited in a share account with a *building society*;
  - (c) [Paragraph omitted]
  - (d) [Paragraph omitted]
  - (e) such investment deposits with the National Savings Bank which, according to the terms and conditions subject to which they are made, are expressly permitted to be held under a cash *component* of an *account*;
  - (f) any securities issued under the National Loans Act 1968<sup>37</sup> -
    - (i) for the purpose of or in connection with raising money under the auspices of *the Director of Savings* within the meaning of section 11(1)(a) of the National Debt Act 1972, and
    - (ii) other than national savings certificates, premium savings bonds, national savings stamps and national savings gift tokens, which, according to the terms and conditions subject to which they are issued and purchased, are expressly permitted to be held under a cash *component* of an *account*.
  - (g) investments falling within sub-paragraphs (a), (f), or (g) of regulation 7(2), in circumstances where the units or shares do not satisfy the condition specified in regulation 7(15);
  - (h) a depositary interest (with the references in that definition to a stocks and shares *component* and to regulation 7(2)(a) to (h) being replaced with references to a cash *component* and to regulation 8(2)(a) to (g)).
  - (j) a deposit account specified as a stakeholder product by regulation 4 of *the Stakeholder Products Regulations*;
  - (k) units in a relevant *collective investment scheme* specified as a stakeholder product by regulation 5 of *the Stakeholder Products Regulations*, in circumstances where the units do not satisfy the condition in regulation 7(15);
  - (l) policies of life insurance, falling within regulation 9, issued in respect of an insurance made on or after 6<sup>th</sup> April 2005, in circumstances where the policy does not satisfy the condition in regulation 7(15);

<sup>36</sup> 2007 c. 3.

<sup>37</sup> 1968 c.13.

**8.**  
*contd.*

- (2) (m) policies of life insurance, falling within regulation 9, issued in respect of an insurance made before 6<sup>th</sup> April 2005, in a case where regulation 4C(3)(c)(i) or (ii) applies.
- (n) arrangements falling within section 47 of the Finance Act 2005<sup>38</sup> (alternative finance arrangements) under which the person referred to in that section as Y is a financial institution;
- (o) arrangements falling within section 49 of that Act.
- (3) A deposit account or share account which is a qualifying investment for a cash **component** falling within paragraph (2)(a) or (b) respectively must not be connected with any other account falling within the descriptions in those sub-paragraphs, held by the **account investor** or any other person, and for this purpose such an account is connected with another if -
- (a) either was opened with reference to the other, or with a view to enabling the other to be opened on particular terms, or with a view to facilitating the opening of the other on particular terms, and
- (b) the terms on which the first-mentioned account in this paragraph was opened would have been significantly less favourable to the holder if the other had not been opened.

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38 2005 c. 7.

## Insurance policies

9. (1) **Policies** referred to in regulation 7(2)(n) or (o) or 8(2)(l) or (m) must, subject to compliance with paragraphs (4) to (7), satisfy the conditions specified in paragraph (3).
- (2) In paragraph (1) “**policies**” includes rights under a linked long-term contract specified as a stakeholder product by regulation 6 of *the Stakeholder Products Regulations*.
- (3) The conditions specified in this paragraph are that -
- (a) the insurance is on the life of the **account investor** only;
  - (b) the terms and conditions of the policy provide -
    - (i) that the policy may only be owned or held as a qualifying investment for an **account** which satisfies the provisions of these Regulations;
    - (ii) that the policy shall automatically terminate if it comes to the notice of the **account manager**, in any manner, that either of the events specified in paragraph (8) has occurred in relation to the policy;
    - (iii) for an express prohibition of any transfer of the policy, or the rights conferred by the policy or any share or interest in the policy or rights respectively, other than the cash proceeds from the termination of the policy or a partial surrender of the rights conferred by the policy, to the **account investor**; and
    - (iv) that the policy, the rights conferred by the policy and any share or interest in the policy or rights respectively, shall not be capable of assignment or (in Scotland) assignation, other than that they may be vested in the **account investor**'s personal representatives, and that the title to the policy may be transferred to a new **account manager** subject to and in accordance with regulations 15 and 21,
  - (c) the policy evidences or secures a contract of insurance which -
    - (i) falls within paragraph I or III of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, or
    - (ii) would fall within either of those paragraphs if the insurer was a **company** with permission under Part IV of *FISMA* to effect or carry out contracts of insurance;
  - (d) the policy is not -
    - (i) a contract to pay an annuity on human life, or
    - (ii) a personal portfolio bond within the meaning given by section 516 of *ITTOIA 2005*, or
    - (iii) a contract, the effecting and carrying out of which constitutes “pension business” within the meaning given by section 431B(1) of *the Taxes Act*<sup>39</sup>; and
  - (e) after the first payment in respect of a premium in relation to the policy has been made, there is no contractual obligation on any person to make any other such payment.

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<sup>39</sup> Section 431B was inserted by paragraphs 2, 57(1) and 58 of Schedule 8 to the Finance Act 1995 (c.4).

**9.**  
*contd*

- (4) A policy must not be connected with any other policy (“*the linked policy*”), held by the *account investor* or any other person, and for this purpose a policy is connected with another if -
- (a) either policy was issued in respect of an insurance made with reference to the other, or with a view to enabling the other to be made on particular terms, or with a view to facilitating the making of the other on particular terms, and
  - (b) the terms on which the first-mentioned policy in this paragraph was issued would have been significantly less favourable to the holder if the linked policy had not been issued.
- (5) References to “*the linked policy*” in paragraph (4) shall include a contract of insurance, and references to the issuing of *the linked policy* shall include the making of such a contract.
- (6) No sum may at any time, at or after the making of the insurance, be lent to or at the direction of the *account investor* by or by arrangement with the insurer for the time being responsible for the obligations under the policy.
- (7) Where either of the events specified in paragraph (8) occurs in relation to a policy, the policy shall nevertheless be treated, for the purposes of these Regulations, excepting paragraphs (3)(b)(ii) and (8) and regulation 36, as if it had satisfied the conditions in paragraph (3)(b)(i) during the period -
- (a) commencing at the time at which the specified event occurred, and
  - (b) ending immediately before -
    - (i) the end of the final insurance year in relation to the policy, within the meaning given by section 499 of *ITTOIA 2005*, or
    - (ii) the time at which the specified event came to the notice of the *account manager*, whichever first occurs (the “*termination event*”).
- (8) The events specified in this paragraph are -
- (a) that the policy has ceased to be one in respect of which the conditions in paragraph (3)(b)(i) are satisfied; and
  - (b) that those conditions were not satisfied in relation to the policy at the date on which the insurance was made.
- (9) Where -
- (a) it comes to the notice of the *account manager*, in any manner, that an event specified in paragraph (8) has occurred in relation to a policy, and
  - (b) the *account manager* is not the insurer for the time being responsible for the obligations under the policy or, where the policy is not still in existence, the person who was the last such insurer, the *account manager* shall, within 30 days of the event coming to his notice, give notice to that insurer, specifying the event mentioned in sub-paragraph (a), and the *termination event*.

## Qualifying individuals who may invest under an account

10. (1) This regulation specifies the description of individual who may invest under an *account* (“*qualifying individual*”).
- (2) A qualifying individual to whom paragraph (1) refers is an individual -
- (a) who, in the case of a *cash account*, is 16 years of age or over and, in the case of a *stocks and shares account*, is 18 years of age or over;
  - (b) who, in the case of a *stocks and shares account*, has not subscribed, and will not subscribe, to any other *stocks and shares account*, in the year in which the subscription is made;
  - (c) who, in the case of a *cash account*, has not subscribed, and will not subscribe, to any other *cash account*, in the year in which the subscription is made;
  - (ca) who has not exceeded the appropriate *overall subscription limit* in regulation 4(2), or the applicable subscription limit in regulation 4(3), in that year; and
  - (d)
    - (i) who is resident and ordinarily resident in the United Kingdom, or
    - (ii) (ii) who, though not resident in the United Kingdom, has general earnings from overseas Crown employment subject to United Kingdom tax within the meaning given by section 28 of *ITEPA 2003*, or
    - (iii) who, though not resident in the United Kingdom, is married to or in a civil partnership with a person mentioned in paragraph (ii).

## Account investor ceasing to qualify

11. Notwithstanding any other provision of these Regulations an *account investor* who, after subscribing to an *account*, at any time ceases to fulfil the conditions of regulation 10(2)(d) may retain the benefits of the *account* (including the right to any relief or exemption due under the *account*) subsisting at that time but, so long as he fails to fulfil those conditions, shall not be entitled to subscribe further to such an *account*.

## Conditions for application to subscribe to an account

12. (1) An application by an individual to subscribe to an **account** in the **year** in which he first subscribes to that **account**, and in the **year** following a **year** in which that individual has not subscribed to the **account**, must be made to an **account manager** in a statement and, subject to paragraph (5), must fulfil the conditions specified in paragraphs (2), (3) and (4).
- (2) An application must specify the first **year** to which the application relates.
- (3) An application shall provide for a declaration by the applicant that -
- (a) his application is to subscribe to a **stocks and shares account** or **cash account**, as the case may be;
  - (b) the declaration shall have effect for the **year** to which paragraph (2) refers, and each successive **year** following that **year**, in which the applicant subscribes to the **account**;
  - (c) all cash subscriptions made, and to be made, to the **account** are the applicant's cash;
  - (d) in the case of a **stocks and shares account**, the applicant—
    - (i) has not subscribed, and will not subscribe, to any other **stocks and shares account**, in the year to which paragraph (2) refers, and
    - (ii) will not subscribe to any other **stocks and shares account**, in each successive year following that year, in which the declaration has effect;
  - (e) in the case of a **cash account**, the applicant—
    - (i) has not subscribed, and will not subscribe, to any other **cash account**, in the year to which paragraph (2) refers, and
    - (ii) will not subscribe to any other **cash account**, in each successive year following that year, in which the declaration has effect;
  - (ea) that the applicant has not subscribed, and will not subscribe, more than the appropriate **overall subscription limit** in regulation 4(2) (aggregating subscriptions to all **accounts**)—
    - (i) in the year to which paragraph (2) refers, and
    - (ii) in each successive year following that year, in which the declaration has effect;
  - (eb) that in the case of a **cash account**, the applicant has not subscribed, and will not subscribe, more than the subscription limit in regulation 4(3)—
    - (i) in the year to which paragraph (2) refers, and
    - (ii) in each successive year following that year, in which the declaration has effect;
  - (f) the applicant is 16 years of age or over, and -
    - (i) is resident and ordinarily resident in the United Kingdom, or
    - (ii) is a person who has general earnings from overseas Crown employment subject to United Kingdom tax within the meaning given by section 28 of **ITEPA 2003**, or
    - (iii) is married to or in a civil partnership with a person mentioned in paragraph (ii),and will inform the **account manager** if he ceases to be so resident and ordinarily resident, or to perform such duties, or to be married to or in a civil partnership with a person who performs such duties, as the case may be;

- 12.** (3) (g) the applicant authorises the *account manager* -  
*contd.*
- (i) to hold the applicant's cash subscription, *account investments*, interest, dividends and any other rights or proceeds in respect of those investments and any other cash;
  - (ii) to make on his behalf any claims to relief from *tax* in respect of *account investments*;
  - (iii) [Paragraph omitted]
  - (iv) where a written declaration is required by paragraph (7), to record the terms of the declaration in a written declaration made on behalf of the applicant.
- (4) An application must contain -
- (a) the applicant's full name,
  - (b) the address of his permanent residence, including postcode,
  - (c) his national insurance number, or confirmation that he does not have one, and
  - (d) his date of birth.
- (5) [Regulation omitted]
- (6) An *account manager* may not accept as an *account investor* any individual if he has reason to believe that -
- (a) he is not or might not be a *qualifying individual*, or
  - (b) he has given untrue information in his application.
- (7) Where the application is not in writing or the manager operates a record system under which all original written applications are not retained, the account manager shall make the written declaration referred to in paragraph (3)(g)(iv) and notify the applicant of its contents.
- (7A) Any such declaration shall take effect from the date on which it was made (subject to any corrections notified by the applicant to the manager within 30 days), and if he does not disagree with the contents within 30 days, he shall be treated as having agreed them.
- (8) Section 95 of *the Management Act*<sup>40</sup> shall have effect as if -
- (a) the statement and declarations to which paragraphs (1), (3) and (7) refer were a statement or declarations, as the case may be, within the meaning of subsection (1)(b), and
  - (b) there were substituted for subsection (3) the following words -
    - “(3) The relevant *years* of assessment for the purposes of this section are the year of assessment in respect of which any claim to relief or exemption from *tax* in connection with which the statement or declarations are relevant, is made, the next following, and any preceding year of assessment.”
- (9) An application furnished by an individual under this regulation shall be regarded as in writing if it is furnished -
- (a) by telephonic facsimile transmission containing the signature of the individual, or
  - (b) by *electronic communication* containing an *electronic signature* of the individual.

<sup>40</sup> 1970 c.9; section 95 was amended by section 148 of and Schedule 14 (Part VIII) to the Finance Act 1988 (c.39), by section 163 of the Finance Act 1989 (c.26) and sections 196 and 199 of, and paragraph 27 of Schedule 19, and Schedule 26 Part V (23), to the Finance Act 1994 (c.9).

**12.**  
*contd*

- (10) Declarations made by the *account manager* under paragraph (7) shall be regarded as made in writing if they are produced by electronic means, and the copy of a declaration to be sent to the individual in accordance with paragraph (7) may be sent by telephonic facsimile transmission or by *electronic communication*.
- (11) In this regulation –
- “*electronic communication*” includes any communication by means of a telecommunication system (within the meaning of the Telecommunications Act 1984);
- “*electronic signature*” has the meaning given by section 7(2) of the Electronic Communications Act 2000
- (12) An application may be made on behalf of an individual who is suffering from mental disorder, by a parent, guardian, spouse, civil partner, son or daughter of the individual, and shall be treated for the purposes of these Regulations as an application made by the individual.
- (13) In paragraph (12) “mental disorder” has the meaning given by section 1(2) of the Mental Health Act 1983<sup>41</sup> or, in Scotland, section 1(2) of the Mental Health (Scotland) Act 1984<sup>42</sup> or, in Northern Ireland Article 3 of the Mental Health (Northern Ireland) Order 1986<sup>43</sup>.

[Regulation 13 omitted]

<sup>41</sup> 1983 c. 20.

<sup>42</sup> 1984 c. 36.

<sup>43</sup> S.I. 1986/595 (N.I.4).

## Account manager - qualifications and Board's approval

14. (1) This regulation specifies the circumstances (“*qualifying circumstances*”) in which a person may be approved by *the Board* as an *account manager*.
- (2) The qualifying circumstances to which paragraph (1) refers are the following -
- (a) the person must make an application to *the Board* for approval in a form prescribed by *the Board*;
  - (b) an *account manager* must be -
    - (i) an authorised person within the meaning of section 31(1)(a) or (c) of, or Schedule 5 to, *FISMA* who has permission to carry on one or more of the activities specified in Articles 14, 21, 25, 37, 40, 45, 51 and 53 and, insofar as it applies to any of those activities, Article 64, of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 but excluding any person falling within paragraph (iv) below; or
    - (ii) a *European institution* which carries one or more of those activities; or
    - (iii) in the case of a *credit union*, an authorised person within the meaning of section 31(1)(a) of *FISMA*, who has permission to carry on one or more of the activities specified in Article 5 of the Financial Services And Markets Act 2000 (Regulated Activities) Order 2001<sup>44</sup>
    - (iv) *the Director of Savings*, a *building society*, a person falling within section 840A(1)(b) of *the Taxes Act* or a *relevant European institution*; or
    - (v) an insurance *company*, within the meaning given by section 431(2) of *the Taxes Act*<sup>45</sup>, an *incorporated friendly society*, or a *registered friendly society*; or
    - (vi) any *assurance undertaking* which does not fall within paragraph (iv) above;
  - (c) an *account manager* must not be prevented from acting as such by any requirement imposed under section 43 of *FISMA*, or by any prohibition imposed by or under any rules made by the Financial Services Authority under that Act; and
  - (d) an *account manager* who -
    - (i) is a *European institution* or a *relevant authorised person* and who does not have a branch or business establishment in the United Kingdom, or has such a branch or business establishment but does not intend to carry out all his functions as an *account manager* at that branch or business establishment, or
    - (ii) falls within sub-paragraph (b)(v),
 must fulfil one of the three requirements specified in regulation 16.
- (3) The terms of *the Board's* approval may -
- (a) approve a person to set up and administer *cash accounts* only, or *stocks and shares accounts* only, or both, and
  - (b) include conditions designed to ensure that the provisions of these Regulations are satisfied.

<sup>44</sup> S.I. 2001/544.

<sup>45</sup> 1988 c.1; the definition of “insurance company” in section 431(2) was amended by section 52 of the Finance Act 1995 (c.4).

### Special requirements relating to insurer-managers

15. If and so long as a person falling within regulation 14(2)(b)(iv) or (v) acts as *account manager* of an *account*, and the *account investments* include a policy of life insurance -
- (a) the title to all such policies shall be vested in the *account investor*; and
  - (b) where a policy document or other document evidencing title to such policies of life insurance is issued, it shall be held by the *account investor*.

### Account manager - appointment of tax representative

16. (1) This regulation specifies the requirements mentioned in regulation 14(2)(d).
- (2) The first requirement specified in this regulation is that -
- (a) a person who falls within section 698(2)(b) of *ITTOIA 2005* is for the time being appointed by the *account manager* to be responsible for securing the discharge of the duties prescribed by paragraph (5) which fall to be discharged by the *account manager*, and
  - (b) his identity and the fact of his appointment have been notified to *the Board* by the *account manager*.
- (3) The second requirement specified in this regulation is that there are for the time being other arrangements with *the Board* for a person other than the *account manager* to secure the discharge of such duties.
- (4) The third requirement specified in this regulation is that there are for the time being other arrangements with *the Board* designed to secure the discharge of such duties.
- (5) The duties prescribed by this paragraph are those that fall to be discharged by an *account manager* under these Regulations.
- (6) The appointment of a person in pursuance of the first requirement shall be treated as terminated in circumstances where -
- (a) *the Board* have reason to believe that the person concerned –
    - (i) has failed to secure the discharge of any of the duties prescribed by paragraph (5), or
    - (ii) does not have adequate resources to discharge those duties, and
  - (b) *the Board* have notified the *account manager* and that person that they propose to treat his appointment as having terminated with effect from the date specified in the *notice*.
- (7) Where, in accordance with the first requirement, a person is at any time responsible for securing the discharge of duties, the person concerned -
- (a) shall be entitled to act on the *account manager*'s behalf for any of the purposes of the provisions relating to the duties;
  - (b) shall secure (where appropriate by acting on the *account manager*'s behalf) the *account manager*'s compliance with and discharge of the duties; and
  - (c) shall be personally liable in respect of any failure of the *account manager* to comply with or discharge any such duty as if the duties imposed on the *account manager* were imposed jointly and severally on the *account manager* and the person concerned.

### Account manager - withdrawal by Board of approval

17. (1) This regulation specifies the circumstances (“*the disqualifying circumstances*”) in which *the Board* may by *notice* withdraw their approval of a person as an *account manager* in relation to an *account*.
- (2) The disqualifying circumstances to which paragraph (1) refers are that *the Board* have reason to believe -
- (a) that any provision of these Regulations is not or at any time has not been satisfied in respect of an *account* managed by the *account manager*; or
  - (b) that a person to whom they have given approval to act as an *account manager* is not qualified so to act.
- (3) The *notice* to which paragraph (1) refers -
- (a) may withdraw an approval in part, that is, in respect of particular types of *accounts* specified in the *notice*;
  - (b) shall specify the date from which *the Board*'s approval is withdrawn; and
  - (c) shall specify *the disqualifying circumstances*.

### Account manager - appeal against withdrawal of Board's approval

18. (1) An *account manager* to whom *notice* of withdrawal of approval has been given under regulation 17 may appeal against the withdrawal by *notice* given to *the Board* within 30 days after the date of the *notice* of withdrawal.
- (2) The appeal shall be to the Special Commissioners.
- (3) The like provisions as are contained in Part V of *the Management Act*<sup>46</sup> (appeals and other proceedings) shall apply to an appeal and the Special Commissioners shall on appeal to them confirm the *notice* unless they are satisfied that the *notice* ought to be quashed.

### Account manager ceasing to act

19. A person shall give *notice* to *the Board* and to the *account investor* in the *account* which he manages of his intention to cease to act as the *account manager* not less than 30 days before he so ceases so that his obligations to *the Board* under the *account* can be conveniently discharged at or about the time he ceases so to act, and the *notice* to the *account investor* shall inform him of his right to transfer the *account* under regulation 21.

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<sup>46</sup> 1970 c.9.

## Account manager ceasing to qualify

20. (1) A person shall cease to qualify as an *account manager* and shall *notify the Board* within 30 days of the relevant event in sub-paragraphs (a) to (e), of that relevant event, where -
- (a) the person no longer fulfils the conditions of regulation 14; or
  - (b) in the case of an individual, he becomes bankrupt or, in Scotland, his estate is sequestrated, or he makes any arrangement or composition with his creditors generally; or
  - (c) in the case of a *company*, a resolution has been passed or a petition has been presented to wind it up; or
  - (d) in the case of a *building society*, a person falling within section 840A(1)(b) of *the Taxes Act* or a *relevant European institution* -
    - (i) it ceases to be a *building society* or to fall within section 840A(1)(b) of *the Taxes Act* or to be a *relevant European institution*, as the case may be; or
    - (ii) its directors have made a proposal under Part I of the Insolvency Act 1986<sup>47</sup> for a composition in satisfaction of its debts or a scheme of arrangement of its affairs; or
    - (iii) an administration order is made in relation to it; or
    - (iv) a receiver or manager of its property has been appointed; or
  - (e) in the case of a *European institution*, a *relevant authorised person* or an *assurance undertaking* which falls within regulation 14(2)(b)(v), action corresponding to that described in sub-paragraph (b), (c) or (d) has been taken by or in relation to the institution, person or undertaking under the law of an *EEA State*.
- (2) On giving the *notice* referred to in paragraph (1), the person shall also *notify* the *account investor* of his right to transfer the *account* under regulation 21, and the *notice* shall inform the *account investor* of his rights under paragraph (3).
- (3) Where the *account investor* -
- (a) receives a *notice* under paragraph (2), or regulation 19, and
  - (b) within 30 days of the sending of the *notice* to him, transfers the *account* to another *account manager* pursuant to regulation 21,

the period between *the transferor* ceasing to act or to qualify as an *account manager*, and the transfer to *the transferee*, shall be ignored in determining whether the *account* has at all times been managed by an *account manager*.

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<sup>47</sup> 1986 c.45.

## Transfer relating to accounts

21. (1) In this regulation, in relation to a transfer—
- “*the current year’s subscriptions*” means—
- (a) subscriptions made to the *account* by the *account investor* in the year in which the transfer takes place, but before the transfer,
  - (b) subscriptions made to any other *account* by the *account investor* in the year in which the transfer takes place and transferred to the *account* before the transfer, and
  - (c) the qualifying investments and other proceeds (including income) representing the subscriptions in sub-paragraphs (a) and (b) of this definition;
- “*the previous years’ subscriptions*” means—
- (a) subscriptions made to the *account* (or any other *account* or former personal equity plan) in any earlier year or years, and
  - (b) the qualifying investments and other proceeds (including income) representing those subscriptions.
- (2) Any transfer relating to an *account* or part of an *account* shall be made—
- (a) directly between one *account manager* (“the transferor”) and another *account manager* (“the transferee”), or
  - (b) where the same person is *account manager* before and after the transfer, solely by that manager (who shall maintain the records of both transferor and transferee required by this regulation).
- (3) The current year’s subscriptions may only be transferred as a whole (with or without the whole or part of any previous years’ subscriptions).
- (4) In the case of a *cash account*, the current year’s subscriptions and the previous years’ subscriptions may only be transferred to—
- (a) a *stocks and shares account* (if the *account investor* is 18 years of age or over), or
  - (b) a *cash account*,
- belonging to the same *account investor*.
- (4A) In the case of a *stocks and shares account*, the current year’s subscriptions and the previous years’ subscriptions may only be transferred to a *stocks and shares account* belonging to the same *account investor*.
- (4B) Where the current year’s subscriptions (with or without other subscriptions) are transferred from a *cash account* to a *stocks and shares account* (under paragraph (4)(a))—
- (a) the subscriptions in sub-paragraphs (a) and (b) of the definition of “the current year’s subscriptions” in paragraph (1) shall be treated, for all purposes including regulation 31(3)(c), as if they had been made to the *stocks and shares account*, and
  - (b) accordingly, shall not count towards the cash subscription limit in regulation 4(3).
- (4C) .....

**21.**  
*contd*

- (4C) Where the current year's subscriptions (with or without other subscriptions) are transferred from—
- (a) a *cash account* to a *cash account*, or
  - (b) a *stocks and shares account* to a *stocks and shares account*,
- the subscriptions transferred, and no other subscriptions, shall be treated as the same *account*, for the purpose of making any remaining permitted subscriptions in that year.
- (4D) The *account investor* shall make a fresh application under regulation 12 (with any necessary modifications to reflect that it is made on a transfer) to the transferee.
- (4E) This regulation shall also apply where an *account* is transferred in consequence of an *account manager* ("the transferor") ceasing to act or to qualify as an *account manager*.
- (5) *The transferor* shall within 30 days after the date of the transfer give *the transferee* a *notice* containing the information specified in paragraph (6).
- (6) The information specified in this paragraph is -
- (a) as regards the *account investor* -
    - (i) his full name,
    - (ii) the address of his permanent residence, including postcode,
    - (iii) his date of birth, and
    - (iv) if he has one, his national insurance number, and
  - (b) as regards an *account* or any part of an *account* transferred pursuant to paragraph (2)-
    - (i) whether the *account* is a *cash account* or *stocks and shares account*,
    - (ii) the date of the transfer,
    - (iii) the total amount of cash subscribed to the *account* during the period from the beginning of the *year* in which the transfer takes place to the date of the transfer,
    - (iv) the date on which the first subscription (if any) was made to the *account*, in the year in which the transfer takes place,
    - (v) the amount of any dividends on *account investments* which are payable to, but have not been received by, *the transferor* at the date of the transfer, and
    - (vi) any amount which is, or will become, due under regulation 23 which has not been paid to *the Board* at the date of the transfer.
- (7) [Paragraph omitted]

## Exemption from tax of account income and gains

22. (1) Subject to these Regulations -
- (a) no tax shall be chargeable on the *account manager* or his nominee or on the *account investor* -
    - (i) in respect of interest, dividends, distributions or *gains* in respect of *account investments* (excluding any building society bonus), or
    - (ia) in respect of alternative finance return or profit share return paid by a financial institution (within the meanings in Chapter 5 of Part 2 of the Finance Act 2005); or
    - (ib) in respect of a *payment under a building society bonus scheme*, so far as the payment is calculated by reference to *account investments* (and if paid directly by the society into the *account*, the payment shall not count towards the *subscription limits* in regulation 4(2) to (3)); or<sup>48</sup>.
    - (ii) on any annual profits or gains treated under Part 12 of *ITA 2007* (accrued income profits) as having been received by any of them in respect of *account investments*, or
    - (iii) on an offshore income gain to which a disposal made by any of them of an *account investment* gives rise, which is treated by section 761(1) of *the Taxes Act*<sup>48</sup> as constituting profits or gains, or
    - (iv) on a profit on the disposal of a deeply discounted security within the meaning given by section 430 of *ITTOIA 2005*<sup>49</sup>, or
    - (v) in respect of gains treated under Chapter 9 of Part 4 of *ITTOIA 2005* as arising in connection with a policy of life insurance which is an *account investment*;
  - (b) losses in respect of *account investments* shall be disregarded for the purposes of capital gains tax;
  - (ba) any gain or loss accruing on and attributable to a payment within paragraph (ib) of subparagraph (a) shall not be a chargeable gain or allowable loss for capital gains tax purposes;
  - (c) a deficiency arising in a tax year and falling within section 539(1) of *ITTOIA 2005*<sup>50</sup>, so far as it relates to an *account investment*, shall not be allowable as a deduction from the total income of the *account investor*;
  - (d) relief in respect of *tax* shall be given in the manner and to the extent provided by these Regulations; and
  - (e) interest on a cash deposit which is an *account investment* held under a cash *component* shall not, except for the purposes of section 629 of *ITTOIA 2005*, be regarded as income for any income tax purposes.
- (2) An *account investor* who, after subscribing to an *account*, at any time ceases to be resident in the United Kingdom, shall be treated as if he were resident in the United Kingdom for the purposes of determining his entitlement to, or to payment of, *tax credits* in respect of *qualifying distributions*, so far as they relate to *account investments* under an *account* held by him.

<sup>48</sup> Section 761 was amended by paragraphs 1 and 11 of Schedule 14 to the Finance Act 1990 (c.29), and section 290 of, and paragraph 14 of Schedule 10 to, the Taxation of Chargeable Gains Act 1992 (c.12).

<sup>49</sup> Section 430 was amended by paragraph 25(2) of Schedule 7 to the Finance (No. 2) Act 2005 (c. 22).

<sup>50</sup> Section 539 was substituted by paragraph 539 of Schedule 1 to the Income Tax Act 2007 (c. 3).

**Interest on cash deposits held under a stocks and shares component**

23. (1) When in any *year*, a sum of interest is paid or credited in respect of a cash deposit which is held under a stocks and shares *component* in accordance with regulation 6(4) to (6) -
- (a) no relief from *tax* shall apply to such interest, but
  - (b) paragraph (2) shall apply, and the amount determined in accordance with that paragraph shall be taken to represent the *tax* on such interest, in the place of the liabilities to *tax* which would otherwise arise.
- (2) Where this paragraph applies -
- (a) the *account manager* shall pay to *the Board* an amount representing income tax at the basic rate in force for the *year* on all sums of interest 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 subject thereto
    - (ii) shall 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 referred to in paragraph (1) shall in all other respects be regarded as if it were not income for any income tax purposes, and no repayment of *tax* or amounts representing *tax* shall 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*.

**Tax liabilities and reliefs - account manager to act on behalf of account investor**

24. (1) An *account manager* may under these Regulations make claims, conduct appeals and agree on behalf of the *account investor* liabilities for and reliefs from *tax* in respect of an *account*.
- (2) Claims shall be made to *the Board* in accordance with the provisions of regulations 25 and 26.
- (3) Where any relief or exemption from *tax* previously given in respect of an *account* has by virtue of these Regulations become excessive, in computing the relief due on any claim there shall be deducted (so that amounts equal to that excess are set-off or repaid to *the Board*, as the case may be) notwithstanding that those amounts have been invested -
- (a) any amount repaid in respect of income tax or paid in respect of a *tax credit*;
- (b) any sum representing income tax which is payable under regulation 23 on amounts of interest paid or credited as mentioned in that regulation; and
- (c) any other amount due to *the Board* by an *account manager* in respect of any *tax* liability in respect of *account investments* under an *account* including (but without prejudice to the making of an assessment under the provisions of that Schedule) any amount falling due in respect of a liability under Chapter 9 of Part 15 of *ITA 2007*.
- (4) Any amount deducted under paragraph (3) shall be treated as an amount of income tax deducted at source and not repayable within the meaning and for the purposes of section 95(2)(a) of *the Management Act*<sup>51</sup>.

<sup>51</sup> 1970 c.9; section 95 was amended by section 148 of, and Schedule 14 Part VIII to, the Finance Act 1988 (c.39), by section 163 of the Finance Act 1989 (c.26), and sections 196 and 199 of, and paragraph 27 of Schedule 19 and Part V (23) of Schedule 26 to, the Finance Act 1994 (c.9).

### Repayments in respect of tax to account manager - interim claims

25. (1) Notwithstanding the provisions of any other enactment, *the Board* shall not be under an obligation to make any repayment in respect of *tax* under these Regulations earlier than the end of the month following the month in which the claim for the repayment is received.
- (2) A claim for repayment in respect of *tax* which is not an annual claim (“*interim claim*”) may be made only for a period of a month (or a number of months not exceeding six) beginning on the 6<sup>th</sup> day of the month and ending on the 5<sup>th</sup> day of the relevant following month.
- (3) No claim for repayment may be made for the month ending 5<sup>th</sup> October or any subsequent month until the annual return under regulation 26(2) due in respect of an *account* for the preceding *year* has been duly made by the *account manager* and received by *the Board*.
- (4) Where, on the occasion of a claim, there is due to *the Board* an amount in respect of *tax*, that amount shall be recoverable by *the Board* in the same manner as *tax* charged by an assessment on the *account manager* which has become final and conclusive.
- (5) This regulation and regulation 26 shall not apply to any repayment in respect of *tax* on policies of life insurance falling within regulation 9, or on distributions and other rights or proceeds in respect of such policies except in so far as regulation 26(2) requires a return of all sums of interest referred to in regulation 23(2)(a) and any gain treated as arising in accordance with regulation 36(3)(a) or (b).

### Repayments in respect of tax to account manager - annual returns and annual claims

26. (1) An annual claim is a claim for repayment in respect of *tax* for a *year* and may not be made at any time more than six *years* after the end of the *year*.
- (2) An *account manager* shall within six months after the end of the *year* make a return of all income, and of all sums of interest referred to in regulation 23(2)(a), and any gain treated as arising in accordance with regulation 36(3)(a) or (b) and in addition an annual claim to establish the total of repayments due under an *account* for that *year*, and the total amount payable under regulation 23(2)(a).
- (3) Where the aggregate of the repayments in respect of *interim claims* for the *year* shown by an annual claim exceeds the amount repayable for the *year* shown on the claim, the *account manager* shall repay the amount of the excess to *the Board* with the claim.
- (4) If an *account manager* fails to make the return and the annual claim required under this regulation within the time limited, *the Board* may issue a *notice* to the *account manager* showing the aggregate of payments in respect of the *interim claims* for the *year*, and stating that *the Board* are not satisfied that the amount due to the *account manager* for that *year* exceeds the lower amount stated in the *notice*.
- (5) If a return and an annual claim are not delivered to *the Board* within 14 days after the issue of such a *notice* under paragraph (4) the amount of the difference between the aggregate and the lower amount stated in the *notice* shall immediately be recoverable by *the Board* in the same manner as *tax* charged by an assessment on the *account manager* which has become final and conclusive.
- (6) Where a return and an annual claim have been made and the *account manager* subsequently discovers that an error or mistake has been made in the return or claim the *account manager* may make a supplementary return or annual claim within the time allowed in paragraph (1).

### Account manager's returns and claims - supplementary provisions

27. (1) Section 42 of *the Management Act*<sup>52</sup> shall not apply to claims under these Regulations.
- (2) No appeal shall lie from *the Board's* decision on an *interim claim*.
- (3) An appeal shall be to the Special Commissioners from *the Board's* decision on an annual claim, and the appeal shall be brought by giving *notice* to *the Board* within 30 days of receipt of *notice* of the decision.
- (4) No payment or repayment made or other thing done on or in relation to an *interim claim* or a *notice* under regulation 26(4) shall prejudice the decision on an annual claim.
- (5) The like provisions as are contained in Part V of *the Management Act* (appeals and other proceedings) shall apply to an appeal under paragraph (3) above, and on appeal the Special Commissioners may vary the decision appealed against whether or not the variation is to the advantage of the appellant.
- (6) All such assessments, payments and repayments shall be made as are necessary to give effect to *the Board's* decision on an annual claim or to any variation of that decision on appeal.
- (7) Returns and claims under these Regulations shall be in such form and contain such particulars as *the Board* prescribe and, subject to regulation 31(1) and (2), shall be signed by the *account manager*, and forms prescribed for annual claims may require a report to be given by a person qualified for appointment as auditor of a *company*.

### Assessments for withdrawing relief and recovering tax

28. (1) Where -
- (a) any relief or exemption from *tax* given in respect of income or *gains* under an *account* is found not to be due or to be excessive, or
- (b) the full amount of *tax* in respect of the income or *gains* under an *account* has not otherwise been fully accounted for and paid to *the Board* by or on behalf of the *account investor*,
- an assessment to *tax* may be made by *the Board* in the amount or further amount which in their opinion ought to be charged.
- (2) An assessment to which paragraph (1) refers may be made on the *account manager* or on the *account investor*.
- (3) If the assessment is made to recover *tax* in respect of income (including any amount in respect of a *tax credit*) under an *account* it shall be made under Case VI of Schedule D.

### Records to be kept by account manager

29. An *account manager* shall at all times keep sufficient records in respect of an *account* to enable the requirements of these Regulations to be satisfied.

<sup>52</sup> Section 42 was substituted by sections 196 and 199 of, and paragraph 13 of Schedule 19 to, the Finance Act 1994, and amended by sections 97 and 107 of the Finance Act 1995 (c.4), sections 128 and 130 of, and Part V(3) and (12) of Schedule 41 to, the Finance Act 1996 (c.8), and section 113 of the Finance Act 1997.

**Information to be given to account investor by account manager**

30. (1) An *account manager* shall give *notice* to the *account investor*, at the commencement of, and in respect of, each successive *year* following the *year* in which the investor first subscribed to the *account*, during which the declaration referred to in regulation 12(3) has or may have effect, that -
- (a) in the case of a *stocks and shares account*, if the *account investor* subscribes to that *account* in the year to which the notice relates, the *account investor* may not subscribe to any other *stocks and shares account*, in that year;
  - (b) in the case of a *cash account*, if the *account investor* subscribes to that *account* in the year to which the notice relates, the *account investor* may not subscribe to any other *cash account*, in that year;
  - (c) the *account investor* must not subscribe more than the appropriate *overall subscription limit* in regulation 4(2) in that year (aggregating subscriptions to all *accounts*); and
  - (d) in the case of a *cash account*, the *account investor* must not subscribe more than the subscription limit in regulation 4(3), in that year.
- (2) An *account manager* who makes a payment to an *account investor* out of or in respect of which *tax*, or a sum representing *tax*, has been deducted shall, if the *account investor* so requests in writing, furnish the *account investor* with a statement in writing showing the gross amount of the payment, the amount deducted and the amount actually paid.
- (3) On the transfer to an *account investor* of an *account investment*, subject to regulation 9(3)(b), the *account manager* shall provide for the *account investor* details in writing of the *market value* on the date of transfer.

## Returns of information by account manager

31. (1) An *account manager* shall within 60 days after the end of each *year* (beginning with *the year 1999-00*) in which he acts as an *account manager*, and after ceasing to act or to qualify as an *account manager*, deliver to *the Board* a return for that *year*, or for the part of that *year* in which he so acted or qualified, which contains the information specified in paragraphs (3), (4), (5) and (7), and is accompanied by a certificate as to the contents of the return, in the form prescribed by *the Board*, signed by the *account manager* or on his behalf.
- (2) [Paragraph omitted]
- (3) The information specified in this paragraph is information relating to each *account*, in respect of which he acted as *account manager*, in the *year* or the part of the *year* for which the return is made, other than *accounts* transferred to another *account manager* under Regulation 21(2) in that *year* or part of a *year*, as to -
- (a) as regards the *account investor* -
- (i) his full name,
- (ii) the address of his permanent residence, including postcode,
- (iii) his date of birth, and
- (iv) if he has one, his national insurance number;
- (b) as regards each such *account* -
- (i) the number allocated to the *account* by the *account manager*, and
- (ii) the *market value* of the *account investments* held under the *component* of the *account*, subject to paragraph (6), the value of each *account investment* being determined either as at 5<sup>th</sup> April in that *year*, or any other valuation date in that *year*, not falling earlier than 5<sup>th</sup> October, and
- (c) As regards each such *account*, to which subscriptions or a transfer under regulation 21 were made in that *year* or part of a *year*
- (i) whether the *account* is a *cash account* or *stocks and shares account*,
- (ii) the total amount of cash subscribed to the *account*, in the year or the part of the year for which the return is made;
- (iii) the date on which the first subscription (being either cash or *shares* pursuant to regulation 7(2)(h)) was made to the *account*, in the *year* or the part of the *year* for which the return is made, and
- (iv) the aggregate *market value* at the date of transfer of any *shares* transferred to the *account manager* or his nominee in accordance with regulation 7(2)(h) in the *year* or the part of the *year* for which the return is made.
- and -
- (v) the date when any such *cash account* was closed, where that occurred during the *year* or the part of the *year* for which the return was made.
- (4) .....

**31.**  
*contd*

- (4) Subject to paragraph (5), the information specified in this paragraph is -
- (a) the respective *market values* at the end of the *year* or the part of the *year* for which the return is made of *account investments* held under stocks and shares *components*, by him or a nominee for him on behalf of *account investors*, under all the *accounts* in respect of which he acted as *account manager* in that *year* or part, with separate values for -
- (i) *shares*, not being shares in an *investment trust* or in a *UK UCITS, recognised UCITS* or *non-UCITS retail scheme*,
  - (ii) *qualifying securities*,
  - (iia) government securities falling within regulation 7(2)(c), (ca) or (cb);
  - (iii) *shares in investment trusts*,
  - (iv) units in an *authorised unit trust*,
  - (v) *units in, or shares of, a recognised UCITS, or non-UCITS retail scheme* (constituted outside the United Kingdom),
  - (vi) shares in an *open-ended investment company*, and
  - (via) the surrender value of life insurance policies which satisfy the condition of regulation 7(15),
  - (vii) cash, including cash represented in share accounts with *building societies*,
- with *depository interests* being included in the paragraph to which their relevant investments (referred to in paragraphs (a) and (b) of the definition of “depository interest”) relate
- (b) the respective market values at the end of the year or the part of the year for which the return is made of *account investments* held under cash components, by him or a nominee for him on behalf of *account investors*, under all the accounts in respect of which he acted as *account manager* in that year or part, with separate values for—
- (i) cash, including cash represented in share accounts with building societies,
  - (ii) the surrender value of life insurance policies which do not satisfy the condition in regulation 7(15), and
  - (iii) investments (other than those specified in paragraphs (i) and (ii)) which do not satisfy the condition in regulation 7(15); and
- (c) the aggregate *market value* at that date of all such *account investments* held by him or his nominee.
- (5) Paragraph (4) shall apply to policies of life insurance falling within regulation 9 with the omission of the words “by him or a nominee for him on behalf of *account investors*,” with references to the *market value* of *account investments*, in the case of policies of life insurance, being replaced with references to the surrender value of such policies, and as if separate valuations were required of such policies.
- (6) [Paragraph omitted]
- (7) .....

**31.**  
*contd*

- (7) The information specified in this paragraph is information relating to all accounts to which subscriptions were made in the year or part of the year, in respect of which he was acting as **account manager** immediately before the end of the year or part of the year for which the return is made, or in the case of an account that was closed during the year, in respect of which he was acting as manager at the date the account was closed, as to-
- (a) the total number of **accounts** to which subscriptions were made, with separate figures for -
    - (i) **cash accounts** holding policies of life insurance falling within regulation 9,
    - (ii) all **cash accounts**,
    - (iii) **stocks and shares accounts** holding policies of life insurance falling within regulation 9, and
    - (iv) all **stocks and shares accounts**, and
  - (b) the total amount of cash subscriptions made in the year or part of the year -
    - (i) to stocks and shares **components** of **accounts**;
    - (ii) to cash **components** of **accounts**.
    - (iii) invested in **policies** (within the meaning in regulation 9(1)) under stocks and shares **components**; and
    - (iv) invested in **policies** (within that meaning) under cash **components**.
- (8) No claim for repayment, or repayment, may be made under regulations 25 and 26 until the returns which have become due under this regulation have been duly made by the **account manager** and received by **the Board**.

### Information to be provided to the Board

- 32.** **The Board** may by **notice** require any person who is or who at any time has been an **account manager** or **account investor** to furnish them, within such time (not being less than 14 days) as may be provided by the **notice**, such information about any **account** or about any **account investment** (including copies of or extracts from any books or other records) as they may reasonably require for the purposes of these Regulations.

### Inspection of records by officer of the Board

- 33.** (1) **The Board** may by **notice** require any person who is or who at any time has been an **account manager** or **account investor**, within such time (not being less than 14 days) as may be provided in the **notice**, to make available for inspection at a place within the United Kingdom by an officer of **the Board** authorised for that purpose all documents (including books and other records) in his possession or under his control containing information relating to any **account** or to any **account investment**.
- (2) Where records are maintained by computer the person required to make them available for inspection shall provide the officer making the inspection with all the facilities necessary for obtaining information from them.

## Capital gains tax - adaptation of enactments

34. (1) For the purposes of capital gains tax on the occasion when the title to *account investments* is transferred from an *account manager* to an *account investor* there shall be deemed to be a disposal and reacquisition by the *account investor* of those investments for a consideration equal to their *market value* at the date of the transfer.
- (2) Sections 104 to 114 of the Taxation of Chargeable Gains Act 1992<sup>53</sup> shall apply for the purposes of pooling and identifying *account investments* as if -
- (a) in section 106A<sup>54</sup> after subsection (11) there were added -
- “(12) This section and sections 104, 110, 110A and 114 -
- (a) shall apply separately in relation to any securities which are held by a person as *account investments* so long as they are so held, and
- (b) shall apply in relation to any such securities which became *account investments* by being transferred or renounced to an *account manager* or to a nominee for an *account manager* in the circumstances specified in regulation 7(2)(h) and (10)(a), (b) or (ba) as if they had been *account investments* -
- (i) in the case of securities acquired by that person in accordance with the provisions of a savings-related share option scheme, which were transferred in the circumstances specified in regulation 7(2)(h)(i) and (10)(a), from the date of their acquisition by him, or
- (ii) in the case of securities appropriated to that person in accordance with the provisions of an approved profit sharing scheme, which were transferred in the circumstances specified in regulation 7(2)(h)(ii) and (10)(b), from the date when he directed the trustees to transfer the ownership of the securities to him or, if earlier, the release date in relation to those securities, or
- (iii) in the case of securities which were plan shares of an approved SIP before being transferred in the circumstances specified in regulation 7(2)(h)(iii) and (10)(ba), from the date when the securities ceased to be subject to the plan, and
- (c) while applying separately to any such securities, shall have effect as if that person held them in a capacity other than that in which he holds any other securities of the same class whether under another such *account* or otherwise.
- (13) In this section -
- (a) “*account*”, “*account investment*” and “*account manager*” have the same meanings as in the Individual Savings Account Regulations 1998 and “*regulation*” means a regulation of those Regulations;
- (b) “*approved profit sharing scheme*” has the same meaning as in Chapter IV of Part V of the Taxes Act and “*savings-related share option scheme*” has the meaning given by paragraph 1 of Schedule 9 to that Act.”;
- (c) “*approved SIP*” and “*ceased to be subject to the plan*” shall be construed in accordance with the SIP code (see section 488(3) of ITEPA 2003); and
- (d) .....

<sup>53</sup> 1992 c. 12; section 106A was inserted by section 124(1) of the Finance Act 1998 (c. 36).

<sup>54</sup> Section 106A was inserted by section 124(1) of the Finance Act 1998.

34. (2) (a) “13  
*continued*

- (d) “plan shares”, in relation to an approved SIP, shall be construed in accordance with the SIP code (see section 488(3) of ITEPA 2003) except that—
- (i) paragraph 87(6) of Schedule 2 to ITEPA 2003 (meaning of the word “shares” in the context of company reconstructions) shall not apply, and
  - (ii) in paragraph 88(2) of that Schedule (treatment of shares acquired under rights issue) the words “or securities or rights” shall be treated as omitted.
- (b) in section 110A<sup>55</sup> after subsection (5) there were added -
- “(6) Where part of a section 104 holding is treated by section 106A(12)(b)(ii) as having been **account investments** since a particular date -
- (a) an operative event shall be regarded as having occurred for the purposes of this section immediately before that date, consisting of the disposal of the part of that section 104 holding which is so treated, and
  - (b) this section shall apply in relation to the occurrence of that operative event as it would have applied if it had always applied separately in relation to the part of that section 104 holding which is so treated.”
- (3) Section 106A of the Taxation of Chargeable Gains Act 1992 shall apply for the purposes of identifying securities within the meaning of that section which are eligible to become **account investments** as if -
- (a) in subsection (4), there were added at the beginning the words “Subject to subsection (14) below”;
  - (b) in subsection (6), the words “subsections (4) and (5) above” were replaced with the words “subsections (4), (5) and (14)”;
  - (c) after subsections (12) and (13), as added by paragraph (2), there were added -
- “(14) Where a person disposes of securities and securities of the same class which were eligible for transfer to an **account** under regulation 7(2)(h) were -
- (a) held by him immediately before that disposal, or
  - (b) acquired by him on the same day as that disposal, or
  - (c) acquired by him within the period of thirty days after that disposal,
- and those securities were acquired in the circumstances specified in that regulation, he shall be treated as having first disposed of any securities of that class held or acquired by him which were not so eligible.”
- (4) Sections 127 to 131 of the Taxation of Chargeable Gains Act 1992 shall not apply in relation to qualifying investments falling within any of sub-paragraphs (a), (b), (d), (e), (f), (g) or (h) of regulation 7(2) which are held under an **account** if there is by virtue of any allotment for payment as is mentioned in section 126(2) of that Act a reorganisation affecting those **shares** or **securities**.

<sup>55</sup> Section 110A was inserted by section 125(2) of the Finance Act 1998.

### Administration of tax in relation to accounts - supplementary

35. (1) Nothing in these Regulations shall be taken to prejudice any powers conferred or duties imposed by or under any enactment in relation to the making of returns of income or *gains*, or for the recovery of *tax*, penalties or interest by means of an assessment or otherwise.
- (2) Notwithstanding the provisions of these Regulations an *account manager* shall not be released from obligations under these Regulations in relation to an *account* except under conditions agreed in writing with and notified to that person by *the Board*.
- (3) The like provisions as are contained in *the Management Act*<sup>56</sup> shall apply to any assessment under these Regulations as if it were an assessment to *tax* for the *year* in which, apart from these Regulations, the *account investor* would have been liable (by reason of his ownership of the investments).
- (4) In the application of the like provisions as are contained in section 86 of *the Management Act* by virtue of paragraph (3) in relation to any sums due and payable by virtue of an assessment made on an *account manager* under these Regulations, the relevant date -
- (a) is the 1<sup>st</sup> January in the *year* for which the *account investor* would have been liable where the *account manager* has made an *interim claim* for a period falling within that *year*; and
- (b) in any other case, is the later of the following dates, that is to say -
- (i) the 1<sup>st</sup> January in that *year*; or
- (ii) the date of the making of the repayment by *the Board* following receipt of the annual claim for that *year*.
- (5) The like provisions as are contained in section 97(1) of *the Management Act* shall apply as if -
- (a) there were inserted after the words “section 95 above” the words “or the Individual Savings Account Regulations 1998”, and
- (b) there were inserted after the words “that they were” the words “or have become”.
- (6) If—
- (a) a chargeable event, within the meaning given by Chapter 9 of Part 4 of *ITTOIA 2005*, has happened in relation to a policy of life insurance which is an *account investment*; and
- (b) the body by whom the policy was issued is satisfied that no gain is to be treated as chargeable to tax on the happening of the event by virtue of regulation 22(1)(a)(v),
- the body shall not be obliged to deliver the certificates mentioned in section 552(1) of that Act.
- This paragraph does not prevent the operation of section 552(1) in a case to which regulation 36(1) applies.
- (7) A termination of a policy of insurance pursuant to regulation 9(3)(b)(ii) shall be treated as the surrender of all rights under the policy for the purposes of section 484(1)(a)(i) of *ITTOIA 2005*.
- (8) Where there are in force relevant insurances within the meaning given by section 552A of *the Taxes Act*<sup>57</sup> then, so far as they consist of policies of life insurance which are *account investments*, they shall be disregarded in calculating the amount or value of gross premiums, for the purposes of subsection (4)(b) of that section.

<sup>56</sup> 1970 c.9.

<sup>57</sup> Section 552A was inserted by section 87 of the Finance Act 1998.

**35.**  
*contd*

- (9) Any form prescribed by *the Board* for the purposes of these Regulations shall provide for a declaration that all the particulars given in the form are correctly stated to the best of the knowledge and belief of the person concerned.
- (10) No obligation as to secrecy imposed by statute or otherwise shall preclude *the Board* from disclosing to an *account manager* or *account investor* that any provision of these Regulations has not been satisfied or that relief has been given or claimed in respect of investments under an *account*.

**Application of the provisions of Chapter II of Part XIII of the Taxes Act and of Chapter 9 of Part 4 of ITTOIA 2005 to policies where an investor ceases to be or was not entitled to relief from tax**

36. (1) This paragraph applies to a case where -
- (a) an event specified in regulation 9(8) has occurred in relation to a policy of life insurance, and
  - (b) a *termination event* within the meaning given by regulation 9(7) occurs in relation to that policy.
- (2) Where -
- (a) there is a case to which paragraph (1) applies, and
  - (b) a chargeable event in relation to the policy, falling within section 484(1) of *ITTOIA 2005*, has occurred prior to the time at which the termination event mentioned in paragraph (1)(b) occurs,

the *account investor* shall cease to be, and shall be treated as not having been, entitled to relief from tax under regulation 22(1)(a)(v), in respect of *gains* treated as arising on the occurrence of any chargeable event mentioned in sub-paragraph (b).

- (3) The provisions of Chapter II of Part XIII of *the Taxes Act* and of Chapter 9 of Part 4 of *ITTOIA 2005* shall apply, in a case to which paragraph (1) applies, to -
- (a) the termination event mentioned in paragraph (1)(b), and
  - (b) any chargeable event mentioned in paragraph (2)(b),

with the modifications provided for in regulation 35(7) and paragraphs (4) to (7) of this regulation, and the *account investor* and the *account manager* shall account to *the Board* in accordance with this regulation for tax from which relief under regulation 22(1)(a)(v) has been given on the basis that the *account investor* was so entitled, or in circumstances such that the *account investor* was not so entitled.

- (4) Section 530 of *ITTOIA 2005* does not apply to a gain in a case in which paragraph (1) applies.
- (5) Relief under section 535 of *ITTOIA 2005* shall be computed as if paragraph (4) had not been enacted.
- (6) .....

**36.**  
*contd*

- (6) In section 552 of *the Taxes Act*<sup>58</sup> —
- (a) in subsection (1)(b) for the words “policy holder” there shall be substituted “*account investor*”;
  - (b) in subsection (3)—
    - (i) [Paragraph omitted]
    - (ii) for the words “the name and address of the appropriate policy holder” there shall be substituted “the name and address of the *account investor*”;
    - (iii) [Paragraph omitted]
  - (c) in subsection (5) —
    - (i) for the words “the appropriate policy holder” there shall be substituted “the *account investor*”;
    - (ii) sub-paragraph (b)(ii) shall be omitted;
    - (iii) paragraph (c) shall be omitted;
    - (iv) in paragraph (d) the words “except where paragraph (c) above applies,” shall be omitted; and
    - (v) paragraph (f) shall be omitted;
  - (d) in subsection (6)—
    - (i) paragraph (b) shall be omitted;
    - (ii) for paragraph (c) there shall be substituted—
      - “(c) if the event is a death, the period of three months beginning with the receipt of written notification of the death;”;
    - (iii) after paragraph (c) there shall be inserted—
      - “(d) if the event is -
        - (i) a *termination event*, or
        - (ii) a chargeable event preceding such a *termination event* (as mentioned in regulation 36(2) of the Individual Savings Account Regulations 1998),  
  
the period of three months beginning with the date on which the insurer received notice under regulation 9(9)(b) of those Regulations or, if earlier, actual notice of the *termination event*.”;
  - (e) .....

<sup>58</sup> Section 552 was replaced, and section 552ZA inserted, by Part 2 of Schedule 28 to the Finance Act 2001.

**36.** (6)  
*continued*

- (e) in subsection (7)—
  - (i) [Paragraph omitted]
  - (ii) paragraph (b) shall be omitted;
  - (iii) for paragraph (c) there shall be substituted—
    - “(c) if the event is a death, the period of three months beginning with the receipt of written notification of the death;”;
  - (iv) after paragraph (c) there shall be inserted—
    - “(ca) if the event is -
      - (i) a **termination event**, or
      - (ii) a chargeable event preceding such a **termination event** (as mentioned in regulation 36(2) of the Individual Savings Account Regulations 1998),  
  
the period of three months beginning with the date on which the insurer received notice under regulation 9(9)(b) of those Regulations or, if earlier, actual notice of the **termination event**.”; and
  - (v) in paragraph (d) for the words “paragraph (c)” there shall be substituted “paragraph (c) or (ca)”;
- (f) in subsection (8)—
  - (i) in paragraph (b) for “policy holder” there shall be substituted “**account investor** in respect”;
  - (ii) [Paragraph omitted]
- (g) [Paragraph omitted]
- (h) in subsection (10)—
  - (i) before the definition of “amount” there shall be inserted—
    - ““**account investor**” has the same meaning as in the Individual Savings Account Regulations 1998;”;
  - (ii) the definition of “appropriate policy holder” shall be omitted; and
  - (iii) [Paragraph omitted]
  - (iv) [Paragraph omitted]
  - (v) after the definition of “section 546 excess” there shall be inserted—
    - ““**termination event**” has the same meaning as in the Individual Savings Account Regulations 1998;”;
- (i) [Paragraph omitted]

36.  
contd

- (6A) In Section 552ZA of *the Taxes Act*—
- (a) in subsection (2)(b) the words “or an assignment” shall be omitted; and
  - (b) subsections (3) and (4) shall be omitted.
- (7) [Paragraph omitted]
- (8) The **account manager** shall account for and pay income tax at the basic rate in force for the **year** of assessment in which the **termination event**, or the chargeable event mentioned in paragraph (2)(b), occurred, as the case may be, and any amount so payable -
- (a) may be set off against any repayment in respect of tax due under regulation 25 or regulation 26 and, subject thereto
  - (b) shall be treated as an amount of tax due not later than 6 months after the end of the **year** in which the event specified in regulation 9(8) came to the notice of the **account manager**, and
  - (c) shall be payable without the making of an assessment.
- (9) Where tax is charged in accordance with paragraph (3)(a) or (b) -
- (a) an assessment to income tax at the basic rate in force for **the relevant year** of assessment may be made on the **account manager** or on the **account investor**, and
  - (b) an assessment to income tax at the higher rate within the meaning of section 832(1) of *the Taxes Act*<sup>59</sup>, for that **year** of assessment, may be made on the **account investor**, within five years after the 31st January next following that **year** of assessment, and regulation 28 shall not apply.”

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<sup>59</sup> The definition of “higher rate” in section 832(1) was amended by Part IV of Schedule 14 to the Finance Act 1988 (c.39).