

The Individual Savings Account Regulations 1998 (SI 1998 No. 1870)

as amended by **The Individual Savings Account (Amendment) Regulations 1998 (SI 1998 No. 3174)**

The Individual Savings Account (Amendment) Regulations 2000 (SI 2000 No. 809)

The Individual Savings Account (Amendment No.2) Regulations 2000 (SI 2000 No. 2079)

The Individual Savings Account (Amendment No.3) Regulations 2000 (SI 2000 No. 3112)

The Individual Savings Account (Amendment) Regulations 2001 (SI 2001 No. 908)

The Individual Savings Account (Amendment No.2) Regulations 2001 (SI 2001 No. 3778)

The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (SI 2001 No. 3629)

The Individual Savings Account (Amendment) Regulations 2002 (SI 2002 No. 453)

The Individual Savings Account (Amendment No.2) Regulations 2002 (SI 2002 No. 1974)

The Individual Savings Account (Amendment No.3) Regulations 2002 (SI 2002 No. 3158)

The Individual Savings Account (Amendment) Regulations 2003 (SI 2003 No. 2747)

The Individual Savings Account (Amendment) Regulations 2004 (SI 2004 No. 1677)

The Individual Savings Account (Amendment No.2) Regulations 2004 (SI 2004 No. 2996)

The Individual Savings Account (Amendment) Regulations 2005 (SI 2005 No. 609)

The Individual Savings Account (Amendment No.2) Regulations 2005 (SI 2005 No. 2561)

The Individual Savings Account (Amendment No.3) Regulations 2005 (SI 2005 No. 3350)

The Tax and Civil Partnership (No.2) Regulations 2005 (SI 2005 No. 3230)

The Individual Savings Account (Amendment) Regulations 2006 (SI 2006 No. 3194)

The Individual Savings Account (Amendment) Regulations 2007 (SI 2007 No. 2119)

The Individual Savings Account (Amendment) Regulations 2008 (SI 2008 No. 704)

The Individual Savings Account (Amendment No.2) Regulations 2008 (SI 2008 No. 1934)

The Individual Savings Account (Amendment No.3) Regulations 2008 (SI 2008 No. 3025)

The Individual Savings Account (Amendment) Regulations 2009 (SI 2009 No. 1550)

The Individual Savings Account (Amendment No.2) Regulations 2009 (SI 2009 No. 1994)

The Individual Savings Account (Amendment) Regulations 2010 (SI 2010 No. 835)

The Individual Savings Account (Amendment No.2) Regulations 2010 (SI 2010 No. 2957)

The Dormant Bank and Building Society Accounts (Tax) Regulations 2011 (SI 2011 No. 22)

The Individual Savings Account (Amendment) Regulations 2011 (SI 2011 No. 782)

The Individual Savings Account (Amendment No.2) Regulations 2011 (SI 2011 No. 1780)

The Individual Savings Account (Amendment) Regulations 2012 (SI 2012 No. 705)

The Individual Savings Account (Amendment No.2) Regulations 2012 (SI 2012 No. 1871)

The Tribunals, Courts and Enforcement Act 2007 (Consequential Amendments) Order 2012 (SI 2012 No.2404)

The Individual Savings Account (Amendment) Regulations 2013 (SI 2013 No. 267)

The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (SI 2013 No. 472)

The Income Tax (Removal of Ordinary Residence) Regulations 2013 (SI 2013 No. 605)

The Individual Savings Account (Amendment No.2) Regulations 2013 (SI 2013 No. 623)

The Individual Savings Account (Amendment No.3) Regulations 2013 (SI 2013 No. 1743)

The Individual Savings Account (Amendment) Regulations 2014 (SI 2014 No. 654)

The Individual Savings Account (Amendment No.2) Regulations 2014 (SI 2014 No. 1450)

The Individual Savings Account (Amendment) Regulations 2015 (SI 2015 No. 608)

The Individual Savings Account (Amendment No.2) Regulations 2015 (SI 2015 No. 869)

The Individual Savings Account (Amendment No.3) Regulations 2015 (SI 2015 No. 941)

The Individual Savings Account (Amendment No.4) Regulations 2015 (SI 2015 No. 1370)

The Individual Savings Account (Amendment) Regulations 2016 (SI 2016 No. 16)

The Individual Savings Account (Amendment No.2) Regulations 2016 (SI 2016 No. 364)

The Individual Savings Account (Amendment No.3) Regulations 2016 (SI 2016 No. 977)

The Individual Savings Account (Amendment) Regulations 2017 (SI 2017 No. 186)

The Individual Savings Account (Amendment No.2) Regulations 2017 (SI 2017 No. 466)

The Individual Savings Account (Amendment No.3) Regulations 2017 (SI 2017 No. 1089)

The Individual Savings Account (Amendment) Regulations 2018 (SI 2018 No. 359)

The Individual Savings Account (Amendment) Regulations 2019 (SI 2018 No. 382)

The Individual Savings Account (Amendment) Regulations 2020 (SI 2020 No. 30)

The Individual Savings Account (Amendment No. 2) Regulations 2020 (SI 2020 No. 261)

The Individual Savings Account (Amendment No. 3)(Coronavirus) Regulations 2020 (SI 2020 No. 506)

The Taxes (Amendments)(EU Exit) Regulations 2019 (SI 2019 No. 689 - Part 3 – Regulation 24)

The Individual Savings Account (Amendment) Regulations 2023 (SI 2023 No. 264)

The Individual Savings Account (Amendment) Regulations 2024 (SI 2024 No. 350)
The Individual Savings Account (Amendment) Regulations 2024 (SI 2024 No. 1022)
The Individual Savings Account (Amendment) Regulations 2025 (SI 2025 No. 733)

**These consolidated Regulations have been compiled by
TISA which can accept no liability for their accuracy.**

ARRANGEMENT OF REGULATIONS

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NOTE: *[This note is not part of the Regulations but includes extracts from the Explanatory Note attached to the Statutory Instrument.]*

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- The meaning of words and phrases printed in ***bold italic*** is specifically defined (often in Regulation 2).
- This consolidation incorporates amendments included in SI 2025 No 733 which come into force on 15th July 2025
- When compared with the consolidated ISA Regulations previously made available via the TISA website:
 - 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

The Regulations (SI 2025 No 733) amend the Individual Savings Account Regulations 1998 ([S.I. 1998/1870](#)) ("the ISA Regulations"). They include multiple changes to the ISA regulations.

Note:

The amendments made by regulation 4 to 4ZA have effect in relation to the tax year 2027-28 and subsequent tax years.

The Treasury, in exercise of the powers conferred on them ... *[in various primary legislation]* ... hereby make the following Regulations:

[For simplicity, Regulation 1 has been omitted from this consolidation]

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

[sub-paragraph (ii) omitted]

(iii) a share or deposit **account** with a **building society**, or

(iv) a deposit **account** with a person falling within section 991(2) of the Income Tax Act 2007¹,

shall be construed in accordance with regulation 4(1) and, where appropriate, regulation 2B(b) 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**, a cash **component**, an innovative finance **component** or a Lifetime ISA **component**, as the case may be, within the meaning of regulation 7, 8, 8ZA or 8A;

an “**account investor**” has the meaning given in regulation 2A;

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**²);

“**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**;

“**article 36H agreement**” is to be construed in accordance with article 36H(4) of the **Regulated Activities Order 2001** and is an agreement entered into by an **account investor** as **lender** with a **borrower** with the facilitation of an **operator** and for the purposes of regulation 8A(2) includes such an agreement notwithstanding that, after it is entered into, the **operator** or, in relation to a continuing account of a deceased investor, any person within the description of section 694A(2) of ITTOIA 2005 or referred to in section 694A(1) of that Act, assumes the rights of the **lender** under it;

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

“**bank**” has the meaning given by section 991(2) to (5) of the Income Tax Act 2007;

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

¹ 2007 c.3

² Section 516 was amended by paragraph 605 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005.

2. (1) (a)
continued

“**borrower**” is to be construed in accordance with article 36H(9) of the **Regulated Activities Order 2001**;

“**building society**” means a building society within the meaning of the Building Societies Act 1986³, or the Irish Building Societies Act 1989⁴;

“**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 1986⁵,

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

“**business day**” means any day except—

(a) a Saturday, Sunday, Good Friday or Christmas Day;

(b) a bank holiday under the Banking and Financial Dealings Act 1971⁶;

“**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**);

“**charity**” has the meaning given in paragraph 1(1) of Schedule 6 to the Finance Act 2010⁷;

“**child**” means an individual under 18;

“**child trust fund**” has the meaning given by section 1 of the Child Trust Funds Act 2004⁸;

“**Child Trust Funds Regulations**” means the Child Trust Fund Regulations 2004⁹;

“**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 the Financial Services and Markets Act 2000, or

(ii) a **UK UCITS, recognised UCITS** or **non-UCITS retail scheme**;

“**continuing account of a deceased investor**” has the meaning given in regulation 2G;

“**credit union**” means a society registered as a credit union under the Industrial and Provident Societies Act 1965¹⁰ or the Credit Unions (Northern Ireland) Order 1985¹¹;

“**CTA 2010**” means the Corporation Tax Act 2010¹²;

“**CTF matured account**” has the meaning given in regulation 5DZA

“**current year payments**” has the meaning given in regulation 10A(3);

“**debenture**” includes any instrument creating or acknowledging indebtedness within the meaning of article 77(1) and (2) of the Regulated Activities Order 2001¹³ but with the

3 1986 c.53.

4 Number 17 of 1989.

5 1986 c. 53

6 1971 c. 80; section 1 of and Schedule 1 to that Act relate to bank holidays. Schedule 1 was amended by the St Andrew's Day Bank Holiday (Scotland) Act 2007 (asp 2).

7 2010 c. 13.

8 004 c. 6.

9 004 c. 6.

10 1965 c. 12.

11 SI 1985/1205 (N.I. 12).

12 2010 c. 4.

13 SI 2001/344; article 77 was amended by SI 2010/86 and SI 2011/133.

2. (1) (a)
continued

omission of the words “such of the following as do not fall within article 78;

“**deceased’s account**” is an **account** which the deceased held with an **account manager** at the date of the deceased’s death;

“**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 1972¹⁴;

“**dormant account**” means an **account** which is a “relevant dormant **asset**” within the meaning given in section 39(2) of the Finance Act 2008¹⁵, omitting the words-

(a) “is to be, or”; and

(b) “will apply, or” (in both places they appear);

“**EEA State**” EEA State” has the meaning given in Schedule 1 to the Interpretation Act 1978(2)

“**eligible child**” means a **child**—

(a) born—

(i) on or after 3rd January 2011; or

(ii) before the time mentioned in paragraph (i) but who is not an “eligible child” within the meaning given in the Child Trust Funds Act 2004¹⁶; and

(b) who, at the time when the application to open an **account** pursuant to a junior ISA application described in regulation 12A is made, is—

(i) resident in the United Kingdom;

(ii) 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**¹⁷;

(iii) married to, or in a civil partnership with, a person mentioned in paragraph (ii); or

(iv) a dependant of a person mentioned in paragraph (ii);

“**eligible conveyancer**” has the meaning given in paragraph 7 of the Schedule;

“**European institution**” means a person who is treated as having permission to carry on a regulated activity in the United Kingdom under Part 4A of the Financial Services and Markets Act 2000(3) by virtue of regulations 8, 11, 28 or 34 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018(4);

“**51% subsidiary**” and “**75% subsidiary**” have the same meanings as they do in section 1154 of **CTA 2010**;

¹⁴ 1972 c.65.

¹⁵ 2008 C. 9 Section 39 was substituted by paragraph 2 of Schedule 6 to the Finance Act 2022 (c. 3).

² 1978 c. 30. The definitions of EEA agreement and EEA state are inserted by section 33 of the Legislative and Regulatory Reform Act 2006 (c. 51). These definitions are to be amended by paragraph 22 of Schedule 8 to the European Union (Withdrawal) Act 2018 (c. 16).

³ 2000 c. 8. Part 4A was inserted by section 11(2) of the Financial Services Act 2012 (c. 21).

⁴ SI 2018/1149 amended by S.I. 2019/405.

¹⁶ 2004 c. 6.

¹⁷ 2003 c. 1; section 28 was amended by paragraphs 101 and 102 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11).

2. (1) (a)
continued

“**first subscription**”, in any year, means the first subscription into an **account** in that year which is not a subscription made in accordance with regulation 5D;”

“**flexible account**” has the meaning given in regulation 5DDB;

“**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;

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

“**government bonus**” has the meaning given in the Schedule;

an “**incorporated friendly society**” means a society incorporated under the Friendly Societies Act 1992¹⁸;

“**innovative finance account**” has the meaning given in regulation 4(1ZA);

“**interim permission**” is to be construed in accordance with Chapter 4 of Part 8 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013¹⁹;

“**investment trust**” means an investment trust within the meaning of section 1158 of the Corporation Tax Act 2010²⁰;”.

“**ITA 2007**” means the Income Tax Act 2007²¹;

“**ITEPA 2003**” means the Income Tax (Earnings and Pensions) Act 2003²²;

“**ITTOIA 2005**” means the Income Tax (Trading and Other Income) Act 2005²³;

“**junior ISA account**” has the meaning given in regulation 2B;

“**lender**” is to be construed in accordance with article 36H(9) of the **Regulated Activities Order 2001**;

“**Lifetime ISA**” has the meaning given in regulation 4(1ZB);

“**Lifetime ISA payment limit**” has the meaning given in regulation 4ZA(1A);

“**Lifetime ISA qualifying individual**” has the meaning given in regulation 10A;

“**Looked After Child**” has the meaning given in regulation 2F (special provision in respect of Looked After Children);

“**the Management Act**” means the Taxes Management Act 1970²⁴;

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

“**named child**” means a **child** who holds an **account** opened pursuant to a junior ISA application described in regulation 12A;

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

¹⁸ 1992 c.40.

¹⁹ SI 2013/1881. Relevant amending instruments are: SI 2014/208, SI 2014/506, SI 2014/835, SI 2014/1446, SI 2014/2632 and SI 2015/910.

²⁰ 2010 c. 4. Section 1158 was substituted by section 49(2) of the Finance Act 2011.

²¹ 2007 c. 3.

²² 2003 c. 1.

²³ 2005 c. 5.

²⁴ 1970 c.9.

“**operator**” means a person who has permission (other than an *interim permission*) under Part 4A of FISMA 2000 to carry on the regulated activity specified in article 36H(1) of the *Regulated Activities Order 2001*;

“**outstanding principal balance**” means, in respect of a *qualifying investment* for an *innovative finance* component, the amount in respect of the investment owing to the *account investor* at any time;

2. (1) (a)
continued

“**parental responsibility**” means—

- (a) parental responsibility within the meaning of the Children Act 1989²⁵ or the Children (Northern Ireland) Order 1995²⁶, or
- (b) parental responsibilities within the meaning of the Children (Scotland) Act 1995²⁷;

“**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 addition**” has the meaning given in the Schedule;

“**qualifying distribution**” has the same meaning as in section 1136 of the Corporation Tax Act 2010²⁸;

“**qualifying investments for an innovative finance component**” has the meaning given in regulation 8A;

“**recognised stock exchange**” has the same meaning as in section 1005 of **ITA 2007**²⁹;

a “**registered friendly society**” has the meaning given by the Friendly Societies Act 1992³⁰, and includes any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society;

“**Regulated Activities Order 2001**” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001³¹;

“**release date**” has the meaning given by section 187(2) of **the Taxes Act**³²;

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

“**replacement subscription**” has the meaning given in regulation 5DDB;

“**responsible person**” means a person who is the responsible person in respect of the management of a **junior ISA account** in accordance with regulation 2C(4);

“**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”;

²⁵ 1989 c. 41.

²⁶ 1995 No. 755 (N.I. 2).

²⁷ 1995 c. 36.

²⁸ 2010 c. 4.

²⁹ 2007 c. 3; sub-section (1) was substituted by paragraph 1 of Schedule 26 to the Finance Act 2007 (c. 11) and sub-section (2A) was inserted by paragraphs 50 and 55 of Schedule 2 to the Taxation (International and Other Provisions) Act 2010 (c. 8).

³⁰ 1992 c.40.

³¹ SI 2001/544. Relevant amending instruments are: SI 2013/1881, SI 2014/366 and the Financial Services and Markets Act 2000 (Regulated Activities)(Amendment) Order 2016.

³² 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).

2. (1) (a)
continued

“**the Stakeholder Products Regulations**” means the Financial Services and Markets Act 2000 (Stakeholder Products) Regulations 2004³³;

“**tax**” where neither income tax nor capital gains tax is specified means either of those taxes;

“**tax credit**” means a **tax credit** under section 231 of **the Taxes Act**³⁴;

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

“**transferable security**” has the meaning given in section 102A(3) of **FISMA 2000**³⁵;

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

(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 under section 243 of the Financial Services and Markets Act 2000 is in force;

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

“**COLL**” means the Collective Investment Schemes Sourcebook made by the Financial Conduct Authority under **FISMA 2000**;

“**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;

“**insolvency event**” means the procedures listed in the definition of “insolvency event” in regulation 19(15) of the Payment Services Regulations 2009³⁶;

“**FISMA 2000**” means the Financial Services and Markets Act 2000³⁷

“long term asset fund” means a scheme to which chapter 15 of COLL applies;

³³ SI 2004/2738

³⁴ 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).

³⁵ 2000 c. 8; section 102A was inserted by SI 2005/1433 and amended by section 1272 and paragraphs 1, 10(1) and (3) of Schedule 15 to the Companies Act 2006 (c.46), SI 2015/1755 and SI 2016/680.

³⁶ S.I. 2009/209, to which there are amendments not relevant to these Regulations.

³⁷ 2000 c. 8.

2. (1) (b) “*non-UCITS retail scheme*”—
continued

- (a) has the meaning in *COLL* (that is, a scheme to which, or to whose authorised fund manager and depositary, sections 5.1, 5.4 and 5.6 of *COLL* apply),
- (b) includes a “recognised scheme” by virtue of section 271A or 270 or 272 of *FISMA 2000*, 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 of the Financial Conduct Authority Handbook have those defined meanings;

“*open-ended investment company*” means a company incorporated in the United Kingdom to which section 236 of the Financial Services and Markets Act 2000 applies;

“*qualifying units in or shares of a non-UCITS retail scheme*” means that—

- (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 *COLL* 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 *COLL* (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—

- (b) an undertaking established in Gibraltar which is a UCITS under the law of Gibraltar which implemented Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities(6); or
- (c) a recognised scheme by virtue of 271A or 272 of *FISMA*³⁸ 2000 that is a UCITS within the meaning of section 236A³⁹ of that Act⁴⁰.

“*UK UCITS*” means—

- (a) a *collective investment scheme* with Part 4A permission under *FISMA 2000*, which complies with the requirements to be a “UCITS scheme” for the purposes of *the COLL*; 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;

³⁸ SMA 2000” is defined as the Financial Services and Markets Act 2000 in regulation 2(1)(b) of the Principal Regulations. Section 272 was amended by paragraph 9 of Schedule 18 to the Financial Services Act 2012 (c. 21), section 25(3) of the Financial Services Act 2021 and by S.I. 2013/1388, 2013/1773 and 2019/325.

³⁹ Section 236A was inserted by S.I. 2019/325.

⁴⁰ Section 271A was inserted by paragraph 1 of Schedule 9 to the Financial Services Act 2021 (c. 22).

5 *Section 236A was inserted by SI 2019/325*

6 OJ L No. 302, 17.11.2009, p.32. Directive 2009/65/EC was amended by Directive 2014/91/EU, OJ L No. 257, 28.08.2014, p.1.

2. (1) (b)
continued

“**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 Conduct 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 2006⁴¹ 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 Act⁴², 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 the Financial Services and Markets Act 2000;

“**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;

“**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**;

(1A) In these Regulations—

- (a) “**bulk transfer of accounts**” occurs where two or more **accounts** are transferred by an **account manager** (“**the transferor**”) to another **account manager** (“**the transferee**”)—
 - (i) pursuant to an agreement made between the **transferor** and the **transferee** where the transfers are not made pursuant to requests made by a person who is the **account investor** or **registered contact** in relation to the **accounts** transferred; or
 - (ii) pursuant to an insurance business transfer scheme or a banking business transfer scheme under Part 7 (Control of Business Transfers) of the Financial Services and Markets Act 2000⁴³;
- (b) a “**group transfer of accounts**” occurs where a **bulk transfer of accounts** is made between **account managers** that are members of the same group of companies when the transfer occurs;
- (c) two companies are members of the same group of companies if—
 - (i) one is a **75% subsidiary** of the other, or
 - (ii) both are **75% subsidiaries** of a third company.

⁴¹ SI 2006/964, to which there are amendments not relevant for these Regulations.

⁴² Section 468A was inserted by section 16 of the Finance (No. 2) Act 2005 (c. 22).

⁴³ 2000 c. 8. Part 7 has been relevantly amended as follows. Section 107 was amended by paragraph 3 of Schedule 2 to the Dormant Bank and Building Society Accounts Act 2008 (c. 31). Section 111 was amended by paragraph 4 of Schedule 2 to the Dormant Bank and Building Society Accounts Act 2008. Section 112(2A) to (2C) were inserted by regulation 2(1) of S.I. 2008/1468.

2.
contd.

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

Term defined	Regulation
Account	4(1)
Cash account	4(1A)(a) and (c)
Component	4(1A)(b) and (c)
The disqualifying circumstances	17(1)
Interim claim	25
Qualifying circumstances	14(1)
Qualifying individual	10
Qualifying investments for a stocks and shares component	7
Qualifying investments for a cash component	8
Qualifying investments for a Lifetime ISA component	8ZA
Qualifying securities	7(2)(b)
Registered contact	2C
Stocks and shares account	4(1A)(a) and (b)
Subscription limit – junior ISA account	4ZB
Subscription limit –other accounts	4ZA

Meaning of account investor

- 2A. (1) This regulation makes provision for the meaning of “**account investor**” in these Regulations.
- (2) In relation to an **account** that is not a **junior ISA account** nor a **Lifetime ISA**, “**account investor**” means an individual who subscribes to an **account** and who is a **qualifying individual** within the meaning of regulation 10.
- (3) In relation to a **junior ISA account**, “**account investor**” has different meanings in relation to the application of the regulations specified in paragraphs (4) and (5) as provided for in those paragraphs.
- (4) For the purposes of the application of regulations 5C, 5D to 5DC, 5DF, 6(3), 7, 8, 9 (other than regulation 9(3)(b)(iii) and (6)), 21A(1) (other than its first occurrence therein), 21A(2) and (3), 22, 24, 28, 31, 34, 35 (other than regulation 35(10)) and 36, “**account investor**” means the **named child** in relation to the **account** in question.
- (5) For the purposes of the application of regulations 4, 9(6), 15, 17, 19, 20, 21A(7), 35(10) and its first occurrence in regulation 21A(1), “**account investor**” means the **registered contact** in relation to the **account** in question.
- (6) In relation to a **Lifetime ISA**, “**account investor**” means an individual who—
- makes, or has made, a **qualifying addition** to a **Lifetime ISA**, and
 - at the time of each **qualifying addition** by the individual into the **Lifetime ISA**, is a **Lifetime ISA qualifying individual**.

Meaning of junior ISA account

2B. In these Regulations—

- an **account** opened pursuant to a junior ISA application described in regulation 12A is a **junior ISA account** at any time when it is held by a **child** ;
- references to “**account**” shall be construed as including a reference to an **account** that is a **junior ISA account** except where the context otherwise requires; and
- references to an **account** held by a **child** are references to an **account** in respect of which the **child** is the beneficial owner of the **account investments** under that **account**.

Meaning of “registered contact” etc.

- 2C. (1) In these Regulations “**registered contact**” means the person who may give instructions in respect of the management of a **junior ISA account** to the person who is the **account manager** in relation to that **account**.
- (2) The person who may give instructions in respect of the management of a **junior ISA account** to the **account manager** of that **account** is—
- (a) the **named child** who holds the **account** if the application to open the **account** in accordance with regulation 12A was made by that **child**,
 - (b) the **named child** who holds the **account** if—
 - (i) the **child** has attained the age of 16 years,
 - (ii) paragraph (3) does not apply in relation to the **child**, and
 - (iii) the **child** has assumed responsibility for the management of the **account** in accordance with paragraph (6), or
 - (c) in any other case, the **responsible person** in relation to the **account**.
- (3) For the purposes of paragraph (2)(b)(ii) this paragraph applies in relation to the **child**—
- (a) if the **child** is resident in England and Wales and lacks capacity in relation to the management of the **junior ISA account** under section 2(1) of the Mental Capacity Act 2005⁴⁴;
 - (b) if the **child** is resident in Scotland, the **child** is suffering mental disorder within the meaning given by section 328 of the Mental Health (Care and Treatment) (Scotland) Act 2003⁴⁵;
 - (c) if the **child** is resident in Northern Ireland, the **child** is suffering mental disorder within the meaning given by Article 3 of the Mental Health (Northern Ireland) Order 1986⁴⁶.
- (4) A person is the **responsible person** in relation to a **junior ISA account** if—
- (a) that person—
 - (i) makes the application to open the **account** in question in accordance with regulation 12A; or
 - (ii) assumes responsibility for the management of the **account** in accordance with paragraph (6); and
 - (b) that person has **parental responsibility** in relation to the **named child** who holds the **account** at the time when that person—
 - (i) makes the application described in sub-paragraph (a)(i); or
 - (ii) assumes responsibility for the management of the **account** as described in sub-paragraph (a)(ii).
- (5) A person ceases to be the person who may give instructions in respect of the management of a **junior ISA account** to the person who is the **account manager** in relation to that **account** when another person assumes responsibility for the management of the **account** in accordance with paragraph (6).

⁴⁴ 2005 c.9.

⁴⁵ 2003 asp 13.

⁴⁶ 1986 No. 595 (N.I. 4).

2C.
contd.

- (6) A person assumes responsibility for the management of a **junior ISA account** if—
 - (a) the person makes an application to assume responsibility for the management of the **account** in accordance with paragraph (7), and
 - (b) the **account manager** of the **account** in question accepts the application.
- (7) An application by a person (“the applicant”) to assume responsibility for the management of a **junior ISA account** must—
 - (a) be made to the **account manager** of the **account** in question;
 - (b) contain—
 - (i) the applicant’s full name,
 - (ii) the applicant’s address (including postcode),
 - (iii) the **named child**’s full name and date of birth,
 - (iv) the **named child**’s address (including postcode),
 - (v) the **named child**’s national insurance number if the **child** is over 16 and has been issued with a national insurance number, and
 - (vi) the authorisation specified in paragraph (8);
 - (c) contain a declaration by the applicant that the applicant—
 - (i) is 16 years of age or over,
 - (ii) is the **named child** who holds the **account** in question or has **parental responsibility** in relation to the **named child** who holds the **account** in question, and
 - (iii) is to be the **registered contact** for the **account**.
- (8) The authorisation specified by this paragraph is authority given by the applicant to the **account manager** (on behalf of the **named child** who holds the **account** where appropriate)—
 - (a) to hold the subscriptions, **account investments**, interest, dividends and any other rights or proceeds in respect of those investments and cash;
 - (b) to make on behalf of the **named child** any claims to relief from tax in respect of **account investments**; and
 - (c) to make a record in writing in accordance with paragraph (11) where that paragraph requires the **account manager** to do so.
- (9) An **account manager** must not accept an application to assume responsibility for the management of a **junior ISA account** if—
 - (a) except in the circumstances specified in paragraph (10), the person who is the **registered contact** in relation to the **account** at the time when the application is made does not consent to the applicant assuming responsibility for the management of the **account**; or
 - (b) the **account manager** has reason to believe that the applicant has given untrue information in the application.
- (10)

2C.
contd.

- (10) The circumstances specified in this paragraph are—
- (a) the death of the most recent **registered contact**,
 - (b) the incapacity of the **registered contact**,
 - (c) where the **registered contact** cannot be contacted,
 - (d) the bringing to an end of a Court order under which the **registered contact** is a **responsible person**,
 - (e) where the applicant is the **named child** who holds the **account** and is aged 16 or over,
 - (f) where, under an adoption order, the applicant is the adopter of the **named child** who holds the **account**,
 - (g) where a Court so orders,
 - (h) where the applicant has been appointed to be a guardian or special guardian of the **named child** who holds the **account**.
- (11) Where the application to assume responsibility for the management of a **junior ISA account** is not in writing or the **account manager** operates a record system under which all original written applications are not retained—
- (a) the **account manager** must, immediately after receiving the application, record, in writing, on behalf of the applicant the declaration required by paragraph (7)(c) and the authorisation required by paragraphs (7)(b)(vi) and (8);
 - (b) the **account manager** must notify the applicant of the contents of the written record within 5 **business days** of making it; and
 - (c) the written record (as amended by any corrections notified to the **account manager** by the applicant within 30 days of the notification mentioned in sub-paragraph (b)) shall be treated as the applicant's declaration required by paragraph (7)(c) and authorisation required by paragraphs (7)(b)(vi) and (8).

Regulations that do not apply to junior ISA accounts

- 2D.** Regulations 4(6)(fa), 4ZA, 4A, 4AA, 5DDA, 5DDB, 5 DDC, 5DI to 5DM, 7(2)(h), 8ZA, 8A, 10 to 12, 12B, 21 and 30, do not apply to a **junior ISA account**.

Contracts entered into by or on behalf of a child who is 16 or over

- 2E.** Where, by virtue of the opening of an **account** pursuant to a junior ISA application described in regulation 12A, a contract is entered into by a **child** who is—
- (a) aged 16 or over; and
 - (b) the **child** who—
 - (i) holds the **account**, or
 - (ii) has **parental responsibility** in relation to the **child** who holds the **account**,

the contract has effect as if the **child** who opened the **account** had been 18 or over when the contract was entered into.

Special provision in respect of Looked After Children

- 2F. (1) A **child** is a **Looked After Child** where, after 2nd January 2011, there is a continuous period of at least 12 months during which paragraph (2) applies in relation to the **child**.
- (2) This paragraph applies in relation to a **child** where the **child** is—
- (a) looked after by a local authority within the meaning of section 22(1) of the Children Act 1989 (general duty of local authority in relation to children looked after by them)⁴⁷;
 - (ab) looked after by a local authority within the meaning of section 74 of the Social Services and Well-being (Wales) Act 2014⁴⁸;
 - (b) provided with accommodation by an authority by virtue of article 21 of the Children (Northern Ireland) Order 1995 (provision of accommodation for children: general)⁴⁹;
 - (c) the subject of an order made under article 50(1)(a) of the Children (Northern Ireland) Order 1995 (care orders and supervision orders);
 - (d) provided with accommodation by a local authority by virtue of section 25 of the Children (Scotland) Act 1995 (provision of accommodation for children, etc.)⁵⁰;
 - (e) the subject of a supervision requirement made under section 70(1) of the Children (Scotland) Act 1995 (disposal of referral by children's hearing: supervision requirements, including residence in secure accommodation);
 - (ea)⁵¹ the subject of a compulsory supervision order within section 83 of the Children's Hearings (Scotland) Act 2011 ("**the 2011 Act**") (meaning of compulsory supervision order);
 - (eb) the subject of an interim compulsory supervision order within section 86 of **the 2011 Act** (meaning of interim compulsory supervision order);"
 - (f) the subject of a permanence order made under section 80 of the Adoption and Children (Scotland) Act 2007⁵² (permanence orders); or
 - (g) treated as if the **child** were subject to an order described in sub-paragraph (f) by virtue of article 13(1) of the Adoption and Children (Scotland) Act 2007 (Commencement No. 4, Transitional and Savings) Order 2009⁵³.
- (3) In relation to a **Looked After Child**, regulations 2C(4)(b) (meaning of "**registered contact**" etc.) and 12A(4)(b)(i) (conditions for application to open an **account** that is a **junior ISA account**) must be construed as if **the Share Foundation** has **parental responsibility** in respect of that **child**.
- (4) In relation to an application to assume responsibility for the management of a **junior ISA account** by **the Share Foundation**, regulation 2C(7)(c) must be construed as requiring a declaration that—
- (a) the applicant is **the Share Foundation**;
 - (b) the application is in relation to a **Looked After Child**; and
 - (c) **the Share Foundation** is to be the **registered contact** for the **account**.
- (5) Where an application to assume responsibility for the management of a **junior ISA account** is made in relation to which the **registered contact** is **the Share Foundation**, regulation 2C(9)(a) must be construed as referring only to sub-paragraphs (e) and (g) of paragraph (10).

⁴⁷ 1989 c. 41; section 22(1)(b) was amended by paragraph 19 of Schedule 5 to the Local Government Act 2000 (c. 22); section 2(1) and (2) of the Children (Leaving Care) Act 2000 (c. 35); and by section 116(2) of the Adoption and Children Act 2002 (c. 38).

⁴⁸ 2014 (anaw 4).

⁴⁹ S.I. 1995/755 (N.I. 2)

⁵⁰ 1995 c. 36.

⁵¹ The Children (Scotland) Act 1995 (c. 36) is substantially replaced by the Children's Hearings (Scotland) Act 2011 (asp1), which came into force on 24 June 2013

⁵² 2007 asp 4.

⁵³ S.S.I. 2009/267 (C. 22).

- 2F.** *contd.* (6) Where the **registered contact** in relation to a **junior ISA account** is **the Share Foundation**, any reference in these Regulations to the residence of the **registered contact** must be construed as meaning a reference to the registered offices of **the Share Foundation**.
- (7) In this regulation “**the Share Foundation**” means the company limited by guarantee (number 4500923) and charity registered with the Charity Commission of England and Wales (number 1108068) as “The Share Foundation”.

Continuing account of a deceased investor and administration-period investments

2G.—(1) This regulation applies to an account, other than a junior ISA account, when the account investor has died (“continuing account of a deceased investor”).

(2) Investments held in such an account are to be administration-period investments as a result of section 694A(4) or (5) of ITTOIA 2005 for the period beginning on the death of the account investor and ending on the earlier of—

- (a) the completion of the administration of the deceased’s estate,
- (b) the day falling on the third anniversary of the death, or
- (c) the day on which a person within section 694A(2) of ITTOIA 2005⁵⁴ withdraws all account investments, other proceeds in respect of such investments and cash representing subscriptions to the account.

(3) A continuing account of a deceased investor is to cease to be such an account at the end of the period referred to in paragraph (2).

(4) Notwithstanding any other provision of these Regulations—

- (a) no subscription or qualifying addition is to be made to a continuing account of a deceased investor, and
- (b) no transfer is to be made of a continuing account of a deceased investor otherwise than a transfer when regulation 17, 19 or 20 applies.

(5) In relation to a continuing account of a deceased investor, wherever the following expressions occur in these Regulations—

- (a) “investments”, “account investments”, “qualifying investments”, “investments under an account”, or any other description of an account investment, includes administration-period investments,
- (b) “account investor”, “applicant”, or any other description of an account investor, includes any person within the description of section 694A(2) of ITTOIA 2005 and, in the case of regulations 22 and 36(3), also any person referred to in section 694A(1) of that Act, and
- (c) “account”, “Lifetime ISA”, or any reference to a scheme of investment, includes a continuing account of a deceased investor, notwithstanding that no subscription or qualifying addition can be made to it.

(6) In relation to a continuing account of a deceased investor—

- (a) regulations 4(6)(a) and (f) (except in relation to a transfer when regulation 17, 19 or 20 applies), 12(3)(f) and (6)(a) and 12B(8)(a) and (c) do not apply,
- (b) in regulation 7(2)(h)(iii), the phrase “but have remained in the beneficial ownership of the participant” is to be treated as omitted, and
- (c) in regulation 21(4D), after “made on a transfer”, there is to be treated as inserted

⁵⁴ ITTOIA 2005” is defined as the Income Tax (Trading and Other Income) Act 2005 in regulation 2(1)(a) of the Principal Regulations. Section 694A was inserted by section 27(1) of the Finance Act 2016 (c. 24).

“and is a continuing account of a deceased investor”

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 a subscription may be made, which is an **innovative finance account** or a **Lifetime ISA** or in respect of which—
- (a) the conditions and requirements contained in paragraphs (1A) and (5) to (8) are fulfilled; and
 - (b) either—
 - (i) the conditions contained in paragraph (1B) are fulfilled, or
 - (ii) at the time when the subscription to the **account** is made, the **account** is a **junior ISA account**.
- (1ZA) An **innovative finance account** is an account in respect of which—
- (a) the conditions in paragraphs (1A)(a) and (ca); (1B) (c), d(i) and (e); (5); (6)(a), (e) and (g) are fulfilled;
 - (b) in relation to cash held in an account, the conditions in paragraphs (6)(f) and (fa) and (7) are fulfilled; and
 - (c) the application to open the account is made in accordance with regulation 12.
- (1ZB) A **Lifetime ISA** is an **account** in respect of which—
- (a) the conditions in paragraphs (1A)(a) and (cb), (1B)(bb), (c), (d)(ii), (e) and (f) and (5) to (10) are fulfilled; and
 - (b) the application to open the account is made in accordance with regulation 12B.
- (1A) The conditions in this paragraph are—
- (a) the **account** is set up as a **stocks and shares account**, a **cash account**, an **innovative finance account** or a **Lifetime ISA**;
 - (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;
 - (ca) an **innovative finance account** is made up of a single innovative finance component only;
 - (cb) a **Lifetime ISA** is made up of a single **Lifetime ISA component** only;
 - (d) the application to open the **account** is made in accordance with regulation 12 or 12A.
- (1B) The conditions in this paragraph are—
- (bb) a **Lifetime ISA qualifying individual** may only make a **qualifying addition** to a single **Lifetime ISA** in a particular year;
 - (c) it is an **account** to which only one **qualifying individual** subscribes or, in the case of a **Lifetime ISA**, to which only one **Lifetime ISA qualifying individual** makes a **qualifying addition**;
 - (d) subject to regulations 5DDA(2)(e)(b) and 7(2)(h), it is—
 - (i) an **account** that is not a **Lifetime ISA account** to which the **qualifying individual** subscribes only by payment to the **account manager** of a sum or sums of the individual's cash, or

- (ii) a **Lifetime ISA** to which the **Lifetime ISA qualifying individual** makes **qualifying additions** only by—
 - (aa) payment to the **account manager** of a sum or sums of the individual's cash; or
 - (bb) a transfer of **qualifying investments for a Lifetime ISA component** from another **account** of the **account investor**;
- (e) 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 limit in regulation 4ZA(1); and
- (f) in the case of a **Lifetime ISA** the **current year payments** made by a **Lifetime ISA qualifying individual** do not in aggregate in any year exceed the **Lifetime ISA payment limit** in regulation 4ZA(1A)

[paragraphs (2) (3) & (4) omitted]

- (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 secure -

In Regulation 4, for a JISA, 'account investor' means the 'registered contact' [Reg. 2A(5)]

- (a) that the **account investments** shall be in the beneficial ownership of—
 - (i) in the case of an **account** that is not a **junior ISA account**, the **account investor**; or
 - (ii) in the case of a **junior ISA account**, the **named child**;
- (aa) where the account investments are fractional interests, that -
 - (i) the requirement under sub-paragraph (a) applies in relation to the beneficial ownership of the whole share in which the account investor holds a fractional interest, and
 - (ii) the beneficial interest held by the account investor shall be in proportion to the fractional interest in the whole share;
- (b) that, except in relation to a fractional interest, **qualifying investments for a cash component** within regulation 8(2)(a), (b) or (e) and qualifying investments for an innovative finance component other than those within regulation 8A(2)(cb) and subject to regulation 15 -
 - (i) in relation to an **account** that is not a **junior ISA account**, 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**,
 - (ia) in relation to an **account** that is a **junior ISA account**, title to all investments shall be vested in the **account manager** or his nominee or jointly in one of them and either one of the **registered contact** or **named child** to the **account** in question as the **account manager** considers appropriate, 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;
- (ba) that fractional interests are treated as meeting the requirements of sub-paragraph (b)(i) or (ia) if (and only if) the title to the whole share in which the account investor holds a fractional interest meets the requirements of those paragraphs
- (c) that, in relation to a stocks and shares **component**, **qualifying investments for an innovative finance component**, a **Lifetime ISA component** and **qualifying investments** falling within sub-paragraph (h) of regulation 8(2), the **account manager** shall, if the

4. (6)
continued.

In Regulation 4, for a JISA, 'account investor' means the 'registered contact' [Reg. 2A(5)]

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**;

that, in relation to a **stocks and shares component (excluding an investment in fractional interests)**, **qualifying investments for an innovative finance component**, a **Lifetime ISA component** and **qualifying investments** falling within sub-paragraph (h) 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;

(da) that, in relation to investments in fractional interests, where the account investor holds more than one fractional interest in relation to the same investment, the aggregated value of which amounts to at least one whole share ("aggregated whole share") -

- (i) the obligations under sub-paragraph (d) apply to the manager in relation to the account investor who holds such an aggregated whole share, and
- (ii) the aggregated whole share is subject to the requirements in sub-paragraph (b);

(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 or 21B and, where it applies, regulation 21A;

(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 or, where paragraph 6(12) of the Schedule applies, an **eligible conveyancer**;

Regulation 4(6)(fa) does not apply to JISAs [Reg. 2D]

(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).

(7) The time stipulated in the **transfer instructions** or **withdrawal instructions** shall be subject to any reasonable business period of the **account manager** required for the practical implementation of the instructions, but except in the case of qualifying investments for an innovative finance component within regulation 8A(2)(cb), such period—

- (a) must not exceed 30 days; and
- (b) must be consistent with regulation 21A where it applies.

Where the account is a **Lifetime ISA** and an amount is being withdrawn for the purpose of a first-time residential purchase by the **account investor** under paragraph 6 of the Schedule, the period of

30 days referred to in sub-paragraph (a) runs from the date on which the **account manager** receives the information from the **account investor**'s conveyancer in accordance with paragraph 8(2) and (3) of the Schedule.

- (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 **COLL**, 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.
- (9) A **Lifetime ISA** opened in accordance with regulation 12B is to be treated as such an account notwithstanding that the **account investor** reaches 50 years of age or over and that no further **qualifying addition** can be made to the account.

- 4.** *contd.*
- (10) A **Lifetime ISA** in relation to which an **account manager** has received notification of closure within 30 days after the latest applicable cancellation period start date for the purposes of the Conduct of Business Sourcebook (published by the Financial Conduct Authority under FISMA 2000⁵⁵) is to be treated for all purposes of these Regulations as never having been such an account.
- (11) Where a **Lifetime ISA** is opened (“**the new account**”) on a transfer from another such account (“**the original account**”) of the **account investor**, the latest applicable cancellation period start date for **the original account** is to be treated for the purposes of paragraph (10) as the latest applicable cancellation start date for **the new account**.

⁵⁵ The Conduct of Business Sourcebook published by the Financial Conduct Authority can be obtained from <https://www.handbook.fca.org.uk/handbook/COBS/15/?view=chapter> and from the Financial Conduct Authority, 25 The North Colonnade, London E14 5HS.

Subscriptions to an account other than a junior ISA account

4ZA. (1) The overall subscription limit for any **qualifying individual** for any year (that is the aggregate of the **qualifying individual**'s subscriptions to all **accounts** that are not **junior ISA accounts** in that year) is £20,000.

Regulation 4ZA does not
apply to JISAs (Reg. 2D)

(1A) The overall **Lifetime ISA payment limit** in respect of **current year payments** for any **Lifetime ISA qualifying individual** for any year is £4,000.

(1B) A qualifying individual⁵⁶ may only subscribe to an account that is not a junior ISA account if the account manager⁵⁷ of that account—

- (a) has been provided with the qualifying individual's national insurance information specified in paragraph (4), and
- (b) has no reason to believe that the qualifying individual does not meet the requirement of regulation 12(3)(f)⁵⁸.

[paragraph (2) omitted]

(3) A **qualifying individual** may not subscribe to an **account** that was a **junior ISA account** while it was held by the **qualifying individual** as the **named child** for the **account** unless the **account manager** of that **account** has been provided with—

- (a) the **qualifying individual**'s national insurance information specified by paragraph (4);
- (b) a declaration specified by paragraph (5);
- (c) the authorisation specified by paragraph (6); and
- (d) if the **account manager** of the **account** requires, an authorisation specified by paragraph (7).

(4) The national insurance information specified by this paragraph is—

- (a) the **qualifying individual**'s national insurance number; or
- (b) a declaration by the **qualifying individual** that the **qualifying individual** does not qualify for a national insurance number.

(5) The declaration specified by this paragraph is a declaration by the **qualifying individual** that, if the **qualifying individual** were making an application to open an **account** pursuant to regulation 12, would be in accordance with paragraph (3)(c) and (f) of that regulation.

(6) The authorisation specified by this paragraph is an authorisation by the **qualifying individual** that, if the **qualifying individual** were making an application to open an **account** pursuant to regulation 12, would be in accordance with paragraphs (4)(e) and (4A)(c) of that regulation.

(7) The authorisation specified by this paragraph is an authorisation by the **qualifying individual** that, if the **qualifying individual** were making an application to open an **account** pursuant to regulation 12, would be in accordance with paragraphs (4)(e) and (4A)(a) and (b) of that regulation.

(8) Regulation 12(7), (9) and (10) apply in relation to the declaration specified by paragraph (5) and authorisations specified by paragraphs (6) and (7) as if they were made in relation to an application made by the **qualifying individual** to open an **account** pursuant to regulation 12.

(9) For the purposes of paragraphs (5) to (8)—

⁵⁶ "Qualifying individual" is defined in regulation 10 of the principal Regulations.

⁵⁷ "Account manager" is defined in regulation 2(1)(a) of the principal Regulations.

⁵⁸ Paragraph (3)(f) of regulation 12 was substituted by [S.I. 2001/908](#) and was amended by [S.I. 2005/3230](#), [2008/704](#), [2011/1780](#), [2013/605](#), [2016/16](#), [2020/30](#) and [2024/350](#).

- (a) references in regulation 12 to “the applicant” are references to the ***qualifying individual*** making the declaration specified by paragraph (5) or giving an authorisation specified in paragraphs (6) and (7);
- (b) references in regulation 12(3)(c) and (f) to “the year in which paragraph (2) refers” (the first year to which the application to open the ***account*** relates) are references to the year in which the declaration specified by paragraph (5) is made by the ***qualifying individual***.

Subscriptions to a junior ISA account

- 4ZB.** (1) Any person may subscribe to a **junior ISA account** provided the overall amount subscribed by that person and any other person for any year in respect of the same **named child** does not exceed £9,000.
- (2) An amount paid to a **junior ISA account** in excess of the amount mentioned in paragraph (1) is not an amount subscribed to a **junior ISA account** and must not be held in that **account**.
- (3) A single subscription for an amount equal to the amount mentioned in paragraph (1) or any number of smaller amounts that, when aggregated, do not exceed the amount mentioned in paragraph (1), may be made in respect of the same **named child**—
- (a) to a **cash account** held by that **child** ,
 - (b) to a **stocks and shares account** held by that **child** , or
 - (c) in any proportion between such **accounts**.
- (4) No subscription may be made to a **cash account** that is a **junior ISA account** held by a **named child** where—
- (a) the balance in the **account** is less than one penny; and
 - (b) that **child** holds another **cash account** opened pursuant to a junior ISA application described in regulation 12A after the time when the **account** mentioned in sub-paragraph (a) was opened.
- (5) No subscription may be made to a **stocks and shares account** that is a **junior ISA account** held by a **named child** where—
- (a) the balance in the **account** is less than one penny; and
 - (b) that **child** holds another **stocks and shares account** opened pursuant to a junior ISA application described in regulation 12A after the time when the **account** mentioned in sub-paragraph (a) was opened.

Inalienability of a junior ISA account

- 4ZC.** (1) Any assignment of, or agreement to assign, investments under a **junior ISA account**, and any charge on or agreement to charge any such investments, is void.
- (2) On the bankruptcy of the **named child** holding a **junior ISA account**, the entitlement to investments under it does not pass to any trustee or other person acting on behalf of the **child**’s creditors.
- (3) “Assignment” includes assignation; and “assign” is to be construed accordingly.
- (4) “Charge on or agreement to charge” includes a right in security over or an agreement to create a right in security over.
- (5) “Bankruptcy”, in relation to a **named child**, includes the sequestration of the **child**’s estate.
- (6) Paragraph (1) shall not render void anything done to vest title to an **account investment** as required by regulation 4(6)(b)(ia) or 15(a) by virtue of—
- (a) a transfer of an **account** in accordance with regulation 21B; or
 - (b) a change of **registered contact** in relation to a **junior ISA account**.

Permitted withdrawals from a junior ISA account

- 4ZD.** Withdrawals from a **junior ISA account** may only be made—
- (a) by the **account manager**, to settle any management charges and other incidental expenses, which are due by or under the management agreement,
 - (b) in accordance with regulation 4ZE, or
 - (c) where the **account manager** is satisfied that the **named child** who held the **account** has died.

Permitted withdrawals from a junior ISA account where the named child is terminally ill

4ZE. (1) A **registered contact** may make a claim to **the Board** for withdrawals from a **junior ISA account** to be permitted in accordance with this regulation.

(2) The claim shall be—

- (a) made in a manner prescribed by **the Board**, which shall include the giving of any consent necessary for the verification or consideration of the claim, and
- (b) accepted in either of the following cases:

Case 1

The **named child** holding the **account**:

- (i) in England and Wales or Scotland, falls within either section 72(5) of the Social Security Contributions and Benefits Act 1992⁵⁹ (special rules for terminally ill person's entitlement to care component of disability living allowance) or section 82(4) of the Welfare Reform Act 2012⁶⁰ (terminal illness); or
- (ii) in Northern Ireland, falls within section 72(5) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992⁶¹ (the care component) and, for this purpose, section 66(2)(a)⁶² of that Act (attendance allowance for the terminally ill) is deemed to apply as if for "6 months" there were substituted "12 months".

Case 2

Evidence that the **named child** holding the **account** is **terminally ill** has been supplied to the satisfaction of **the Board**.

- (3) **The Board** shall issue a letter to the **registered contact** authorising withdrawals from the **account** under this regulation.
- (4) Once a claim has been accepted, withdrawals of any amount (including the proceeds from a policy of life insurance and an amount sufficient to close the **account**) may be made by the **registered contact** at any time (but this does not include the transfer of a policy of life insurance otherwise than in accordance with regulation 21B).
- (5) Where **account investments** are withdrawn in a form other than sterling currency, the **named child** shall be treated as having sold the **account investments** in question, and as having reacquired them in his personal capacity, for a consideration equal to their **market value** at the time of their withdrawal.
- (6) In this regulation, "**terminally ill**" has the meaning
 - (a) for England and Wales and Scotland in section 66(2)(a) of the Social Security Contributions and Benefits Act 1992 or section 82(4) of the Welfare Reform Act 2012 (terminal illness); or
 - (b) for Northern Ireland, section 72(5) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (the care component) and, for this purpose, section 66(2)(a)⁶³ of that Act (attendance allowance for the terminally ill) is deemed to apply as if for "6 months" there were substituted "12 months".

⁵⁹ 1992 c. 4; relevant amendments made by section 67(2) of the Welfare Reform and Pensions Act 1999 (c. 30) and section 52 of the Welfare Reform Act 2007 (c. 5)

⁶⁰ 2012 c. 5

⁶¹ 1992 c. 7; amended by S.I. 1999/3147 and S.R. 1999/494.

⁶² Section 66(2)(a) was amended for certain purposes (but not for the purposes of regulation 4ZE of S.I. 1998/1870) by the Social Security (Terminal Illness) Act (Northern-Ireland) 2022 (c. 7).

⁶³ Section 66(2)(a) was amended for certain purposes (but not for the purposes of regulation 4ZE of S.I. 1998/1870) by the Social Security (Terminal Illness) Act (Northern-Ireland) 2022 (c. 7).

Repair of certain incompatible accounts and excess subscriptions - accounts other than junior ISA accounts

Regulation 4A
does not apply
to JISAs
[Reg. 2D]

- 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 meets the condition in paragraph (1A).
- (1A) The condition in this paragraph is that the account is invalid only because the overall subscription limit in regulation 4ZA(1) has been exceeded
- (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 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;
- [sub-paragraph (c) 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(1A)(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 overall subscription limit in regulation 4ZA(1),
- 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 limit) 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**) do not exceed,
 - (ii) the subscriptions limit in regulation 4ZA(1), and
- (b) an officer of **the Board** shall apportion that result between the **accounts** mentioned in subparagraph (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**.
- (7) This regulation is subject to regulation 4AA.

Application of the repair provisions to Lifetime ISAs

- 4AA.** (1) The following modifications to regulation 4A apply where one or more of the accounts to which the investor subscribes in the relevant year is a **Lifetime ISA**.
- (2) Where an investor has made **current year payments** in excess of the **Lifetime ISA payment limit** in regulation 4ZA(1A) to a single **Lifetime ISA**, an officer of **the Board** may direct the removal of the excess and proceeds representing the excess, whether or not the overall subscription limit in regulation 4ZA(1) has been exceeded.
- (3) Where an investor has exceeded the overall subscription limit in regulation 4ZA(1), but has not exceeded the **Lifetime ISA payment limit** in regulation 4ZA(1A), the excess shall be removed from the accounts which are not **Lifetime ISAs**.
- (4) Where an investor has made **current year payments** to more than one **Lifetime ISA**, only one account will be a valid account which is eligible for the payment of a **government bonus**.

Treatment of certain sums held in dormant accounts

- 5C. (1) Regulations 30 and 31 (information by **account managers**) shall not apply to a dormant **account**, while section 1 or 2 of the Dormant Bank and Building Society **Accounts Act** 2008 ("**the 2008 Act**") or sections 2, 5, 8, 12 or 14 of the Dormant Assets Act 2022⁶⁴ applies in relation to that **account**.
- (2) Where, following a **repayment claim**, the balance of a dormant **account** is paid-
- In Regulation 5C, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]
- (a) back into the **account** (in a case where the original **account** can be reinstated with the same **account manager**, the same **account investor** and number), or
- (b) into another **account** in the same **account investor**'s name (in any other case),
- the payment into the **account** shall not count towards the subscription limit in regulation 4ZA(1).
- (3) In this regulation, "**repayment claim**" means a repayment claim mentioned in section 5(6) of **the 2008 Act**, and other terms used in this regulation and that Act have the same meaning in this regulation as in that Act.

⁶⁴ [2022 c. 5.](#)

Subscriptions disregarded for the purposes of the subscription limits in regulations 4ZA(1) and 4ZB

- 5D. (1) A subscription to an **account** made in accordance with this regulation must be disregarded for the purposes of the subscription limits in regulations 4ZA(1) (subscriptions to an **account** other than a **junior ISA account**) and 4ZB (subscriptions to a **junior ISA account**).
- (2) A subscription to an **account** held by an **account investor** is made in accordance with this regulation if—
- In Regulation 5D, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]
- (a) the subscription is—
- (i) a **defaulted cash account** subscription;
 - (ia) a **defaulted Lifetime ISA** subscription;
 - (ib) a returned withdrawal from a **Lifetime ISA** following failure of a purchase to complete under paragraph 10(1) of the Schedule;
 - (ii) a **defaulted investment** subscription;
 - (iia) a **replacement subscription**;
 - (iii) permitted in accordance with regulation 5DE;
 - (iv) permitted in accordance with regulation 5DDA; or
 - (v) permitted in accordance with regulation 5DDC; and
- (b) the **account manager** of the **account** to which the subscription is made is provided with the information specified in regulation 5DF as relevant to the subscription; and
- (c) in a case within sub-paragraph (a)(iv)—
- (i) the **account manager** of the **account** to which the subscription is made is provided with the declarations required by regulation 5DFA as relevant to the subscription;
 - (ii) the notices specified in regulation 5DFB(1) and (3) are given, as relevant to the subscription;
 - (iii) the information and declarations required by regulation 5DFC(2) are provided; and
- (d) in a case within paragraph (2)(a)(ib) the **account manager** of the **Lifetime ISA** to which the subscription is made is provided with the information specified in paragraph 9(3)(b) of the Schedule.
- (3) A subscription to an **account** held by an **account investor** is made in accordance with this regulation if it comprises a transfer provided for by regulation 20A of the Child Trust Funds Regulations 2004⁶⁵

“5DZ.—Treatment of ISA where funds transferred under regulation 13A of the Child Trust Funds Regulations (maturity of child trust fund – instructions)

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

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

(a) the overall subscription limit under regulation 4ZA(1)⁽⁶⁶⁾ (subscriptions to an account other than a junior ISA account);

⁶⁵ S.I. 2004/1450, amended by S.I. 2015/876; there are other amending instruments but none is relevant.

⁽⁶⁶⁾ Inserted by S.I. 2011/1780 and amended by S.I. 2014/1450 and 2017/186.

And

(b) the conditions under regulations--

- (i) 10(2)(d)(qualifying individuals who may invest under an account that is not a junior ISA account nor a Lifetime ISA)
- (ii) 10A(2)(f)(Lifetime ISA qualifying individuals who may invest under a Lifetime ISA); and
- (iii) 12B(4)(d)(i) to (iii) (conditions for application to open an account that is a Lifetime ISA).

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

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

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

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

- (a) the overall subscription limit under regulation 4ZA(1)⁽⁶⁷⁾ (subscriptions to an account other than a junior ISA account), and
- (b) the conditions for a qualifying individual under regulation 10(2)(d) (qualifying individuals who may invest under an account that is not a junior ISA account nor a Lifetime ISA).

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

(4) The CTF Matured account is to be held in the name of the account holder of the matured child trust fund to which the transfer relates in accordance with regulation 13B(2)(b) of the Child Trust Funds Regulations.

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

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

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

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

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

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

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

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

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

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

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

⁽⁶⁷⁾ Inserted by S.I. 2011/1780 and amended by S.I. 2014/1450 and 2017/186.

Defaulted cash account subscription

5DA. A subscription is a **defaulted cash account** subscription if—

In Regulations 5DA, 5DB & 5DC, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

- (a) it is made to an **account** (which may be a stocks and shares **account**, a cash **account**, an **innovative finance account** or a **Lifetime ISA**) held by an **account investor** who held a cash **account** ("defaulted cash account") in respect of which a default event occurred no more than 180 days before the subscription is made; and
- (b) it does not exceed the amount held in the **defaulted cash account** immediately before the default event occurred (including interest accrued but not paid at that time) plus, in the case of a **flexible account**, in the year in which the default event occurred and before such event, the amount (if any) of cash withdrawn from the **account** which was not replaced by a **replacement subscription**.

Defaulted Lifetime ISA subscription

5DAA. A subscription is a **defaulted Lifetime ISA** subscription if—

- (a) it is made to a **Lifetime ISA** held by the **account investor** who held the **Lifetime ISA** in respect of which a **defaulted investment** payment has been made no more than 180 days before the subscription is made; and
- (b) it does not exceed the **defaulted investment** payment.

Defaulted investment subscription

5DB. A subscription is a **defaulted investment** subscription if—

- (a) it is made to an **account** held by the **account investor** who held the **account** in respect of which a **defaulted investment** payment has been made no more than 180 days before the subscription is made; and
- (b) it does not exceed the amount of the **defaulted investment** payment.

Default event in respect of cash account

5DC. A default event in respect of a cash **account** held by an **account investor** occurs where the **account manager** of that **account** is determined to be unable or likely to be unable to satisfy claims against the **account manager** in accordance with the rules of the scheme for compensation established pursuant to section 213 of the Financial Services and Markets Act 2000⁶⁸

Defaulted investment payment

5DD A **defaulted investment** payment occurs where a payment is made (otherwise than by accretion to an **account**) by way of compensation in respect of poor performance, loss (in whole or in part), depreciation or risk of depreciation of an investment ("defaulted investment")—

- (a) described in regulation 7, held in a **stocks and shares account** (whether or not the **defaulted investment** continues to be held in the **account** at the time of the payment);
- (b) described in regulation 8A, held in an **innovative finance account** (whether or not the **defaulted investment** continues to be held in the **account** at the time of the payment); or
- (c) described in regulation 7 or 8, held in a **Lifetime ISA** (whether or not the **defaulted investment** continues to be held in the account at the time of the payment).

⁶⁸ 2000 c. 8; section 213 was amended by section 170(2) of the Banking Act 2009 (c. 1) and S.I. 2011/1613.

Additional permitted subscription to an account other than a junior ISA account

5DDA.(1) A subscription to an **account** other than a junior ISA **account** is permitted by this regulation if—

- Regulation 5DDA does not apply to JISAs (Reg. 2D)
- (a) it is made in the circumstances described in paragraph (2); and
 - (b) the amount of the subscription, or the aggregate of a number of such subscriptions, does not exceed in value the amount determined in accordance with paragraph (3).
- (2) The circumstances are—
- (a) an **account investor** dies on or after 3rd December 2014 leaving a surviving spouse or civil partner (S);
 - (b) subject to paragraph (6), a subscription is made by S to an **account** or **accounts** managed by a single **account manager** or, in a case within sub-paragraph (e), the **deceased's account manager**;
 - (c) the subscription is within the permitted period;
 - (d) S and the deceased were living together at the date of the deceased's death⁶⁹; and
 - (e) where the subscription comprises **non-cash assets**—
 - (i) the deceased held an **account** either comprising or including **non-cash assets** at the date of the deceased's death;
 - (ii) S **inherits** all or part of those assets;
 - (iii) S makes a subscription comprising those assets or any part thereof;
 - (iv) throughout the period beginning with the day on which the **deceased's account manager** was notified of the deceased's death and ending immediately before the subscription is made, title to those assets is vested in the **deceased's account manager**, that manager's nominee or jointly in one of them and another; and
 - (v) in the case of non-cash assets comprised or included in an innovative finance account, other than those specified in regulation 8A(2)(cb), paragraph (iv) shall apply but with the words from "title to" to "and another." being substituted by "those assets remain under the management of the deceased's account manager."
- (3) The amount is—
- (a) where the deceased held a single **account** with a single **account manager**, then the value of that **account** at the date of the deceased's death or, in the event that the period for an administration period investment in a continuing account of a deceased investor with an account manager ends and S has not made a subscription under paragraph (1), immediately before the account ceasing to be a continuing account of a deceased investor (whichever is the higher); or
 - (b) where the deceased held more than one **account** with a single **account manager**, then the combined value of those **accounts** at the date of the deceased's death or, in the event mentioned in paragraph 3(a) occurring, immediately before the account ceasing to be a continuing account of a deceased investor (whichever is the higher);
- but does not include any sums the deceased held in a junior ISA **account**.
- (3A) For the purposes of paragraph (3), the value of any qualifying investments for an innovative finance component, other than those specified in regulation 8A(2)(cb) and (d), is the outstanding principal balance under those investments in respect of which payments are due to be made to the account manager. .

⁶⁹ Section 1011 of the Income Tax Act 2007(c.3), provides that, for the purposes of the Income Tax Acts, individuals who are married or in a civil partnership are treated as living together unless they are separated (a) by a court order, (b) by a deed of separation, or (c) as a matter of fact in circumstances in which the separation is likely to be permanent.

- (3B) For the purposes of paragraph (3) the value of a **Lifetime ISA** at the date of the deceased's death or, in the event mentioned in paragraph 3(a) occurring, immediately before the account ceasing to be a continuing account of a deceased investor (whichever is the higher) includes any **government bonus** that has accrued to the date of death but has not been paid.
- (4)

5DDA. (4) In this regulation, the permitted period means—
contd.

- (a) in the case of a subscription comprising **non-cash assets** made in accordance with paragraph (2), the period beginning with distribution to S by the deceased's estate of the **non-cash assets** and ending no more than 180 days thereafter;
- (b) in the case of any other subscription under this regulation, the period beginning with the date of the deceased's death and ending either—
 - (i) no more than 3 years thereafter; or
 - (ii) no more than 180 days after administration of the estate is complete;
 whichever is the later.

(5) Where the deceased died in the period beginning with 3rd December 2014 and ending on 5th April 2015—

- (a) for the purposes of paragraph (4)(a), distribution to S by the deceased's estate of **non-cash assets** is treated as occurring on either 6th April 2015, or, the actual date of distribution, whichever is the later; and
- (b) for the purposes of paragraph(4)(b), the deceased is treated as dying on 6th April 2015.

(6) The requirement in paragraph (2)(b) is deemed as met where **the Board** authorises an **account manager** to accept a subscription from S.

(7) The following regulations do not apply to a subscription permitted by this regulation—

[sub-paragraphs (a) & (b) omitted]

(c) 6(3);

[sub-paragraphs (d) (e) & (f) omitted]

[paragraphs (8) (9) & (10) omitted]

(11) In this regulation—

- (a) “**inherits**” in paragraph (2)(c)(ii) includes inherits under a will trust or as a result of a deed of variation;
- (b) “**non-cash assets**” means—
 - (i) those investments specified in regulation 7, other than those in paragraph (2)(j); and
 - (ii) those investments specified in regulation 8(2)(f), (h), (p) or (q); and
 - (iii) the right to exercise the rights of the **lender** in respect of the **outstanding principal balance** under an **article 36H agreement**; and
 - (iv) those investments specified in regulation 8A(2)(ca) or (cb); and
- (c) the value of a subscription comprising **non-cash assets** made pursuant to paragraph (2) is the value of the assets at the date of the subscription.”.

Flexible account

5DDB.(1) The terms and conditions of an **account** (other than a **junior ISA account** or a **Lifetime ISA**) (“**flexible account**”) may provide for an **account investor** to be able to replace (in whole or part) a cash amount withdrawn by the **account investor** in any year by a **replacement subscription** of a cash amount or **qualifying investments** for a **stocks and shares component** within regulation 7(2)(h) (“**replacement subscription**”) made in that year.

Regulation 5DDB does not apply to JISAs [Reg. 2D]

- (3) Any replacement of a previous years’ subscription⁷⁰ may be made only to the account from which the withdrawal of a cash amount it is replacing was made.
- (3A) Any replacement subscription⁷¹ that is not deemed to be a replacement of a previous years’ subscription is to be treated as a subscription to an account as specified in regulation 4ZA (subscriptions to an account other than a junior ISA account).
- (4) Subject to paragraph 4A, any withdrawal of a cash amount in any year is to be deemed to be made first out of a **current year’s subscription**.
- (4A) No withdrawal under paragraph (1) may reduce the current year’s subscription⁷² amount to less than nil.
- (5) Any replacement subscription is to be deemed to be a replacement first of any withdrawal of a cash amount made out of a **previous years’ subscription**.
- (6) On any transfer under regulation 21, the right of the **account investor** under paragraph (1) in relation to an **account** transferred is to cease in respect of a withdrawal of a cash amount from the **account** made before the transfer.
- (7) Paragraph (6) does not apply where an **account** is transferred in a bulk transfer of **accounts**.
- (8) For the purposes of this regulation—

“**current year’s subscription**” means (other than a subscription made in accordance with regulation 5D)—

- (a) a subscription made to the **account** by the **account investor** in the year in which a **replacement subscription** is made;
- (b) a subscription made to any other **account** by the **account investor** in the year in which a **replacement subscription** is made and transferred to the **account**; and
- (c) the **qualifying investments** and other proceeds (including income) representing the subscriptions in sub-paragraphs (a) and (b) of this definition;

“**previous years’ subscription**” means—

- (a) a subscription made to the **account** (or any other **account** or former personal equity plan) in any earlier year or years;
- (b) any **replacement subscription** of a withdrawal of a cash amount made out of that subscription; and
- (c) the **qualifying investments** and other proceeds (including income) representing the subscriptions in sub-paragraphs (a) and (b) of this definition.

⁷⁰ “Previous years’ subscription” is defined in regulation 5DDB(8) of the principal Regulations.

⁷¹ “Replacement subscription” is defined in regulation 5DDB(1) of the principal Regulations.

⁷² “Current year’s subscription” is defined in regulation 5DDB(8) of the principal Regulations.

Additional permitted subscription of cash to an account other than a junior ISA on closure of Help to Buy ISA

- 5DDC.(1) A subscription of cash to an **account**, other than a **junior ISA account**, is permitted by this regulation if—
- (a) it is made in the circumstances described in paragraph (2); and
 - (b) the amount of the subscription does not exceed in value the amount determined in accordance with paragraph (3).
- (2) The circumstances are—
- (a) the **account investor** has closed their **Help to Buy ISA**;
 - (b) the **account investor** has provided to the **account manager** evidence in accordance with the terms and conditions of the **Help to Buy ISA** of a failure of a completion of a purchase of a home;
 - (c) the subscription is within the permitted period described in paragraph (4).
- (3) The amount is an amount up to that which the **account investor** withdrew from the **Help to Buy ISA** at the time of closure.
- (4) In this regulation, the permitted period means the period of no more than 12 months beginning with the date of closure of the **Help to Buy ISA**.
- (5) Only one subscription may be made under paragraph (1) in the circumstances of paragraph (2), even if the subscription made is less than the full amount which could have been made in accordance with paragraph (3).
- (6) In this regulation “**Help to Buy ISA**” means a cash **account** (or an element of one) which is managed and held in accordance with these Regulations and scheme rules⁷³ from time to time made by the Treasury in order to help an individual who is eligible under those rules to purchase a home.

Additional permitted subscription to a junior ISA account

- 5DE. A subscription is permitted by this regulation if it is made to a **junior ISA account** that is a cash **account** but would have been a **defaulted investment** subscription if it had been made to a stocks and shares **account**.

⁷³ Help to Buy: ISA scheme rules published by the Treasury on 17th November 2015, having effect from 1st December 2015. A copy can be obtained from <https://www.helptobuy.gov.uk/help-to-buy-isa/further-information/> and from Banking and Credit Team, Help to Buy, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ.

Information required by regulation 5D

5DF. (1) The information specified by this regulation is—

- (a) in relation to a **defaulted cash account** subscription—
 - (i) evidence of the amount held in the **defaulted cash account** to which the subscription relates immediately before the default event occurred (including interest accrued but not paid at that time);
 - (ia) in the case of a **flexible account**, in the year in which the default event occurred and before such event, evidence of the amount (if any) of cash withdrawn from the **account** which was not replaced by a **replacement subscription**;
 - (ii) the **current year's subscription** made to that **account**; and
 - (iii) the date on which the first subscription (if any) was made to that **account**, in the year in which the defaulted cash subscription is made;
 - (b) in relation to a **defaulted investment** subscription, **defaulted Lifetime ISA** subscription or a subscription permitted by regulation 5DE—
 - (i) evidence of the amount of the **defaulted investment** payment to which the subscription relates and the date it was paid;
 - (ii) details of the **defaulted investment** in respect of which the **defaulted investment** payment was made;
 - (iii) the full name and address (including postcode) of the **account manager** of the stocks and shares **account**, **innovative finance account** or **Lifetime ISA** in which the **defaulted investment** was held;
 - (iv) the full name and address (including postcode) of the maker of the **defaulted investment** payment; and
 - (c) in relation to a subscription permitted by regulation 5DDA—
 - (i) the deceased's full name;
 - (ii) the full address of the deceased's permanent residence at the date of death;
 - (iii) the deceased's National Insurance number, if known;
 - (iv) the deceased's date of birth and date of death; and
 - (v) the date of S's marriage or civil partnership to the deceased;
 - (d) in relation to a subscription permitted by regulation 5DDA and made with an **account manager** other than the **deceased's account manager**, the name and address of the **deceased's account manager**.
- (1A) The requirements in sub-paragraph (1)(c) are met where the information is provided on the first instance a subscription permitted by regulation 5DDA is made to an **account**.
- (2)

5DF. (2) In this regulation—
contd.

“*current year’s subscription*” in relation to a *defaulted cash account* means—

- (a) subscriptions (other than a subscription to the account made in accordance with regulation 5D) made to the *account* in the year in which the *defaulted cash account* subscription is made, but before the default event; and
- (b) subscriptions made to any other *account* held by the *account investor* in the year in which the *defaulted cash account* subscription is made and transferred to the *account* before the subscription is made.

In Regulation 5DF, for a JISA, ‘*account investor*’ means the ‘named child’
[Reg. 2A(4)]

Declarations required by regulation 5D

- 5DFA.(1)** The declarations in regulation 5D(2)(c) required by S in relation to a subscription permitted by regulation 5DDA are—
- (a) in all cases, those specified in paragraph (2);
 - (b) in a case where the subscription is made with the *deceased's account manager* (A), those specified in paragraph (3); and
 - (c) in a case where the subscription is being made with an *account manager* other than the *deceased's account manager* (B), those specified in paragraph (4).
- (2) The declarations specified in this paragraph are—
- (a) that S is the surviving spouse or civil partner of the deceased;
 - (b) that S and the deceased were living together so as to meet the requirements specified in section 1011 of the Income Tax Act 2007, at the date of the deceased's death; and
 - (c) that the subscription is being made under regulation 5DDA.
- (3) The declarations specified in this paragraph are that the subscription is being made—
- (a) in the case of a subscription of *non-cash assets* made in accordance with paragraph (2) of that regulation—
 - (i) in the period beginning with distribution to S by the deceased's estate of those assets and ending no more than 180 days thereafter; or
 - (ii) in the case of the deceased's death occurring in the period beginning with 3rd December 2014 and ending with 5th April 2015, no later than 2nd October 2015;
 whichever is the later; and
 - (b) in the case of any other subscription under that regulation, in the period beginning with the date of the deceased's death and ending—
 - (i) no more than 3 years thereafter, or in the case of the deceased's death occurring in the period beginning with 3rd December 2014 and ending with 5th April 2015, no later than 5th April 2018; or
 - (ii) no more than 180 days after administration of the estate is complete.
- (4) The declarations specified in this paragraph are—
- (a) that the subscription is being made by a payment of cash;
 - (b) that, in the permitted period, S has not made, with A, any subscription permitted by regulation 5DDA in respect of the amount determined in accordance with paragraph (3) of that regulation; and
 - (c) that the subscription is being made in the period beginning with the date of the deceased's death and ending—
 - (i) no more than 3 years thereafter, or in the case of the deceased's death occurring in the period beginning with 3rd December 2014 and ending with 5th April 2015, no later than 5th April 2018; or
 - (ii) no more than 180 days after administration of the estate is complete.
- (5) The requirements in sub-paragraphs (2)(a), (b) and (4)(b) are met where the information is provided on the first instance a subscription permitted by regulation 5DDA in respect of an amount determined in accordance with paragraph (3) of that regulation is made to an *account*.

Notices required by regulation 5D

5DFB. (1) Where an **account manager** (B) has—

- (a) been notified by S that S wishes to make a subscription under regulation 5DDA; or
- (b) received an application from S to make such a subscription;

that **account manager** shall, within the period of 30 days beginning with the day on which the notification or application is received, give to the **deceased's account manager** (A) a notice containing the information specified in paragraph (2).

(2) The information specified in this paragraph is—

- (i) the name and address of the deceased;
- (ii) the deceased's date of birth and date of death;
- (iii) the deceased's National Insurance number, if known;
- (iv) S's name and address;
- (v) a statement that B has either received an application from S to make a subscription under regulation 5DDA or been notified that S wishes to make such a subscription; and
- (vi) a statement that B has, subject to relevant checks, accepted that application or, where B has been notified that S wishes to make such a subscription, that B will accept such an application subject to relevant checks.

(3) Where A receives from B a notice under paragraph (1), A shall, within the period of 30 days beginning with the day on which that notification is received, give B a notice containing—

- (i) the deceased's full name;
- (ii) the full address of the deceased's permanent residence at the date of death;
- (iii) the deceased's date of birth and date of death;
- (iv) the deceased's National Insurance number, if known;
- (v) the amount determined in accordance with paragraph (3) of regulation 5DDA;
- (vi) a declaration that, in the permitted period, S has not made to an **account** held by A, any subscription permitted by regulation 5DDA in respect of the amount determined in accordance with paragraph (3) of that regulation;
- (vii) an undertaking that, other than in the case of an authorisation given under paragraph (6) of regulation 5DDA, A will not accept a subscription made by S in respect of the amount determined in accordance with paragraph (3) of that regulation; and
- (viii) an undertaking that, other than in the case of an authorisation given under paragraph (6) of regulation 5DDA, A will not provide the information and declarations in this paragraph to another **account manager** in respect of the amount determined in accordance with paragraph (3) of that regulation.

(4) In this regulation relevant checks means checks by B in relation to the information and declarations provided by S pursuant to regulations 5DF and 5DFA.

- 5DFC.** (1) Where the *deceased's account manager* receives a request from S made in accordance with paragraph (2), that *account manager* shall, within the period of 30 days beginning with the day on which the request is received, provide to S a statement of the amount determined in accordance with paragraph (3) of regulation 5DDA.
- (2) The request shall contain the information required by regulation 5DF(1)(c) and the declarations required by regulation 5DFA(1)(a) and (b).

5DFD. Regulation 12(7) to (11), (12) and (13) applies in relation to any information or declaration required under regulations 5DF(1)(c) and 5DFA as it applies to any application to open an *account*.

Single regulation 5D subscription

5DG. Only one *defaulted cash account* subscription, *defaulted investment* subscription, *defaulted Lifetime ISA* subscription or subscription permitted by regulation 5DE may be made in respect of a *defaulted cash account* or a *defaulted investment* payment as the case may be even if the subscription made is an amount less than that which could have been made by way of such subscription in accordance with regulation 5D.

Default event or default investment payment occurring in the period beginning on 6th April 2011 and ending on 7th August 2012

5DH. Anything occurring in the period commencing on 6th April 2011 and ending on 7th August 2012 that, if it had occurred after that period, would have been—

- (i) a default event in respect of a cash *account* within regulation 5DC, or
- (ii) a *defaulted investment* payment within regulation 5DD,

shall be treated as occurring on 8th August 2012 for the purposes of regulations 5D to 5DG.

Special provision in respect of Lehman Brothers investments and Keydata investments

5DI. (1) Regulations 5DJ to 5DM make special provision in respect of an investment that is a Lehman Brothers investment or a Keydata investment.

Regulation 5DI does not apply to JISAs [Reg. 2D]

- (2) An investment is a Lehman Brothers investment if—
- (a) the investment was a qualifying investment held by an **account investor** in a stocks and shares **account** on 15th September 2008;
 - (b) Lehman Brothers Holdings Inc. acted as the sole counterparty underwriting the investment on that day; and
 - (c) the investment was not sold or otherwise disposed of on that day so as to cause it to cease to be a qualifying investment of the **account** on that day or any other day.
- (3) An investment is a Keydata investment if—
- (a) the investment was a qualifying investment held by an **account investor** in a stocks and shares **account** on 8th June 2009;
 - (b) Keydata Investment Services Limited (Keydata) on that day—
 - (i) was the **account manager** of the **account**, or
 - (ii) administered the **account** for another **account manager**; and
 - (c) the investment was not sold or otherwise disposed of on that day so as to cause it to cease to be a qualifying investment of the **account** on that day or any other day.

Special application of regulations 5DB, 5DD, 5DF and 5DH in respect of a Lehman Brothers investment

5DJ. In respect of a Lehman Brothers investment—

Regulation 5DJ does not apply to JISAs [Reg. 2D]

- (a) regulation 5D shall apply as if after paragraph (2) there is added—
- “(3) No **defaulted investment** subscription may be made in respect of a **defaulted investment** payment made or treated as made on 8th August 2012 other than a single **defaulted investment** payment treated as made by virtue of regulation 5DL(2).”;
- (b) regulation 5DB shall apply as if paragraph (b) provided that a **defaulted investment** subscription must not exceed the amount of the **defaulted investment** payment determined in accordance with regulation 5DL;
- (c) regulation 5DD is subject to regulation 5DL(2);
- (d)

5DJ.
contd.

- (d) regulation 5DF(1)(b) shall apply as if the information specified by it is—
 - (i) the information specified in paragraphs (i)-(iv) of that regulation;
 - (ii) the value of the **defaulted investment** at the opening of trading on the London Stock Exchange on 15th September 2008;
 - (iii) the date and amount of any earlier **defaulted investment** subscriptions in respect of the Lehman Brothers investment in question made before the making of the **defaulted investment** subscription;
 - (iv) the name and address (including postcode) of the **account manager** to whom any subscription referred to in sub-paragraph (iii) of this paragraph was made;
- (e) regulation 5DH—
 - (i) shall apply as if the period mentioned in that regulation were the period commencing on 16th September 2008 and ending on 7th August 2012;
 - (ii) is subject to regulation 5DL(2).

Deemed defaulted investment payment in respect of a Lehman Brothers investment

5DK. A **defaulted investment** payment shall be treated as made on 8th August 2012 in respect of a Lehman Brothers investment to the **account investor** who held it.

Regulation 5DK does not apply to JISAs [Reg. 2D]

Specified amount for the purposes of a defaulted investment subscription in respect of a Lehman Brothers investment

5DL. (1) This regulation determines the amount which a **defaulted investment** subscription must not exceed for the purposes of regulation 5DB(b) in relation to a **defaulted investment** payment made or treated as made in respect of a Lehman Brothers investment.

Regulation 5DL does not apply to JISAs [Reg. 2D]

- (2) Where one or more **defaulted investment** payments in respect of a Lehman Brothers investment are made on 8th August 2012 or are treated as made on that day by virtue of regulations 5DH or 5DK, they shall be treated as if they comprised a single **defaulted investment** payment made on that day of an amount which is the greater of—
 - (a) the value of the investment at the opening of trading on the London Stock Exchange on 15th September 2008; or
 - (b) the total of the payments made or treated as made by virtue of regulation 5DH on 8th August 2012.
- (3)

5DL. (3) Where a **defaulted investment** payment in respect of a Lehman Brothers investment is made after 8th August 2012, its amount for the purposes of regulation 5DB(b) is the greater of—

contd.

- (a) the amount determined by the formula $A - B$

where—

- (i) “A” is the total of the single **defaulted investment** payment treated as made on 8th August 2012 in respect of the investment by virtue of paragraph (2) and all **defaulted investment** payments made in respect of it in the period commencing immediately after that day and ending immediately after the **defaulted investment** payment in question;
- (ii) “B” is the total of all **defaulted investment** subscriptions made in respect of the Lehman Brothers investment before the subscription in question; or

- (b) the amount determined by the formula $C - D$

where—

- (i) “C” is the value of the investment at the opening of trading on the London Stock Exchange on 15th September 2008;
- (ii) “D” is the total of all **defaulted investment** subscriptions made in respect of the Lehman Brothers investment before the subscription in question.

Special application of regulations 5DJ to 5DL in respect of a Keydata investment

5DM. In respect of a Keydata investment—

Regulation 5DM does not apply to JISAs [Reg. 2D]

- (a) regulations 5DJ to 5DL shall apply as if—
 - (i) a reference to a Lehman Brothers investment were a reference to a Keydata investment;
 - (ii) the reference in regulation 5DJ(e)(i) to 16th September 2008 were a reference to 9th June 2009;
- (b) regulation 5DJ(d)(ii) shall apply as if the information it requires is the amount for which the Keydata investment in question was acquired;
- (c) regulation 5DL(2)(a) shall apply as if it referred to the amount of subscriptions made to the **account** (or any other **account** or personal equity plan) and other proceeds (including income) representing those subscriptions used to purchase the investment;
- (d) regulation 5DL(3)(a)(i) shall apply as if element “A” is the amount described in regulation 5DL(2)(a) as construed in accordance with paragraph (c) of this regulation;
- (e) regulation 5DL(3)(b)(i) shall apply as if element “C” is the total of the single **defaulted investment** payment treated as made on 8th August 2012 in respect of the investment by virtue of regulation 5DL(2) and all **defaulted investment** payments made in respect of it in the period commencing immediately after that day and ending immediately after the **defaulted investment** payment in question.

Subscriptions made by account investors issued with certificates by Royal Bank of Scotland Group disregarded for the purposes of regulations 4ZA and 31(3)(c)(ii)

- 5E. (1) A subscription to an **account** made in accordance with this regulation on or before 5th April 2013 must be disregarded for the purposes of—
- (a) the subscription limit in regulation 4ZA (subscriptions to an **account** other than a junior ISA **account**); and
 - (b) regulation 31(3)(c)(ii) (returns of information by **account manager**).
- (2) A subscription to an **account** is made in accordance with this regulation if—
- (a) it is made to a cash **account** held by an **account investor**;
 - (b) a withdrawal was made during the **relevant period** from a cash **account** held by the **account investor** with the **account manager** holding the cash **account** to which the subscription is made;
 - (c) the **account manager** of the **account** to which the subscription is made holds the certificate issued to the **account investor** in accordance with paragraph (3) (or a copy of it);
 - (d) the subscription does not exceed the amount determined in accordance with paragraph (4); and
 - (e) no earlier subscription in accordance with this regulation has been made to an **account** held by the **account investor** with the **account manager** holding the cash **account** to which the subscription in question is made.
- (3) A certificate is issued to an **account investor** in accordance with this paragraph if—
- (a) it is issued to the **account investor** by a RBSG bank;
 - (b) it contains the name and address (including postcode) of the **account investor**;
 - (c) it identifies the period in respect of which the delay certified in accordance with sub-paragraph (d) occurred; and
 - (d) it certifies—
 - (i) that the **account investor** held with a RBSG bank a banking facility (other than an **account** opened in accordance with regulation 12), in respect of which the updating of the records of deposits made to and payments from the facility was delayed during the **relevant period**; or
 - (ii) that a deposit, payment or other transfer of money to the **account investor** was delayed in the **relevant period** by reason of the delay described in paragraph (i).
- (4) The amount referred to in paragraph (2)(d) is the total of all withdrawals made in the **relevant period** from any cash **account** held with the **account manager** holding the cash **account** to which the subscription in question is made.
- (5)

5E.
contd.

(5) In this regulation—

- (a) a bank is a “RBSG bank” if it is—
 - (i) The Royal Bank of Scotland plc, a company incorporated in Scotland (Company Number 090312);
 - (ii) National Westminster Bank plc, a company incorporated in England and Wales (Company Number 00929027);
 - (iii) Ulster Bank, Limited, a company incorporated in Northern Ireland (Company Number R0000733);
- (b) the “**relevant period**” is 19th June to 6th July 2012 (but to 22nd July 2012 where the bank in paragraph (3)(d) is Ulster Bank, Limited).”.

General investment rules

6. (1) Subject to paragraph (1ZB), 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 **COLL**;
 - (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 **COLL**; 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.”.

(1ZB) Where an investment is made of a kind described in regulation 8A(2)(a), the amount of the payments made pursuant to the **article 36H agreement** must be such as might reasonably be expected to be made under such an agreement entered into in the open market.

- (2) All other transactions by way of sale or otherwise in an investment under account, and all transactions by way of trade or otherwise by an account manager of an investment in fractional interests—
- (a) 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, and
 - (b) in the case of transactions in fractional interests, the price shall be proportionate to the size of the fraction relative to the whole share.
- (2A) Where the right to exercise the rights of the **lender** under an **article 36H agreement** is sold or otherwise transacted, that sale or transaction must be made at a price for which the investment 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 -

Regulation 6(3) does not apply to APS permitted subscriptions made under Regulation 5DDA [Reg 5DDA(7)]

- (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 -

In Regulation 6(3), for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

- (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), cash subscriptions and 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

6.
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- (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 cash subscriptions 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) Cash by way of dividends, interest, distributions, and other rights or proceeds (including any **government bonus**) 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) subject to paragraphs 2(B) and 2(C), **shares**, not being shares in an **investment trust**, —
 - (i) issued by a **company** wherever incorporated, and
 - (ii) subject to paragraph (3), either officially listed on a **recognised stock exchange** or, in the United Kingdom or the European Economic Area, admitted to trading on a **recognised stock exchange**.

[sub-paragraph (iii) omitted]
 - (b) **securities** (“**qualifying securities**”) -
 - (i) issued by a **company** wherever incorporated, and
 - (ii) where the **securities** in question satisfy at least one of the conditions specified in paragraph (5).

[sub-paragraph (iii) omitted]
 - (c) **gilt-edged securities**;
 - (ca) any securities issued by or on behalf of the government of the United Kingdom or a government of any **EEA State**;
 - (cb) any securities which, 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 1942⁷⁴, with the omission of the words “issued under the National Loans Act 1968”⁷⁵;
 - (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 Directive⁷⁶ (approved by the Development Assistance Committee of the Organisation for Economic Co-operation and Development), where the securities satisfy the condition in paragraph (5)(b)
 - (d) subject to paragraph (3), and subject to paragraphs 2(B) and 2(C), shares in an investment trust listed or admitted to trading on a recognised stock exchange;

[paragraph (e) omitted]
 - (f) **units in, or shares of, a UK UCITS or recognised UCITS**;
 - (g) **qualifying units in or shares of a non-UCITS retail scheme**;
 - (ga) subject to paragraphs (2B) and (2C), shares of a UK UCITS, a recognised UCITS or a non-UCITS retail scheme that are listed on or admitted to trading on a recognised stock exchange;
 - (h)

⁷⁴ 1942 c.21; the relevant amendment to section 47 was made by section 202(2) of the Finance Act 1996 (c.8).

⁷⁵ 1968 c.13

⁷⁶ DCD/DAC(2007)34.

7. (2)
continued

Regulation 7(2)(h)
does not apply to
JISAs [Reg. 2D]

- (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(1B)(d); See paragraph (13) re depositary interests
- (ha) a **depositary interest**;
- (j) cash deposited in accordance with regulation 6(4) to (6);
- (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 2001/34⁷⁷,
 - (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**;
- (n) policies of life insurance falling within regulation 9, issued in respect of an insurance made on or after 6th April 2005;
- [paragraph (o) omitted]
- (p) in the case of a personal equity plan which is treated on and from 6th April 2008 as a **stocks and shares account**⁷⁸, investments which, immediately before that date, were **qualifying investments** for the plan under regulation 6(2)(m) of the Personal Equity Plan Regulations 1989⁷⁹;
- (q) core capital deferred shares within the meaning of regulation 2 of the Building Societies (Core Capital Deferred Shares) Regulations 2013⁸⁰, provided that such shares are listed on the official list of a recognised stock exchange.

⁷⁷ O.J. No. L 184, 6.7.2001, p1-66.

⁷⁸ See SI 2007/2120

⁷⁹ SI 1989/469

⁸⁰ SI 2013/460

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contd.

- (r) an interest in a fraction of a share where the account investor holds the beneficial interest in a fraction that is less than one whole share under the terms which are contained in a contractual arrangement between the account investor and the account manager (“fractional interest”).

(2A) Notwithstanding any provision of paragraph (1), investments which----

- (a) are held by an account investor under a stocks and shares component on the coming into force of this paragraph; and
(b) immediately beforehand fell within paragraph (2)(f) by virtue of being units in, or shares of, a recognised UCITS, are to be treated, for as long as they are so held, as qualifying investments for the stocks and shares component.

(2B) An interest in a fraction of a qualifying investment falling within any of sub-paragraphs (a) to (ha) of paragraph (2) is not a qualifying interest for the stocks and shares component unless it is a fractional interest within the meaning of sub-paragraph (r) of that paragraph.

(2C) In sub-paragraph (r) of paragraph (2), “shares” means shares which are qualifying investments in accordance with sub-paragraphs (a), (d) or (ga) of that paragraph.

(2D) Notwithstanding any provision of paragraph (1), investments which—

- (a) immediately before 1st October 2024 fell within paragraph (2)(f) by virtue of being units in, or shares of, a recognised UCITS⁸¹, or
(b) qualify under paragraph (2)(f) by virtue of being part of an umbrella scheme that immediately before 1st October 2024 fell within that paragraph by virtue of being units in, or shares of, a recognised UCITS,

are to be treated, until the end of 31st December 2026, as qualifying investments for the stocks and shares component.

(2E) Paragraph (2A) ceases to have effect at the end of 31st December 2026.

- (3) An investment in **shares** fulfils the conditions as to official listing and admission to trading in paragraph (2)(a), (d) or (ga), if⁸² -

- (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 or admitted to such trading within 30 days of the allocation or allotment, and which, when admitted to such listing or trading, 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

[sub-paragraph (v) omitted]

In Regulation 7, for a JISA, ‘**account investor**’ means the ‘named child’ [Reg. 2A(4)]

⁸¹ “Recognised UCITS” and “umbrella scheme” are defined in regulation 2(1)(b) of the principal Regulations.

⁸² Regulation 7(3) was previously amended by [S.I. 2013/1743](#) and [S.I. 2014/654](#).

- (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% subsidiary** of a **company** whose **shares** are so listed;
 - (d) that the **shares** in the **company** issuing the **securities** are admitted to trading on a **recognised stock exchange** in the United Kingdom or the European Economic Area;
 - (e) that the **securities** are so admitted to trading;
 - (f) that the **company** issuing the **securities** is a **75% subsidiary** of a **company** whose **shares** are so admitted to trading.

[paragraphs (6) (7) (8) & (9) omitted]

- (10)

7.
contd

(10) The conditions specified in this paragraph are -

See paragraph (13) re *depository 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 4ZA(1) 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.

[paragraph (12) omitted]

(13) The references to "shares" in paragraphs (2)(h) and (10) shall include references to a **depository interest** where the relevant investments in question (referred to in paragraphs (a) and (b) of the definition of "depository interest") are shares falling within both paragraphs (2)(h) and (10).

[paragraphs (14) & (15) omitted]

(16) In this regulation, references, in relation to **qualifying investments**, to the value, are to be construed in accordance with 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**.

In Regulation 7, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

[paragraph (17) omitted]

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 **bank**, other than of a type at paragraph (a), (d) or (e) of section 991(2) of the *ITA 2007*;
 - (b) cash deposited in a share **account** with a **building society**;
- [sub-paragraphs (c) & (d) 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 1968⁸³ -
 - (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**.
- [sub-paragraph (g) omitted]
- (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 (f)).
 - (j) a deposit **account** specified as a stakeholder product by regulation 4 of **the Stakeholder Products Regulations**;
- [sub-paragraphs (k) (l) & (m) omitted]
- (n) arrangements falling within section 47 of the Finance Act 2005⁸⁴ (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;
 - (p) a short-term money market fund which meets the conditions in COLL section 5.9.3.R⁸⁵;
 - (q) a money market fund which meets the conditions in COLL section 5.9.5R.

⁸³ 1968 c.13.

⁸⁴ 2005 c. 7.

⁸⁵ The Collective Investment Schemes (COLL) sourcebook can be read at <http://fshandbook.info/FS/html/handbook/COLL>. Hard copies of the sourcebook may be obtained from the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

8.
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- (3) A deposit **account** or share **account** which is a qualifying investment for a cash **component** falling within sub-paragraphs (a) or (b) of paragraph (2) respectively ("**Account A**") must not be connected with any other **account** falling within the descriptions in those sub-paragraphs ("**Account B**"), held by the **account investor** or any other person.

In Regulation 8, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

- (4) For the purposes of paragraph (3), **Account A** is connected with **Account B** if all of the following circumstances apply—
- (a) either of the **accounts** 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,
 - (b) the terms on which **Account A** was opened would have been significantly less favourable to the holder if **Account B** had not been opened, and
 - (c) **Account B** is not a tax exempt **account**.
- (5) The following are tax exempt **accounts** for the purposes of paragraph (4)—
- (a) an **account** opened (or treated as opened) in accordance with regulation 12 or 12A;
 - (b) a **child trust fund**; and
 - (c) a **CTF matured account**

Qualifying investments for a Lifetime ISA component

8ZA. The kind of investments (“*qualifying investments for a Lifetime ISA component*”) which may be purchased, made or held under a *Lifetime ISA* are—

Regulation 8ZA does not apply to JISAs [Reg. 2D]

- (a) *qualifying investments for a stocks and shares component*; and
- (b) *qualifying investments for a cash component*.

Qualifying investments for an innovative finance component

8A. (1) This regulation⁸⁶ specifies the kind of investments (“*qualifying investments for an innovative finance component*”) which may be purchased, made or held under an *innovative finance account*.

(2) *Qualifying investments for an innovative finance component* to which paragraph (1) refers are—

Regulation 8A does not apply to JISAs [Reg. 2D]

- (a) payments by a **borrower** made under an **article 36H agreement** where the conditions in paragraph (3) and (3A) are met;
 - (b) payments by an assignee for the right to exercise the rights of the **lender** under an **article 36H agreement** where the conditions in paragraph (3)(c) and (d) and (3A) are met;
 - (c) payments by a novatee in respect of the novation of an **article 36H agreement** where the conditions in paragraph (3)(c) and (d) and (3A) are met;
 - (ca) **debentures** where the conditions in paragraph (4) are met;
 - (cb) investments that meet the condition in paragraph (5) and—
 - (i) are qualifying investments under regulation 7(2)(f), or
 - (ii) would be qualifying investments under regulation 7(2)(g), but for the condition in paragraph (6) being met in respect of them;
 - (cc) investments in a long-term asset fund;
 - (d) cash deposited in accordance with regulation 6(4) to (6); and
 - (e) payments by way of compensation in respect of a matter described in regulation 5DD in relation to an investment specified in this regulation.
- (3) The conditions in this paragraph are—
- (a) the payment is a payment of interest or capital or profit, of any combination of these payments;
 - (b) the payment is made to the account manager of the **account investor**;
 - (c) the **article 36H agreement** is made on genuine commercial terms; and
 - (d) the **article 36H agreement** is not part of a scheme or arrangement the main purpose, or one of the main purposes, of which is the avoidance of tax.
- (3A) The conditions in this paragraph are—
- (a) the payment is not made to the lender by reason of that person’s or another person’s status, whether past, present or prospective, as an employee, director, partner, trustee or the holder of any office;

⁸⁶ Regulation 8A was added by [S.I. 2016/364](#). It was amended by [S.I. 2016/977](#) and [S.I. 2019/689](#).

- (b) the borrower is not connected with the lender, and for this purpose “connected” has the meaning given in section 170 of ITA 2007 with the omission of “in period A” in subsection (7); and ;
 - (c) the payment must not be connected with any other investment held outside an account by the account investor or any other person, and for this purpose an investment is to be treated as connected with another investment if—
 - (i) either investment was made with reference to the other or with a view to enabling the other investment to be made on particular terms; or
 - (ii) the terms on which either investment was made would have been significantly less favourable if the other investment had not been made.
- (4) ...

8A.
contd.

(4) The conditions in this paragraph are—

- (a) the **debenture** is a transferable security issued by a **company** or a **charity**;
- (b) the investment in the **debenture** is facilitated by a person carrying on an activity of the kind specified in article 25 of the Regulated Activities Order 2001⁸⁷ through an electronic system operated by that person in the United Kingdom or an **EEA State** for such purpose;
- (c) that person or another, acting under an arrangement with that person or at that person's direction, in respect of the investment, treats the **account investor** as its client and undertakes on behalf of the **account investor** to—
 - (i) receive payments in respect of the **debenture**;
 - (ii) make payments, when due, in respect of the **debenture** to the **account investor**;

and

 - (iii) exercise, or facilitate the exercise of, rights in respect of the **debenture**;
- (d) the investment in the **debenture** is not part of a scheme or arrangement the main purpose, or one of the main purposes, of which is the avoidance of tax;
- (e) the **debenture** is not made available to the **account investor** by reason of their or of another's status, whether past, present or prospective, as an employee, director, partner, trustee or the holder of any office;
- (f) the **account investor** is not connected with the issuer of the **debenture**, and for this purpose "connected" has the meaning given in section 170 of ITA 2007⁸⁸ with the omission of the reference to "in period A" in sub-section (7);
- (g) the **debenture** must not be connected with any other investment held outside an **account** by the **account investor** or any other person, and for this purpose an investment is to be treated as connected with another if—
 - (i) either was made with reference to the other or with a view to enabling the other to be made on particular terms;
 - (ii) the terms on which either investment was made would have been significantly less favourable if the other investment had not been made; and
- (h) the investment in the debenture is made on genuine commercial terms.

(5) The condition in this paragraph is that the investments are subject to a notice period that would prevent the condition in regulation 4(7) from being met in respect of them if they were held in a stocks and shares account.

(6) The condition in this paragraph is that the instrument constituting the scheme provides for it to operate limited redemption arrangements in accordance with Rule 6.2.16(7) of COLL⁸⁹.

⁸⁷ Article 25 was amended by SI 2001/3538 and SI 2006/3384.

⁸⁸ 2007 c.3; section 170 was amended by section 1177 and paragraphs 494 and 499 of Schedule 1 to the Corporation Tax Act 2010 (c.4) and section 39 of and Part 1, paragraphs 1, 4(b) and 22(1) of Schedule 7 to the Finance Act 2012 (c.14).

⁸⁹ COLL" is defined in regulation 2(1)(b) of the Principal Regulations as the Collective Investment Schemes Sourcebook made by the Financial Conduct Authority under the Financial Services and Markets Act 2000. The Sourcebook can be found online at <https://www.handbook.fca.org.uk/handbook/COLL> and is available for inspection at His Majesty's Revenue and Customs, 100 Parliament Street, London, SW1A 2BQ.

Insurance policies

9. (1) **Policies** referred to in regulation 7(2)(n) or (o) must, subject to compliance with paragraphs (4) to (9) as appropriate, 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;

In Regulation 9 [except 9(3)(b)(iii) and 9(6)], for a JISA,
‘**account investor**’ means the ‘named child’ [Reg. 2A(4)]

(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) in the case of a policy that is held under an **account** that is not a **junior ISA account**, 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;
- (iia) in the case of a policy that is held under an **account** that is a **junior ISA account**, that the policy shall automatically terminate if it comes to the notice of the **account manager**, in any manner, that the event specified in paragraph (8A) has occurred in relation to the policy;
- (iii) subject to paragraph (3B), for an express prohibition of any transfer, assignment or (in Scotland) assignation of the policy to the **account investor** who holds the **account** under which the policy is held or, in the case of a policy held under an **account** that is a **junior ISA account**, the **registered contact** or **named child** in relation to that **account**;

[sub-paragraph (iv) omitted]

(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 4 of the Financial Services and Markets Act 2000 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*⁹⁰; 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.

(3A)

⁹⁰ Section 431B was inserted by paragraphs 2, 57(1) and 58 of Schedule 8 to the Finance Act 1995 (c.4).

9.
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(3A) In paragraphs (3)(b)(iii) and (3B), “policy” includes—

- (a) the rights conferred by a policy; and
- (b) any share or interest in the rights conferred by a policy.

(3B) The prohibition required by paragraph (3)(b)(iii) must not prohibit—

- (a) the cash proceeds from the termination of the policy or a partial surrender of the policy ownership—

In Regulation 9 [except 9(3)(b)(iii) and 9(6)], for a JISA, ‘**account investor**’ means the ‘named child’ [Reg. 2A(4)]

- (i) being paid to the **account investor** where the policy is held under an **account** that is not a **junior ISA account**;

- (ii) being withdrawn in accordance with regulation 4ZD (permitted withdrawals from a **junior ISA account**) and (4ZE) (permitted withdrawals from a **junior ISA account** where the **named child** is terminally ill);

- (b) the transfer of title to the policy so that it is vested as required from time to time by regulations 4(6)(b)(i) and (ia) (general conditions for **accounts**) and 15(a) (special provisions relating to insurer-managers) by virtue of—

- (i) a transfer of an **account** in accordance with regulations 21 or 21B;
- (ii) a change of **registered contact** in relation to a **junior ISA account**; or
- (iii) an **account** ceasing to be a **junior ISA account** upon the **named child** in relation to the **account** attaining 18 years;

- (c) the vesting of the policy in the personal representatives of the **account investor**.

(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.

In Regulation 9(6), for a JISA, ‘**account investor**’ means the ‘registered contact’ [Reg. 2A(5)]

(7)

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contd

- (7) Where any of the events specified in paragraphs (8) or (8A) occurs in relation to a policy, the policy shall nevertheless be treated, for the purposes of these Regulations, excepting paragraphs (3)(b)(ii) and (iia), (8) and (8A) 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.
- (8A) The event specified in this paragraph is that—
- (a) the policy has ceased to be one in respect of which the conditions in paragraph (3)(b)(i) are satisfied or those conditions were not satisfied in relation to the policy at the date on which the insurance was made; and
 - (b) the breach or non-compliance cannot be remedied in accordance with regulation 21C or has not been remedied within a reasonable time.
- (9) Where -
- (a) it comes to the notice of the **account manager**, in any manner, that an event specified in paragraph (8) or (8A) 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 that is not a junior ISA account nor a Lifetime ISA

10. (1) This regulation specifies the description of individual (“*qualifying individual*”) who may invest under an *account* that is not a *junior ISA account* nor a *Lifetime ISA*.
- (2) A qualifying individual to whom paragraph (1) refers is an individual -
- Regulation 10
does not apply
to JISAs
[Reg. 2D]
- (a) who is 18 years of age or over;
 - (ca) who has not exceeded the *overall subscription limit* in regulation 4ZA(1), in that year; and
 - (d)
 - (i) who is resident in the United Kingdom, or
 - (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); or
 - (iv) who, where the terms and conditions of an account allow for it, though not resident in the United Kingdom, makes a subscription to the account in accordance with regulation 5D.

Lifetime ISA qualifying individuals who may invest under a Lifetime ISA

- 10A.** (1) This regulation specifies the description of individual (“**Lifetime ISA qualifying individual**”) who may invest under a **Lifetime ISA**.
- (2) A **Lifetime ISA qualifying individual** to whom paragraph (1) refers is an individual who—
- (a) is 18 years of age or over;
 - (b) in relation to a **current year payment** is under 50 years of age;
 - (c) in relation to a **current year payment** or a payment under paragraph (4)(c), has not made, and will not make, any such payment to any other **Lifetime ISA** in the year in which the payment is made;
 - (d) has not exceeded the overall subscription limit in regulation 4ZA(1) in that year;
 - (e) has not exceeded the overall **Lifetime ISA payment limit** in regulation 4ZA(1A) in that year; and
 - (f) in relation to a **current year payment** or a payment under paragraph (4)(c), is resident in the United Kingdom or, if not so resident—
 - (i) 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**⁹¹, or
 - (ii) is married to or in a civil partnership with a person mentioned in paragraph (i).
- (3) Subject to paragraph (4), the following are **current year payments**—
- (a) a subscription of money;
 - (b) a subscription of shares to which regulation 7(2)(h)(a) applies;
 - (c) a subscription to which regulation 5D applies;
 - (d) an **additional permitted subscription** in accordance with regulation 5DDA;
 - (e) a replacement subscription in accordance with regulation 5DDB;
 - (f) an **additional permitted subscription** on closure of a **Help to Buy ISA** in accordance with regulation 5DDC; and
 - (g) a transfer of **qualifying investments for a Lifetime ISA component** from an account which is not a **Lifetime ISA**.
- (4) The following are not **current year payments**—
- (a) a **defaulted Lifetime ISA** subscription under regulation 5D(2)(a)(ia);
 - (b) a returned withdrawal under regulation 5D(2)(a)(ib);

⁹¹ Regulation 2 of S.I. 1998/1870 defines ITEPA 2003 as meaning the Income Tax (Earnings and Pensions) Act 2003 (2003 c. 1); section 28(5) and (6) was amended by paragraph 102(2) and (3)(a) of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11).

Account investor ceasing to qualify

11. Notwithstanding any other provision of these Regulations an **account investor** who, after subscribing or making a **qualifying addition** to an **account**, at any time ceases to fulfil the conditions of regulation 10(2)(d) or 10A(2)(f), as the case may be, 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 or make a **qualifying addition** to such an **account**.

Regulation 11 does not
apply to JISAs [Reg. 2D]

Conditions for application to open an account that is not a junior ISA account or a Lifetime ISA

12. (1) An application by an individual to open an account must—

(a) be made to an account manager in a statement, and

(b) meet the conditions in paragraphs (2), (3) and (4).

(2) An application must specify the first **year** to which the application relates.

(3) An application must contain a declaration by the applicant that -

(a) his application is to open a **stocks and shares account**, **cash account**, or **innovative finance 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**, until the account is closed;

(c) all cash subscriptions made, and to be made, to the **account** are the applicant's cash;

(ea) that the applicant has not subscribed, and will not subscribe, more than the **overall subscription limit** in regulation 4ZA(1) (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;

[sub-paragraph (eb) omitted]

(f)

Regulation 12
does not apply to
JISAs [Reg. 2D]

12.
contd.

- (3) (f) the applicant is 18 years of age or over, and except in relation to a subscription made in accordance with regulation 5D or 5DZ into an account opened solely to receive such a subscription -
- (i) is 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, 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;

[sub-paragraph (g) omitted]

- (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, where applicable, confirmation that the applicant does not qualify for a national insurance number,
 - (d) his date of birth,
 - (e) the authorisation specified in paragraph (4A).
- (4A) The authorisation specified by this paragraph is authority given by the applicant to the **account manager**—
- (a) to hold the subscriptions, **account investments**, interest, dividends and any other rights or proceeds in respect of those investments and cash;
 - (b) to make on behalf of the applicant any claims to relief from tax in respect of **account investments**; and
 - (c) to make a record in writing in accordance with paragraph (7) where that paragraph requires the **account manager** to do so.

[paragraph (5) 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 an application is not in writing or the manager operates a record system under which all original written applications are not retained—
- (a) the **account manager** must, immediately after receiving the application, record in writing on behalf of the applicant, the declaration required by paragraph (3) and authorisation required by paragraphs (4)(e) and (4A);
 - (b) the **account manager** must notify the applicant of the contents of the written record within 5 **business days** of making it; and
 - (c) the written record (as amended by any corrections notified to the **account manager** by the applicant within 30 days of the notification mentioned in sub-paragraph (b)) shall be treated as the applicant's declaration required by paragraph (3) and authorisation required by paragraphs (4)(e) and (4A).

12.
contd

[paragraph (7A) omitted]

- (8) Section 95 of *the Management Act*⁹² 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.
- (10) Where an **account manager** is required by paragraph (7) to make a record in writing—
- (a) a record shall be regarded as being a written record if it is produced by electronic means;
 - (b) the notification of the contents of the record by the **account manager** to the applicant required by paragraph (7)(b) may be sent to the applicant 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 an individual’s behalf —
- (a) if the individual is resident in England and Wales—
 - (i) pursuant to an order under section 16(2)(a) of the Mental Capacity Act 2005; or
 - (ii) by a deputy appointed under section 16(2)(b) of that Act; or
 - (b) if the individual is resident in Scotland or Northern Ireland and is suffering from **mental disorder**, by a parent, guardian, spouse, civil partner, son or daughter of the individual
- (13) In paragraph (12) **“mental disorder”** has the meaning given by, in Scotland, section 1(2) of the Mental Health (Scotland) Act 1984⁹³ or, in Northern Ireland, Article 3 of the Mental Health (Northern Ireland) Order 1986⁹⁴.
- (14) This regulation does not apply to a **Lifetime ISA**.

⁹² 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).

⁹³ 1984 c. 36.

⁹⁴ SI 1986/595 (N.I.4).

Conditions for application to open an account that is a junior ISA account

- 12A.** (1) An application (“junior ISA application”) to open a **junior ISA account** with an **account manager** may only be made if the **account** will be held by an **eligible child** immediately following the opening of the **account** or by the holder of a **junior ISA account** arising from a transfer provided for by regulation 20A of the Child Trust Funds Regulations 2004, or if the application is preliminary to such a transfer.
- (2) A child may hold—
- (a) only one **account** set up as a **cash account**; and
 - (b) only one **account** set up as a **stocks and shares account**.
- (3) For the purposes of paragraphs (2) and (7), an **account** holding an amount of less than one penny shall be disregarded.
- (3A) Except in the case of an **account** that will be held by an **eligible child** as mentioned in paragraph (1), the word “eligible” in paragraphs (4), (6), (7)(g), (h) and (i) and (8) must be disregarded.
- (4) A junior ISA application may be made by a person who—
- Except in the case of an account that will be held by an eligible child as mentioned in paragraph (1), the word “eligible” in paragraphs (4) & (6) must be disregarded [Reg 12A(3A)]
- (a) is over 16, and
 - (b) in relation to the **junior ISA account** to be opened pursuant to the application is—
 - (i) a person who has **parental responsibility** in relation to the **eligible child** who will hold the **account**; or
 - (ii) the **eligible child** who will hold the **account**.
- (5) A junior ISA application must be made to an **account manager** in a statement and must fulfil the conditions specified in paragraphs (6), (7) and (8).
- (6) A junior ISA application must specify the **eligible child** as being the beneficial owner of the **account investments** under that **account**.
- (7)

12A.
contd.

(7) A junior ISA application must contain a declaration by the applicant that—

- (a) the application is made to open a **junior ISA account**;
- (b) the information provided in accordance with paragraph (8) is true;
- (c) the **child** who will hold the **account** opened pursuant to the application is not an “eligible child” within the meaning given in the Child Trust Funds Act 2004⁹⁵ (but this is not required if the person who will hold the **account** is already the holder of a **junior ISA account** arising from a transfer mentioned in paragraph (1), or if the application is preliminary to such a transfer);
- (d) the **child** who will hold the **account** opened pursuant to the application is—
 - (i) resident in the United Kingdom, (but this is not required if the application is preliminary to a transfer mentioned in paragraph (1))
 - (ii) 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**⁹⁶,
 - (iii) married to or in a civil partnership with a person mentioned in paragraph (ii), or
 - (iv) a dependant of a person mentioned in paragraph (ii);
- (e) the applicant is the person who, upon the opening of the **account**, will be the **registered contact** in relation to the **account**;
- (f) the application is to open a **stocks and shares account** or **cash account**, as the case may be;
- (g) in the case of a **stocks and shares account**, the applicant—

Except in the case of an account that will be held by an eligible child as mentioned in paragraph (1), the word “eligible” in paragraphs (7)(g), (h) & (i) must be disregarded /Reg 12A(3A)

 - (i) has not subscribed, and will not subscribe, to any other **stocks and shares account** that is a **junior ISA account** held by the same **eligible child**, and
 - (ii) is not aware of any other **stocks and shares account** held by the **eligible child** that is a **junior ISA account**;
- (h) in the case of a **cash account**, the applicant—
 - (i) has not subscribed, and will not subscribe, to any other **cash account** that is a **junior ISA account** held by the same **eligible child**, and
 - (ii) is not aware of any other **cash account** held by the **eligible child** that is a **junior ISA account**;
- (i) as far as the applicant is aware, the applicant has not subscribed amounts to the **account** (or any other **account**) that, when aggregated with other subscriptions, exceed the overall subscription limit in regulation 4ZB(1) (subscriptions to **accounts** opened in accordance with this regulation) in relation to the **eligible child** who will hold the **account** in the year in which the junior ISA application is made; and
- (j) the applicant will not knowingly subscribe amounts to the **account** that, when aggregated with other subscriptions, exceed the overall subscription limit in regulation 4ZB(1) applicable from time to time (subscriptions to **accounts** opened in accordance with this regulation) in each successive year following the year in which the junior ISA application is made.

(8)

⁹⁵ 2004 c. 6.

⁹⁶ 2003 c. 1; section 28 was amended by paragraphs 101 and 102 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11).

12A. (8) A junior ISA application must contain—

contd.

Except in the case of an account that will be held by an eligible child as mentioned in paragraph (1), the word “eligible” in paragraph (8) must be disregarded [Reg 12A(3A)]

- (a) the applicant’s full name,
 - (b) the address of the applicant’s permanent residence, including postcode,
 - (c) the full name of the **eligible child**,
 - (d) the date of birth of the **eligible child**,
 - (e) where the applicant is not the **eligible child**, the address of the **eligible child**’s permanent residence, including postcode,
 - (f) the **eligible child**’s national insurance number if the **child** —
 - (i) is 16 or over, and
 - (ii) has been issued with a national insurance number,
 - (g) the authorisation specified in paragraph (9).
- (9) The authorisation specified by this paragraph is authority given by the applicant to the **account manager** (on behalf of the **child** who holds the **account** where appropriate)—
- (a) to hold the subscriptions, **account investments**, interest, dividends and any other rights or proceeds in respect of those investments and cash;
 - (b) to make on behalf of the **child** any claim to relief from tax in respect of **account investments**; and
 - (c) to make a record in writing in accordance with paragraph (11) where that paragraph requires the **account manager** to do so.
- (10) An **account manager** must not accept a junior ISA application if the **account manager** has reason to believe that the applicant has given untrue information in the application.
- (11) Where the junior ISA application is not in writing, or the **account manager** operates a record system under which all original written applications are not retained—
- (a) the **account manager** must, immediately after receiving the application, record in writing on behalf of the applicant, the declaration required by paragraph (7) and authorisation required by paragraphs (8)(g) and (9);
 - (b) the **account manager** must notify the applicant of the contents of the written record within 5 **business days** of making it; and
 - (c) the written record (as amended by any corrections notified to the **account manager** by the applicant within 30 days of the notification mentioned in sub-paragraph (b)) shall be treated as the applicant’s declaration required by paragraph (7) and authorisation required by paragraphs (8)(g) and (9).
- (12) An application furnished by an applicant under this regulation shall be regarded as in writing if it is furnished—
- (a) by telephonic facsimile transmission containing the signature of the applicant, or
 - (b) by electronic communication containing an electronic signature of the applicant.
- (13)

12A.
contd.

(13) Where an **account manager** is required by paragraph (11) to make a record in writing—

- (a) a record shall be regarded as being a written record if it is produced by electronic means;
- (b) the notification of the contents of the record by the **account manager** to the applicant required by paragraph (11)(b) may be sent to the applicant by telephonic facsimile transmission or by electronic communication.

(14) In this regulation—

“electronic communication” includes any communication conveyed by means of an electronic communications network;

“electronic signature” has the meaning given by section 7(2) of the Electronic Communications Act 2000⁹⁷.

Conditions for application to open an account that is a Lifetime ISA

- 12B.** (1) An application by an individual to open a **Lifetime ISA** must be made to an **account manager** in the year in which the applicant first makes a payment to that account and must fulfil the conditions specified in paragraph (2).
- (2) The application must state that it is an application to open a **Lifetime ISA** and—
- (a) specify the first year to which the application relates;
- (b) contain the information and authorisation specified in paragraph (3); and
- (c) contain a declaration by the applicant in accordance with paragraph (4).
- (3) The application must contain—
- (a) the applicant's full name;
- (b) the address and postcode of the applicant's permanent residence;
- (c) the applicant's national insurance number;
- (d) the applicant's date of birth; and
- (e) the authorisation specified in paragraph (7).
- (4) The application must contain a declaration by the applicant that—
- (a) all subscriptions of money made, and to be made, to the account are or will be the applicant's money;
- (b) in the first year and in any subsequent year to which the application relates, the applicant has not—
- (i) in relation to a **qualifying addition** made into the account, made and will not make, any such addition to any other **Lifetime ISA**,
- (ii) exceeded, and will not exceed, the overall subscription limit in regulation 4ZA(1), and
- (iii) made, and will not make, **current year payments** that exceed the overall **Lifetime ISA payment limit** in regulation 4ZA(1A);
- (c) the applicant is 18 years of age or over;
- (d) except where paragraph (5) applies, the applicant is under 40 years of age, and
- (i) is 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 sub-paragraph (ii); and
- (e) the applicant will inform the **account manager** if any of the circumstances under sub-paragraph (d)(i) to (iii) changes.
- (5) This paragraph applies where the **Lifetime ISA** is being opened to receive—
- (a) a transfer of current year's subscriptions or previous years' subscriptions from another **Lifetime ISA** (within the meaning of regulation 21(1)), or
- (b) a payment in accordance with regulation 5D(2)(a)(ia) or (ib).

12B.
contd.

- (6) A declaration under paragraph (4) shall have effect for each year in which the applicant makes a payment to the account to which the declaration relates except that after the account has been opened the reference to 40 in paragraph (4)(d) is deemed to be 50.
- (7) The authorisation specified by this paragraph is authority given by the applicant to the **account manager**—
 - (a) to hold the payments, **account investments**, interest, dividends and any other rights or proceeds (including any **government bonus**) in respect of those investments and cash;
 - (b) to make on behalf of the applicant any claims to relief from tax in respect of **account investments**;
 - (c) to submit any **government bonus** claims to **the Board** on the applicant's behalf;
 - (d) to withhold and deduct from a balance in the account and pay to **the Board**—
 - (i) any charges due to **the Board** from the **account manager** on withdrawals from the account; and
 - (ii) any amount wrongly paid by way of **government bonus** accountable to **the Board** by the **account manager** under paragraph 12 of the Schedule; and
 - (e) to make a record in writing in accordance with paragraph (9)(a) where that paragraph requires the **account manager** to do so.
- (8) An **account manager** may not accept as an **account investor** any individual if the **account manager** has reason to believe that—
 - (a) the individual is not, or might not be, a **Lifetime ISA qualifying individual**;
 - (b) the individual has given untrue information in an application; or
 - (c) subject to the exceptions described in paragraph (5), the individual is 40 years of age or over.
- (9) Where an application is not in writing, or the **account manager** operates a record system under which all original written applications are not retained—
 - (a) the **account manager** must, immediately after receiving the application, record in writing on behalf of the applicant, the declaration required by paragraph (2)(c) and the authorisation required by paragraph (3)(e);
 - (b) the **account manager** must notify the applicant of the contents of the written record within 5 business days of making it; and
 - (c) the written record, as amended by any corrections notified to the **account manager** by the applicant within 30 days of the notification mentioned in sub-paragraph (b), shall be treated as the applicant's declaration required by paragraph (2)(c) and the authorisation required by paragraph (3)(e).
- (10) For the purposes of paragraph (9), “in writing” and “written record” have the same meanings as in regulation 12A(12) to (14).
- (11)

12B.
contd.

- (11) The application may be made on an individual’s behalf—
- (a) if the individual is resident in England and Wales—
 - (i) pursuant to an order under section 16(2)(a) of the Mental Capacity Act 2005⁹⁸; or
 - (ii) by a deputy appointed under section 16(2)(b) of that Act; or
 - (b) if the individual is resident in Scotland or Northern Ireland and is suffering from mental disorder, by a parent, guardian, spouse, civil partner, son or daughter of the individual.
- (12) In paragraph (11)(b) “mental disorder” has the meaning given by, in Scotland section 328 of the Mental Health (Care and Treatment) (Scotland) Act 2003⁹⁹ or, in Northern Ireland, Article 3 of the Mental Health (Northern Ireland) Order 1986¹⁰⁰.

[Regulation 13 omitted]

⁹⁸ 2005 c. 9.

⁹⁹ 2003 asp 13.

¹⁰⁰ SI.1986/595 (N.I. 4).

14. **Account manager - qualifications and Board's approval**

cont

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**;
 - (aa) if the person intends to be an **account manager** in relation to a **junior ISA account**, the person must undertake to **the Board** to—
 - (i) publicise (and update where appropriate) statements of the minimum amount which may be subscribed to a **junior ISA account** on a single occasion, and the permitted means of payment of subscriptions; and
 - (ii) inform persons proposing to make a subscription to a **junior ISA account** (other than the **named child**) that the subscription is a gift to the **child** ;
 - (b) an **account manager** must be -
 - (i) an authorised person within the meaning of **FISMA 2000** who has permission (other than an **interim permission**) to carry on one or more of the activities specified in Articles 14, 21, 25, 36H, 37, 39G, 40, 45, 51ZA, 51ZC, 51ZE¹⁰¹ 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
 - (iia) in the case of a **credit union**, an authorised person within the meaning of **FISMA 2000**, 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 2001¹⁰²
 - (iii) **the Director of Savings**, a **building society** or a person falling within section 991(2)(b) or (c) or (3)(c) of **ITA 2007** (bank or credit union); or
 - (iv) an insurance **company**, within the meaning given by section 431(2) of **the Taxes Act**¹⁰³, an **incorporated friendly society**, or a **registered friendly society**; or
 - (v) 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 Part 4A of **FISMA 2000**, or by any prohibition imposed by or under any rules made by the Financial Conduct Authority or the Prudential Regulation Authority under that Act; and
 - (d) an **account manager** who -
 - (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 **innovative finance accounts** only, or **Lifetime ISAs** only, or any combination of such accounts, and

¹⁰¹ SI.2013/1773 substituted, among others, articles 51ZA, 51ZC and 51ZE for article 51 in the Financial Services and Markets (Regulated Activities) Order 2001 (SI.2001/544).

¹⁰² SI 2001/544.

¹⁰³ 1988 c.1; the definition of “insurance company” in section 431(2) was amended by section 52 of the Finance Act 1995 (c.4).

- (b) include conditions designed to ensure that the provisions of these Regulations are satisfied.

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

In Regulation 15, for a JISA, '**account investor**' means the 'registered contact' (Reg. 2A(5)) 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* which is not a Junior ISA 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*;
 - (b) that a person to whom they have given approval to act as an *account manager* is not qualified so to act; or
 - (c) that a person to whom they have given approval to act as an account manager has not, within a period of 18 months beginning with the day on which approval was given, acted as an account manager in respect of an account.
- (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;
 - (c) shall specify *the disqualifying circumstances* and
 - (d) may specify that, from the date of the notice, the account manager—
 - (i) must not accept any subscriptions or open new accounts, or
 - (ii) must not accept any subscriptions or open new accounts except to the extent specified in the notice.
- (4) On receiving the notice referred to in paragraph (1), subject to any appeal in accordance with regulation 18, the *account manager* shall notify the person who is the *account investor* in relation to the *account* held with the *account manager* of the right to transfer the *account* under regulation 21, and the provision made by regulation 20(4).
- (5) Where the account manager does not intend to make a bulk transfer of accounts, the account manager must, in addition to notifying the account investor in accordance with paragraph (4), notify the account investor of that intention and draw to the account investor’s attention the fact the account will cease to be exempt from tax unless it is transferred as specified in regulation 20(4).
- (6) The account manager must comply with paragraph (5) within the period beginning with the date of the Board’s notice under paragraph (1) and ending with the date which is 15 days before the date on which the Board’s approval is withdrawn.
- (7) Where a notice under paragraph (1) makes a specification under paragraph (3)(d)(i), from the date of the notice the account manager must not accept any subscriptions or open any new accounts.
- (8) Where a notice under paragraph (1) makes a specification under paragraph (3)(d)(ii), from the date of the notice the account manager must not accept any subscriptions or open any new accounts except to the extent specified in the notice.

Account manager - withdrawal by Board of approval of Junior ISA manager

- 17A. (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 a junior ISA 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**;
 - (b) that a person to whom they have given approval to act as an **account manager** is not qualified so to act; or
 - (c) that a person to whom they have given approval to act as an account manager has not, within a period of 18 months beginning with the day on which approval was given, acted as an account manager in respect of an account.
- (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 disqualifying circumstances;
 - (c) shall specify that the withdrawal takes effect from the date on which the last of the accounts is transferred to another manager; and
 - (d) shall specify that from the date of the notice, the account manager must not accept any subscriptions or open any new accounts.

In Regulation 17, for a JISA, **'account investor'** referred to in paragraph (1), subject to any appeal in accordance with means the 'registered contact' [Reg. 2A(5)] the account manager must notify the person who is the account investor in relation to the account held with the account manager of the right to transfer the account under regulation 21B¹⁰⁴.

- (5) From the date of the notice referred to in paragraph (1), the account manager must not accept any subscriptions or open any new accounts.

Account manager - appeal against withdrawal of Board's approval¹⁰⁵

18. (1) An **account manager** to whom **notice** of withdrawal of approval has been given under regulation 17 or 17A 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**¹⁰⁶ (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.

¹⁰⁴ Regulation 21B was added by [S.I. 2011/1780](#) and was amended by [S.I. 2012/1871](#) and [2015/941](#).

¹⁰⁵ Regulation 18 was amended by [S.I. 2009/56](#).

¹⁰⁶ 1970 c.9.

Account manager's intention to make a bulk transfer of accounts or to cease to act as an account manager¹⁰⁷

19. (1) An **account manager** must give notice to **the Board** if the **account manager**—
- (a) intends to cease to act as an **account manager**; or
 - (b) intends to make a **bulk transfer of accounts**.
- (2) An **account manager** must give notice to a person who is the **account investor** in relation to an **account** held with the **account manager** if the **account manager**—
- (a) intends to cease to act as an **account manager**; or
 - (b) intends that the **account** will be one of the **accounts** transferred in a **bulk transfer of accounts**.
- (3) The notices described in paragraphs (1) and (2) must—
- (a) specify whether the **account manager**—
 - (i) intends to cease to act as an **account manager**; or
 - (ii) intends to make a **bulk transfer of accounts**;
 - (b) where the notice specifies an intention to cease to act as an **account manager**,—
 - (i) specify the day on or after which the **account manager** intends to cease to act as an **account manager**; and
 - (ii) be given no less than 30 days before that day;
 - (c) where the notice specifies an intention to make a **bulk transfer of accounts**,—
 - (i) specify the day on or after which the **account manager** intends to make the first transfer in the **bulk transfer of accounts**;
 - (ii) be given no less than 30 days before that day; and
 - (iii) advise the name and address of the person to whom the **account manager** intends to transfer **accounts**.
- (4) The notice described in paragraph (2) must also—
- (a) identify the **account** to which it relates;
 - (b) advise the **account investor** that the **account** may be transferred in accordance with regulation 21 or 21B otherwise than in a **bulk transfer of accounts** if sufficient instructions are provided to enable the **account manager** to do so;
 - (c) advise the day by which the **account manager** must receive sufficient instructions for the **account** to be transferred otherwise than in a **bulk transfer of accounts**.
 - (d) where the account is not a junior ISA account, include a statement that, unless the account is transferred in accordance with these Regulations, it will cease to be exempt from tax. .
- (5) Where an **account manager** intends to make a **bulk transfer of accounts** in consequence of an intention to cease to act as an **account manager**, such intention may be specified in the same notice to **the Board** or an **account investor** (as appropriate) provided the requirements of paragraphs (3) and (4) are met.

In Regulation 19, for a JISA, 'account investor' means the 'registered contact' [Reg. 2A(5)]

¹⁰⁷ Regulation 19 was substituted by [S.I. 2012/1871](#).

- (6) Paragraph (7) applies in relation to an account manager of a junior ISA account who has given a notice referred to in paragraph (1).
- (7) An account manager must not cease to act as an account manager in relation to a junior ISA account until that junior ISA account has been transferred to another account manager in accordance with paragraph (8) or (8H) of regulation 21B.
- (8) Where the account manager does not intend to make a bulk transfer of accounts, the account manager must notify the account investor of that intention and draw their attention to the provisions in regulation 20(3).

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;
 - (b) there is an **insolvency event** in relation to the **account manager**;
 - (ba) a debt relief order is made in respect of the person (under Part 7A of the Insolvency Act 1986);
 - (c) an application has been made for a bank insolvency order or a bank administration order;
 - (d) in the case of a building society, a person falling within section 991 of **ITA 2007**¹⁰⁸ or a credit union—
 - (i) it ceases to be a building society or to fall within section 991 of **ITA 2007** or to be a credit union, as the case may be;
 - (ii) its directors have made a proposal under Part 1 of the Insolvency Act 1986¹⁰⁹ for a composition in satisfaction of its debts or a scheme of arrangement of its affairs; or
 - (iii) 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)(iv) and (v), action corresponding to any described in sub-paragraphs (b) to (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 or 21B (as appropriate), 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 or 21B (as appropriate),
- 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**.
- (4) Where the **account investor** -
- (a) receives a **notice** under regulation 17(4), and
 - (b) within the period of 30 days beginning with the date from which the Board's approval is withdrawn transfers the account to another manager pursuant to regulation 21¹¹⁰ or 21B (as appropriate),
- 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**.

In Regulation 20, for a JISA, 'account investor' means the 'registered contact' [Reg. 2A(5)]

¹⁰⁸ 2007 c. 3; section 991 was modified by section 8 of the Co-Operative and Community Benefit Societies and Credit Unions Act 2010 (c. 7) and paragraph 563 of Schedule 1 to the Corporation Tax Act 2010 (c. 4).

¹⁰⁹ 1986 c. 45; Part 1 was amended by sections 1, 2 and 15(1) and Schedule 1, Part 1 of Schedule 2 and 5 to the Insolvency Act 2000 (c. 39), section 248(3) and Schedule 17 to the Enterprise Act 2002 (c. 40), section 159(1) and Part 4 of Schedule 20 to the Energy Act 2004 (c. 20), S.I. 2002/1240 and S.I. 2009/1941.

¹¹⁰ Regulation 21 was amended by [S.I. 2007/2119](#), [2009/1994](#), [2011/1780](#), [2014/1450](#), [2016/16](#), [2016/364](#), [2017/466](#) and [2017/1089](#).

- (5) Paragraph (6) applies in relation to an account manager of a junior ISA who has sent a notice referred to in paragraph (1).
- (6) An account manager must not cease to act as an account manager in relation to a junior ISA account until that account has been transferred to another account manager in accordance with paragraph (8) or (8H) of regulation 21B.

Transfers relating to accounts other than junior ISA accounts

21. (1) In this regulation, in relation to a transfer of an **account** that is not a **junior ISA account** —

Regulation 21
does not apply
to JISAs
[Reg. 2D]

“**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 and any **government bonus**) 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 and any **government bonus**) representing those subscriptions.

“**subscriptions**” includes all payments made into a **Lifetime ISA**.

(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 and the previous years’ subscriptions may be transferred in whole or in part.

(4) **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),
- (b) a **cash account**,
- (c) an **innovative finance account** (if the **account investor** is 18 years of age or over), or
- (d) a **Lifetime ISA** (if the **account investor** is 18 or over),

belonging to the same **account investor**.

[paragraph (4A) omitted]

(4B) Subscriptions in sub-paragraphs (a) and (b) of the definition of “the current year’s subscriptions” in paragraph (1) are to be treated, for all purposes, as if they had been made to the account held with the transferee where—

- (a) the current year’s subscriptions (with or without other subscriptions) are transferred under this regulation, and
- (b) the transferor has provided the information specified in paragraph (6), if that paragraph applies in relation to the transfer.

(4C)

21.
contd.

(4C) Where *the current year's subscriptions* (with or without other subscriptions) are transferred from—

(d) a *Lifetime ISA* to a *Lifetime ISA*,

the subscriptions transferred, and no other subscriptions, shall be treated as the same *account*, for the purpose of making any remaining permitted subscriptions or *qualifying additions* in that year.

(4CA) Regulations 12(1) and 12B(1) do not prevent the *current year's subscriptions* and the *previous years' subscriptions* being transferred to an *account* that was held immediately before the transfer but to which no subscription has been made in the year in which the transfer occurs or the year immediately before that year.

(4D) The *account investor* shall, subject to paragraph (4DA), make a fresh application under regulation 12 or 12B, as the case may be, (with any necessary modifications to reflect that it is made on a transfer) to *the transferee*.

(4DA) Paragraph (4D) does not apply where—

- (a) an *account* is transferred in a *bulk transfer of accounts*;
- (b) a cash *account* (whether or not in a *bulk transfer of accounts*) is transferred to a cash *account* held with *the transferee* immediately before the time when the transfer is made;
- (c) a stocks and shares *account* (whether or not in a *bulk transfer of accounts*) is transferred to a stocks and shares *account* held with *the transferee* immediately before the time when the transfer is made;
- (ca) an *innovative finance account* (whether or not in a *bulk transfer of accounts*) is transferred to an *innovative finance account* held with the transferee immediately before the time when the transfer is made;
- (cb) a *Lifetime ISA* (whether or not in a *bulk transfer of accounts*) is transferred to a *Lifetime ISA* held with the transferee immediately before the time when the transfer is made;
- (d) a cash *account* is transferred (otherwise than in a *bulk transfer of accounts*) to a *Lifetime ISA*, a stocks and shares *account* or an *innovative finance account* held with *the transferee* immediately before the time when the transfer is made;
- (e) a stocks and shares *account* is transferred (otherwise than in a *bulk transfer of accounts*) to a *Lifetime ISA*, a cash *account* or an *innovative finance account* held with *the transferee* immediately before the time when the transfer is made; or
- (f) an *innovative finance account* is transferred (otherwise than in a *bulk transfer of accounts*) to a *Lifetime ISA*, a cash account or a stocks and shares account held with the transferee immediately before the time when the transfer is made.

(4DB)

21.
contd.

(4DB) Where an **account** is transferred in a **bulk transfer of accounts** that is not also a transfer described in paragraph (4DA)(b), (c) or (ca), a subscription to the **account** after the transfer may only be made if—

- (a) the subscription is made after the **account investor** has, during the period of time determined in accordance with paragraph (4DC), made an application to **the transferee** in relation to the **account** in accordance with regulation 12 (with any necessary modifications where appropriate to reflect that the **account** has been transferred in a **bulk transfer of accounts**);
- (b) the subscription is made in the year immediately following a year in which a subscription has been made to the **account** other than a subscription permitted by virtue of paragraph (4DE); or
- (c) the subscription is permitted by virtue of paragraph (4DE).

This paragraph does not apply to a **Lifetime ISA**.

(4DC) The period of time referred to in paragraph (4DB)(a) is the period—

- (a) starting at the beginning of the year immediately preceding the year in which the subscription is made, and
- (b) ending immediately before the subscription is made.

(4DCA) In the case of a **Lifetime ISA**, where the account is transferred in a **bulk transfer of accounts** which is not a transfer described in paragraph (4DA)(cb) a payment by the **account investor** to the account after the transfer may only be made (unless permitted by paragraph (4DE)) after the **account investor** has made an application to the transferee in relation to the account in accordance with regulation 12B (with any necessary modifications where appropriate to reflect the fact that the account has been transferred in a **bulk transfer of accounts**).

(4DD) For the purposes of paragraphs (4DB) and (4DE), the **current year's subscriptions** and the **previous years' subscriptions** transferred are not subscriptions to the **account**.

(4DE) A subscription to an **account** is permitted by this paragraph if—

- (a) the **account** has been transferred to **the transferee** in a **bulk transfer of accounts** pursuant to a scheme described in regulation 2(1A)(a)(ii) or in a **group transfer of accounts**;
- (b) the most recent application in accordance with regulation 12 or 12B relating to the transferred **account** made before its transfer is available to **the transferee**; and
- (c) except in relation to a **Lifetime ISA**, the subscription is made—
 - (i) in the year in which the **account** is transferred (provided a subscription has been made to the **account** in that year before the **account** was transferred); or
 - (ii) in a year immediately following a year in which a subscription has been made to the transferred **account** (including a subscription made before the transfer).

(4DF) For the purposes of paragraph (4DE)(b), an application in accordance with regulation 12 or 12B as described in that paragraph is available to a transferee if—

- (a) paragraph (4DG) or (4DH) applies; and
- (b) except in relation to a **Lifetime ISA**, **the transferor** has advised **the transferee** whether a subscription has been made to the transferred **account** in the year immediately preceding the year in which the transfer takes place.

(4DG) This paragraph applies where the application described in paragraph (4DE)(b) (or a copy of it) is held by **the transferee**.

21.
contd.

(4DH) This paragraph applies where—

- (a) the application described in paragraph (4DE)(b) (or a copy of it) is held by **the transferor**; and
- (b) **the transferee** can require **the transferor** to make it available to **the transferee** for any purpose necessary to ensure **the transferee**'s compliance with these regulations.

(4DI) An **account** transferred in accordance with this regulation in a **bulk transfer of accounts** is an **account** opened in accordance with regulation 12 or 12B for the purposes of these Regulations whether or not an application in accordance with regulation 12 or 12B as described in paragraph (4DB)(a) or (4DCA), as the case requires, is made.

(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) Where an **account** is transferred, **the transferor** must, subject to paragraph (5B), give to **the transferee** a notice containing the information specified in paragraph (6) before the relevant time specified in paragraph (5A).

(5A) The relevant time specified in this paragraph is—

- (a) in the case of an **account** transferred in a **bulk transfer of accounts**, the time of the transfer;
- (b) in any other case, the expiry of 30 days after the day of the transfer.

(5B) Paragraph (5) does not apply where—

- (a) a transfer falls within paragraph (2)(b), or
- (b) a transferor provides information to a transferee in accordance with regulation 21A(2)(b)(ii).

(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) subject to paragraph (6ZQ), as regards an **account** or any part of an **account** transferred pursuant to paragraph (2)-
 - (i) whether the **account** is a **cash account**, **stocks and shares account**, an **innovative finance account** or a **Lifetime ISA**
 - (ia) whether the account is a continuing account of a deceased investor: and
 - (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, disregarding a subscription made in accordance with regulation 5D (except for a replacement subscription), less, in the case of a **flexible account**, the amount of any cash withdrawn from it during that period and if the result is in the negative, the amount to be reported is nil,
 - (iv) the date on which the first subscription (if any) was made to the **account**, in the year in which the transfer takes place, and

21. (6)
contd.

- (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

- (d) as regards an account or any part of an account transferred pursuant to paragraph (2) which is a **Lifetime ISA**—
- (i) the date on which that **Lifetime ISA** was first opened and for the purposes of a payment made in accordance with regulation 5D(2)(a)(ia) or (ib), a **Lifetime ISA** opened for the purpose of receiving the payment is to be treated as being the same **Lifetime ISA** from which the money the subject of the payment originated;
 - (ii) the date of the first **qualifying addition** to the account in the year of transfer;
 - (iii) the amount of any **government bonus** that has accrued, but not been claimed, at the date of the transfer,
 - (iv) the number allocated to the account by the transferor;
 - (v) any **government bonus** already paid within the current year;
 - (vi) the total amount of **qualifying additions** to the **Lifetime ISA** during the period from the beginning of the year in which the transfer takes place to the date of transfer, with separate entries for a **Help to Buy** transfer under regulation 10A(4)(c) and any other **qualifying additions**;
 - (vii) details of **qualifying additions** to the **Lifetime ISA** for which a claim has not been made with separate entries for a **Help to Buy** transfer under regulation 10A(4)(c) and any other **qualifying additions**;
 - (viii) confirmation of whether or not there has been a withdrawal for a first-time residential purchase, for which information required under paragraph 9 of the Schedule and expected by the transferor has not been received;
 - (ix) if there has been such a withdrawal, an undertaking to pass on to the transferee any such information received without delay.

(6ZA) But there is no obligation to provide the information specified in paragraph (6)(b)(iii) or (iv) where, in relation to an account—

- (a) there is a transfer in part of the current year's subscriptions, and
- (b) current year's subscription remain with the transferor after the transfer.

(6A) Where a **Lifetime ISA** is transferred, the transferee must before the time of the transfer give to the transferor a notice stating whether or not the account to which the investments are being transferred is a **Lifetime ISA**.

(6B) A **Lifetime ISA** of an **account investor** to which another **Lifetime ISA** of the **account investor** ("the original") is transferred in accordance with this regulation is a successor to the original.

[paragraph (7) omitted]

Further requirements relating to transfers between cash accounts

21A. (1) This regulation applies where an **account investor**, through the agency of an **account manager** (“**the transferee**”), gives instructions (“**transfer instructions**”) to an **account manager** with whom the **account investor** holds a **cash account** (“**the transferor**”) for that **account** or part of that **account** to be transferred, subject to and in accordance with regulations 21 or 21B, to a **cash account** held by the **account investor** with **the transferee**.

For the first occurrence in Regulation 21A(1), for a JISA, ‘**account investor**’ means the ‘registered contact’ [Reg. 2A(5)]

(2) Where this regulation applies—

(a) **the transferee** shall, within 5 **business days** beginning on the **instruction day**, send to **the transferor**—

In Regulation 21A(1) [except for the first occurrence therein], 21A(2) & (3), for a JISA, ‘**account investor**’ means the ‘named child’ [Reg. 2A(4)]

(i) the **transfer instructions**; and

(ii) a notice specifying that **the transferee** consents to the transfer (“**the consent notice**”);

(b) **the transferor** shall, within 5 **business days** beginning on the day that **the transferor** receives the **transfer instructions** and **the consent notice**,—

(i) transfer to **the transferee** the subscriptions specified in the **transfer instructions**; and

(ii) send to **the transferee** a notice containing the information specified in paragraph (3); and

(c) **the transferee** shall ensure that the subscriptions specified in the **transfer instructions** are transferred to a **cash account** held by the **account investor** with **the transferee** within 3 **business days** beginning on the day that **the transferee** receives the subscriptions and the notice referred to in sub-paragraph (b)(ii).

(3)

21A.
contd.

(3) The information specified in this paragraph is—

(a) as regards the **account investor**—

- (i) the full name of the **account investor**,
- (ii) the address of the **account investor**'s permanent residence, including postcode,
- (iii) the date of birth of the **account investor**, and
- (iv) the national insurance number of the **account investor** (if any),

(b) as regards the **cash account** or any part of the **cash account**—

- (i) the date of the transfer,
- (ii) subject to paragraph (3ZA), 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, disregarding a subscription made in accordance with regulation 5D (except for a replacement subscription), less, in the case of a **flexible account**, the amount of any cash withdrawn from it during that period and if the result is in the negative, the amount to be reported is nil,
- (iii) subject to paragraph (3ZA), in relation to the transfer of an **account** that is not a **junior ISA account**, the date on which the first subscription (if any) was made to the **account** in the year in which the transfer takes place,
- (iv) in relation to the transfer of an **account** that is a **junior ISA account**, the date on which the subscription described in paragraph (3A) was made (if appropriate),
- (v) the reference number or other means used by **the transferor** to identify the **account** belonging to the **account investor** in respect of which the transfer is made, and
- (vi) whether the account is a continuing account of a deceased investor; and

(c) in relation to an **account** that is a **junior ISA account**—

- (i) the full name of the **registered contact**,
- (ii) the address of the **registered contact**'s permanent residence, including postcode.

(3ZA) But there is no obligation to provide the information specified in paragraph (3)(b)(ii) or (iii) where, in relation to an account—

- (a) there is a transfer in part of the current year's subscriptions, and
- (b) current year's subscription remain with the transferor after the transfer.

(3A) The subscription referred to in paragraph (3)(b)(iiia) is the first subscription to the **account** provided the subscription is made in the same year as the transfer.

(4) For the purposes of paragraph (2)(a) and (b), the **transfer instructions** and the notices (as appropriate) shall be treated as sent if they are—

- (a) **posted** to, or left at, the **proper address** of **the transferor** or **the transferee** (as appropriate); or
- (b) transmitted by **electronic communication**.

(5) For the purposes of paragraph (2)(b), where **the transferor** receives the **transfer instructions** and **consent notice** on different days, they must both be treated as received on the latest of those days.

(6) For the purposes of paragraph (2)(c), where **the transferee** receives subscriptions specified in the

transfer instructions and the notice described in paragraph (2)(b) on different days, they must all be treated as received on the latest of those days.

(7)

21A. (7) In this regulation—
contd.

“**electronic communication**” includes any communication conveyed by means of an electronic communications network;

“**instruction day**” means—

In Regulation 21A(7), for a JISA, ‘**account investor**’ means the ‘registered contact’ [Reg. 2A(5)]

- (a) the day stipulated by the **account investor** for **the transferee** to begin the transfer process, or
- (b) if no day is stipulated, the day that the **transfer instructions** are received by **the transferee**;

“**subscriptions**” means **the current year’s subscriptions** and **the previous years’ subscriptions** as described in regulation 21(1).

(8) For the purposes of this regulation—

- (a) a document is “**posted**” if it is sent pre-paid by a postal service which seeks to deliver documents by post within the United Kingdom no later than the next **business day** in all or the majority of cases, and to deliver by post outside the United Kingdom within such a period as is reasonable in all the circumstances; and
- (b) the “**proper address**” to which a document is to be sent is any current address provided by **the transferor** or transferee as an address for service of such documents, but if no current address is provided then it shall be the address of its registered or principal office in the United Kingdom.”.

Transfers relating to junior ISA accounts

- 21B.** (1) This regulation only applies to an **account** that is a **junior ISA account**.
- (2) In this regulation, in relation to a transfer—
- “**the current year’s subscriptions**” means—
- (a) subscriptions made to the **account** in the year in which the transfer takes place, but before the transfer;
 - (b) subscriptions made in the year in which the transfer takes place to any other **account** held by the **named child** 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**) in any earlier year or years, and
 - (b) the **qualifying investments** and other proceeds (including income) representing those subscriptions.
- (2A) Anything transferred to the **account** as part of the transfer mentioned in regulation 12A(1) is treated as **previous years’ subscriptions** for the purposes of this regulation.
- (3) 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).
- (4) **The current year’s subscriptions** may only be transferred as a whole (with or without the whole or part of any **previous years’ subscriptions**).
- (5) In the case of a **cash account**—
- (a) all or part of **the previous years’ subscriptions** and, if **current year’s subscriptions** are to be transferred, all of **the current year’s subscriptions** made to the **cash account**, may be transferred to a **junior ISA account** that is a **stocks and shares account** belonging to the same **named child**, or
 - (b) all of the subscriptions made to the **cash account** (“**old cash account**”) that are held in the **account** immediately before the transfer may be transferred to a **junior ISA account** that is a **cash account** (“**new cash account**”) belonging to the same **named child** (and, for the avoidance of doubt, no transfer may be made to a **new cash account** if the transfer does not comprise all of the subscriptions held in the **old cash account** immediately before the transfer).
- (6)

21B. (6) In the case of a **stocks and shares account**—
contd.

- (a) all or part of *the previous years' subscriptions* and, if *current year's subscriptions* are to be transferred, all of *the current year's subscriptions* made to the **stocks and shares account**, may be transferred to a **junior ISA account** that is a **cash account** belonging to the same **named child**, or
- (b) all of the subscriptions made to the **stocks and shares account** (“old **stocks and shares account**”) that are held in the **account** immediately before the transfer may be transferred to a **junior ISA account** that is a **stocks and shares account** (“new **stocks and shares account**”) belonging to the same **named child** (and, for the avoidance of doubt, no transfer may be made to a new **stocks and shares account** if the transfer does not comprise all of the subscriptions held in the old **stocks and shares account** immediately before the transfer).
- (7) Where *current year's subscriptions* are transferred from a **junior ISA account** to another **junior ISA account**, *the current year's subscriptions* transferred shall count towards the overall subscription limit for the **child** holding the **account** for that year.
- (8) The **registered contact** shall, subject to paragraph (8A), make a fresh application under regulation 12A (with any necessary modifications to reflect that it is made on a transfer) to **the transferee**.
- (8A) Paragraph (8) does not apply where an **account** is transferred in a **bulk transfer of accounts**.

[paragraphs (8B) to (8G) omitted]

- (8H) An **account** transferred in accordance with this regulation in a **bulk transfer of accounts** is a **junior ISA account** opened pursuant to an application in accordance with regulation 12A for the purposes of these Regulations whether or not an application in accordance with regulation 12A is made.
- (9) This regulation shall also apply where an **account** is transferred in consequence of an **account manager** (“**the transferor**”) ceasing to act or qualify as an **account manager**.
- (10) Where an **account** is transferred, **the transferor** must, subject to paragraph (10B), give to **the transferee** a notice containing the information specified in paragraph (11) before the relevant time specified in paragraph (10A).
- (10A) The relevant time specified in this paragraph is—
 - (a) in the case of an **account** transferred in a **bulk transfer of accounts**, the time of the transfer;
 - (b) in any other case, the expiry of 30 days after the day of the transfer.
- (10B) Paragraph (10) does not apply where a transferor provides information to a transferee in accordance with regulation 21A(2)(b)(ii).
- (11)

21B. (11) The information specified in this paragraph is—
contd.

- (a) as regards the **named child** who holds the **account** transferred—
 - (i) the full name of the **child** ,
 - (ii) the address (including postcode) of the permanent residence of the **child** ,
 - (iii) the date of birth of the **child** ,
 - (iv) the national insurance number of the **child** (if any) (otherwise, any unique reference number he may have had as mentioned in the Child Trust Funds Regulations 2004); and
- (b) as regards an **account** from which the transfer is made—
 - (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 subscription described in paragraph (12) was made (if appropriate), and
 - (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,
 - (vi) the full name of the person who is the **registered contact** in relation to the **account**, and
 - (vii) the address of the **registered contact**'s permanent residence, including postcode.
- (12) The subscription referred to in paragraph (11)(b)(iv) is the first subscription to the **account** provided the subscription is made in the same year as the transfer.

Repair of invalid junior ISA accounts

- 21C.** (1) It is an overriding requirement to be satisfied in relation to a **junior ISA account** that the **account manager** and **registered contact**, as the case may be, take any steps necessary to remedy any breach of these Regulations.
- (2) Where a breach is remedied as mentioned in paragraph (1), the **account** shall, to the extent of that breach, be treated as having been a valid **account** at all times.

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** -

In Regulation 22, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

- (i) in respect of interest, dividends, distributions or **gains** in respect of **account investments** (including any **government bonus**, but excluding any building society bonus), or
- (ia) in respect of alternative finance return paid by a financial institution in accordance with Part 10A of **ITA 2007**¹¹¹, 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 limit** in regulations 4ZA(1) and 4ZB(1)); or
- (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 by any of them of an **account investment** would otherwise give rise to a charge to tax under regulation 17 of the Offshore Funds (Tax) Regulations 2009¹¹², or
- (iv) on a profit on the disposal of a deeply discounted security within the meaning given by section 430 of **ITTOIA 2005**¹¹³, 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**¹¹⁴, 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;
- (e) in relation to an **account** that is not a **junior ISA account**, 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;
- (f) in relation to a **junior ISA account**, income arising from **account investments** shall not be regarded as income for any income tax purposes (including section 629 of **ITTOIA 2005**¹¹⁵).

(2) An **account investor** who, after the opening of 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.

¹¹¹ 2007 c. 3; Part 10A was inserted by paragraphs 1 and 2 of Part 1 of Schedule 2 to the Taxation (International and Other Provisions) Act 2010 (c. 8).

¹¹² S.I. 2009/3001, to which there are amendments not relevant to these Regulations.

¹¹³ Section 430 was amended by paragraph 25(2) of Schedule 7 to the Finance (No. 2) Act 2005 (c. 22).

¹¹⁴ Section 539 was substituted by paragraph 539 of Schedule 1 to the Income Tax Act 2007 (c. 3).

¹¹⁵ 2005 c. 5; the heading to section 629 was substituted by, and subsections (1) and (7)(b), (c) and (d) of that section were amended by S.I. 2005/3229 and subsection (8) was inserted by paragraph 34(1) of Schedule 13 to the Finance Act 2006 (c. 25).

- (3) A reference to “interest” in this regulation includes a reference to any bonus and to a dividend paid or credited in respect of a share **account** with a building society.

[Regulation 23 omitted]

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**.

In Regulation 24, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

- (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**; and
- [sub-paragraph (b) omitted]
- (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**¹¹⁶.

¹¹⁶ 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 6th day of the month and ending on the 5th day of the relevant following month.
- (3) No claim for repayment may be made for the month ending 5th 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 a return is required in respect of 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 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**.
- (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*¹¹⁷ 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 Chapter 8 of Part 5 of *ITTOIA 2005*¹¹⁸.

In Regulation 28, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

¹¹⁷ 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.

¹¹⁸ 2005 c. 5; Chapter 8 was amended by paragraphs 17 and 22 of Part 2 of Schedule 12 to the Finance Act 2008 (c. 9) and by paragraphs 30 and 33 of Schedule 1 to the Finance (No. 3) Act 2010 (c.33).

Records to be kept by account manager

29. (1) 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.
- (2) Where an **account** is transferred by an **account manager** (“**the transferor**”) to another **account manager** (“**the transferee**”) in a **group transfer of accounts**, any records (or copies of records) kept by the transferor in respect of the **account** at the time when it is transferred shall be treated for the purposes of this regulation as kept by **the transferee** for so long as sub-paragraphs (a), (b) and (c) of paragraph (3) apply.
- (3) For the purposes of paragraph (2)—
- (a) this sub-paragraph applies if the records described in paragraph (2) are kept by **the transferor**;
 - (b) this sub-paragraph applies if **the transferor** and transferee are members of the same group of companies; and
 - (c) this sub-paragraph applies if **the transferee** can require **the transferor** to make the records available to **the transferee** for any purpose necessary to ensure **the transferee**’s compliance with these regulations

Information to be given to account investor by account manager in relation to an account that is not a junior ISA account

30. [paragraph (1) omitted]

- (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.

Regulation 30
does not apply
to JISAs
[Reg. 2D]

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), (7), (7A) and 7B, 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.
- (1A) For the purposes of a **Lifetime ISA** in relation to paragraphs (3) and (10), paragraph (1B) applies instead of paragraph (1).
- (1B) An **account manager** of a **Lifetime ISA** must, within 60 days after the end of each year in which the **account manager** acts as an **account manager**, and after ceasing to act or qualify as an **account manager**, deliver to **the Board** a return for the year or part of a year in which the **account manager** so acted or was qualified, in a form or manner prescribed by **the Board**, which contains the information specified in the sub-paragraphs referred to in paragraph (9).
- (1C) The Board may authorise an extension of any period of time provided for under this regulation
- [paragraph (2) omitted]
- (3)

31.
contd

(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 -

In Regulation 31, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

(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 (otherwise, any unique reference number he may have had as mentioned in the Child Trust Funds Regulations 2004);

(b) as regards each such **account** -

- (i) the number allocated to the **account** by the **account manager**, and
- (ii) in relation to a **cash account** or **stocks and shares account**, the **market value** of the **account investments** held under the **component** of the **account**, the value of each **account investment** being determined either as at 5th April in that **year**, or any other valuation date in that **year**, not falling earlier than 5th October, and

(c) as regards each such **account**

- (i) whether the **account** is a **cash account**, a **stocks and shares account** or an **innovative finance account**,
- (ia) whether the **account** was a **junior ISA account** at any time in the year or part of the year for which the return is made,
- (ib) whether the account is a **flexible account**,
- (ii) subject to paragraphs (3A) and (3AB)(a), the total amount, disregarding a subscription made in accordance with regulation 5D, subscribed to the **account**, in the year or the part of the year for which the return is made;
- (iia) in place of the provision in paragraph (ii) in the case of a **flexible account**, in the year or part of the year for which the return is made, disregarding a subscription made in accordance with regulation 5D (except for a **replacement subscription**), the total amount subscribed to the **account** less the amount of any cash withdrawn from it and if the result is in the negative, the amount to be reported is nil,
- (iii) subject to paragraphs (3AB)(b) and (3B), the date on which the first subscription, if any, (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,
- (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) subject to paragraph (3C), 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; and

[sub-paragraph (vi) omitted]

(d)

31.
contd.

- (3) (d) in relation to an **innovative finance account** comprising investments of the kind specified at regulation 8A(2)(a), (ca) or (cb) the aggregate of the amounts set out at sub- paragraphs (i) to (ii) —
- (i) for investments of the kind specified in regulation 8A(2)(a) or (ca), the **outstanding principal balance** as at 5th April in that year, or the date on which an **account manager** ceases to act or qualify as an **account manager**, under those **qualifying investments for an innovative finance component** in respect of which payments are due to be made;
 - (ia) for investments of the kind specified in regulation 8A(2)(cb), their market value determined either as at 5th April in that year, or any other valuation date in that year, not falling earlier than 5th October; and
 - (ii) the amount of cash held in the account as at 5th April in that year, or the date on which an **account manager** ceases to act or qualify as an **account manager**;
- (3A) Where a subscription is made to an **account** that ceases to be a **junior ISA account** in the year or part of the year for which the return is made, the return must show, as separate amounts, the total amount of cash subscribed to the **account** at times—
- (a) when the **account** is a **junior ISA account**; and
 - (b) when the **account** is not a **junior ISA account**.
- (3AB) Where a **defaulted cash account** subscription in accordance with regulation 5D (subscriptions disregarded for the purposes of the subscription limits in regulations 4ZA and 4ZB) is made to an **account** in the year or part of the year for which a return required by this regulation is made—
- (a) the amount of subscriptions reported to an **account manager** in accordance with regulation 5DF(1)(a)(ii) (**current year's subscriptions** made to the **defaulted cash account**) must be included as part of the total amount of cash subscribed to the **account** required by paragraph (3)(c)(ii);
 - (b) paragraph (3)(c)(iii) must be construed as requiring (in addition to the information specified in that paragraph) the date reported to the **account manager** in accordance with regulation 5DF(1)(a)(iii).
- (3B) In relation to an **account** that is a **junior ISA account**, the information described in paragraph (3)(c)(iii) shall only be provided in the return for the year or part of the year in which the application to open the **account** in accordance with regulation 12A is made.
- (3C) The information provided in accordance with paragraph (3)(c)(v) must not include information relating to an **account** that was a **junior ISA account** immediately before it was closed.
- (4)

31.
contd

(4) Subject to paragraph (5), the information specified in this paragraph is -

In Regulation 31, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

- (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** officially listed on a **recognised stock exchange**,
 - (ia) such **shares** admitted to trading on a **recognised stock exchange** in the United Kingdom or an **EEA State**,
 - (ii) **qualifying securities**,
 - (iiaa) **qualifying securities** admitted to trading on a **recognised stock exchange** in the United Kingdom or an **EEA State**,
 - (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,
 - (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
- (aa) the information specified in sub-paragraph (a) in respect of any such **account investments** (excluding cash (including cash represented in share accounts with building societies)) that are held under **Lifetime ISA** components;
- (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, and
 - (ii) investments other than those specified in paragraph (i); and
- (ba) the information specified in sub-paragraph (b), in respect of any such **account investments** that are held under **Lifetime ISA** components;
- (c) the aggregate **market value** at that date of all such **account investments** held by him or his nominee; and
- (d)

31. (4) (d) the amount at the end of the year or part of the year for which the return is made of **account investments** held under innovative finance 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 of a year, with separate values for—

contd.

- (i) cash,
- (ii) the **outstanding principal balance** under those **article 36H agreements** in respect of which payments are due to be made to the **account manager**,
- (iii) the **outstanding principal balance** under those investments specified in regulation 8A(2)(ca) in respect of which payments are due to be made, and
- (vi) the market value of investments specified in regulation 8A(2)(cb).

(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.

[paragraph (6) omitted]

(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,
- (iv) all **stocks and shares accounts**, and
- (v) **accounts** receiving subscriptions made in accordance with regulation 5D(2)(a)(iv); and
- (vi) all **innovative finance accounts**; and

(b) the total amount of subscriptions made in the year or part of the year, disregarding a subscription made in accordance with regulation 5D, -

- (i) to stocks and shares **components** of **accounts**;
- (ii) to cash **components** of **accounts**.
- (iia) in respect of subscriptions made in accordance with regulation 5(D)(2)(a)(iv);
- (iib) to innovative finance 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**.

In relation to this paragraph (7), in the case of a **flexible account**, in the year or part of the year for which the return is made, there is to be disregarded, in respect of each **account**, a subscription made in accordance with regulation 5D (except for a **replacement subscription**) and there is to be deducted from the total amount subscribed the amount of any cash withdrawn from the **account**

31.
contd

and if the result is in the negative, the amount to be reported is nil.

- (7A) The information specified in this paragraph is information relating to all **accounts** in respect of which the **account manager** was acting as **account manager** immediately before the end of the year or part of the year for which the return is made that were **junior ISA accounts** at the end of the period covered by the return (whether or not a subscription was made to the **account** during that period) with separate figures for **cash accounts** and **stocks and shares accounts**.
- (7B) The information specified in this paragraph is the total number of continuing accounts of a deceased investor.
- (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**.
- (9) Paragraphs (3) (except as provided in paragraph (10)) and (3A), (3B), (3C), (7) and (7A) do not apply to a **Lifetime ISA**.
- (10) The following provisions of paragraph (3) apply to a **Lifetime ISA**—
 - (a) sub-paragraph (a) with the omission of “if he has one” and the words in parentheses;
 - (b) sub-paragraph (b) with the substitution of “a **Lifetime ISA**” for “a cash account or stocks and shares account”;
 - (c) sub-paragraph (c)(ii) with the substitution of “paragraph (3AB)(a)” for “paragraphs (3A) and (3AB)(a)”; and (d) sub-paragraph (c)(iv).

[Regulations 32 & 33 omitted]

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.

In Regulation 34, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

- (2) Sections 104 to 114 of the Taxation of Chargeable Gains Act 1992¹¹⁹ shall apply for the purposes of pooling and identifying **account investments** as if -

- (a) in section 106A¹²⁰ 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)

¹¹⁹ 1992 c. 12; section 106A was inserted by section 124(1) of the Finance Act 1998 (c. 36).

¹²⁰ 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 110A¹²¹ 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**.

¹²¹ Section 110A was inserted by section 125(2) of the Finance Act 1998.

Capital gains tax – administration-period investment

34A. For the purpose of capital gains tax —

- (a) on the occasion when title to an administration-period investment is transferred from the personal representatives to a legatee, the legatee is to be treated as having acquired the investment on the date of transfer and for a consideration equal to market value on such date; and,
- (b) on the occasion when title to an investment is transferred from the personal representatives to a legatee after the end of the period in respect of which it was an administration-period investment, there shall be deemed to be a disposal and reacquisition by the personal representatives of that investment at the end of that period and for a consideration equal to its market value at such time and the legatee is to be treated as having acquired the investment for such consideration on the date of transfer.

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**¹²² 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).
- In Regulation 35(3) & 35(4), for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]
- (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 1st 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 1st 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”.
- (5A) Paragraphs (3) to (5) do not apply to an assessment made or deemed to be made under the Schedule.
- (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*¹²³ 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.
- (9)

¹²³ 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.
- (9A) Paragraph (9) does not apply to any form prescribed under regulation 31(1B) or the Schedule.
- (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

In Regulation 35(10), for a JISA, '**account investor**' means the 'registered contact' [Reg. 2A(5)]

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,

In Regulation 36, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

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*¹²⁴ —

(a) in subsection (1)(b) for the words “policy holder” there shall be substituted “**account investor**”;

(b) in subsection (3)—

[sub-paragraph (i) omitted]

In Regulation 36, for a JISA, ‘**account investor**’ means the ‘named child’ [Reg. 2A(4)]

(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**”;

[sub-paragraph (iii) 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)

¹²⁴ Section 552 was replaced, and section 552ZA inserted, by Part 2 of Schedule 28 to the Finance Act 2001.

36.
contd.

(6) (e) in subsection (7)—

[sub-paragraph (i) 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)—

In Regulation 36, for a JISA, ‘**account investor**’ means the ‘named child’ [Reg. 2A(4)]

(i) in paragraph (b) for “policy holder” there shall be substituted “**account investor** in respect”;

[sub-paragraph (ii) omitted]

[sub-paragraph (g) 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

[sub-paragraphs (iii) & (iv) 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;”;

[sub-paragraph (i) 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.

[paragraph (7) 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) -

In Regulation 36, for a JISA, 'account investor' means the 'named child' [Reg. 2A(4)]

- (a) an assessment to income tax at the basic rate determined in pursuance of section 6(2) of *ITA 2007*¹²⁵ 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 may be made on the **account investor** at the higher rate and additional rate (determined in pursuance of section 6(2) of *ITA 2007*) for that year of assessment as appropriate to the **account investor**'s income tax liability calculated in accordance with section 23 of *ITA 2007*¹²⁶,

not more than 4 years after the end of that **year** of assessment, and regulation 28 shall not apply.”

Schedule

37. The Schedule makes further provision for **Lifetime ISA**.

¹²⁵ 2007 c. 3; section 6(2) was amended by section 5 of the Finance Act 2008 (c. 9) and paragraph 2(2) of Part 1 of Schedule 2 to the Finance Act 2009 (c. 10).

¹²⁶ Section 23 was amended by paragraph 6(o)(i) of Schedule 1 to the Finance Act 2009 (c. 10).

SCHEDULE LIFETIME ISA FURTHER PROVISION

Interpretation

1. (1) In this Schedule—

“**claim period**” means—

- (a) a period beginning with the 6th day of a month and ending with the 5th day of the following month, or
- (b) such period as may be specified from time to time under paragraph 2(1);

“**government bonus**” is an amount equal to 25% of the aggregate of **qualifying additions** made to a **Lifetime ISA** in a **relevant period**;

“**qualifying addition**” means a **current year payment** which is made into a **Lifetime ISA**;

“**relevant period**” means the year 2017-2018 and any subsequent year;

“**Schedule 1**” means **Schedule 1** to the Savings (Government Contributions) Act 2017;

“**withdrawal charge**” has the meaning given in paragraph 9(4) of **Schedule 1**.

Government bonus claim

2. (1) **The Board** may from time to time specify—
 - (a) the information to be included in a claim for a **government bonus**;
 - (b) the periods to which such a claim is to relate; and
 - (c) the form or manner in which such a claim is to be made.
- (2) A **government bonus** is only payable if a claim for it is made in accordance with this Schedule.
- (3) The person who must make a claim for a **government bonus** for **qualifying additions** made to the **Lifetime ISA** in a **claim period** is—
 - (a) subject to sub-paragraph (b), the person who is, or was, the **account manager** of a **Lifetime ISA** at the end of a **claim period** or on closure of a **Lifetime ISA**;
 - (b) where a **Lifetime ISA** is transferred to another such account of the **account investor** during a **claim period**, the **account manager** of the account at the end of the period.
- (4) The claim is to be made within 14 days beginning with the day after the end of a **claim period**.
- (5) **The Board** (subject to checking and if necessary correcting the amount of the claim) must pay the **account manager** any **government bonus** amount that is due—
 - (a) where the claim is made by the due date, within 14 days beginning with the day after the due date for the claim; and
 - (b) where the claim is made later than the due date, within 14 days beginning with the day after the due date for a claim for the **claim period** in which the late claim is made.
- (6) Any **government bonus** payment which on being made is not paid into a **Lifetime ISA** of the **account investor** must be treated as a withdrawal.
- (7) Where a claim has been made and the **account manager** becomes aware within six years after the end of the **claim period** that—
 - (a) anything which should have been included in the claim has not been included,
 - (b) anything which should not have been included in the claim has been included, or
 - (c) any other error has occurred in the claim, the **account manager** must correct the error without delay.
- (8) If the **account manager** corrects a claim, such assessments, adjustments, payments or repayments of **government bonus** as are necessary for achieving the objective mentioned in sub-paragraph (9) must be made.
- (9) The objective is that the entitlement (or otherwise) of the **account investor** to a **government bonus** should be the same as it would have been if a correct claim had been delivered.
- (10) **The Board** may enquire into a claim and return if—
 - (a) they have reasonable grounds for believing that an error has occurred in the claim, and
 - (b) they give notice to the **account manager** of their intention to do so no later than 12 months after the date on which the claim is made.

Rejection of government bonus claim

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

Specified age; terminal illness; transfer to another Lifetime ISA-no withdrawal charge

4. (1) For the purposes of paragraph 7(1)(a) of **Schedule 1** (withdrawals not triggering a charge-specified age) the specified age is 60.
- (2) For the purposes of paragraph 7(5)(c) of **Schedule 1** (withdrawals not triggering a charge-terminal illness) an **account investor** is to be considered as suffering from a terminal illness if the **account manager** of the **account investor's Lifetime ISA** has received written evidence from a registered medical practitioner that the **account investor** is expected to live for less than one year.
- (3) For the purposes of paragraph 7(5)(d) of **Schedule 1** (withdrawals not triggering a charge-transfer to another **Lifetime ISA**), a withdrawal by way of transfer from one **Lifetime ISA** of the **account investor** to another such account of the investor must be made in accordance with regulation 21.

Specified percentage for withdrawal charge

5. For the purposes of paragraph 8(2) of **Schedule 1** (charge when unlisted withdrawal made) the specified percentage is 25%.
- 5A. Notwithstanding paragraph 5, the specified percentage in respect of the period beginning on 6th March 2020 and ending on 5th April 2021 is 20%

First-time residential purchase

6. (1) For the purposes of paragraph 7(5)(a) and (b) of **Schedule 1** (withdrawals not triggering a charge) the provisions in sub-paragraphs (2) to (14) apply.
- (2) The withdrawal must only be used by the **account investor** towards defraying the **purchase price** for the acquisition by the **account investor** as a **first-time buyer** of a **residential property**.
- (3) The **purchase price** must not exceed £450,000.
- (4) The **account investor** must be purchasing as sole owner or as joint owner with another individual who may already own the property.
- (5) The purchase must be of **a legal interest in land** situated in the United Kingdom with a view to the **account investor** becoming a **residential property owner**.
- (6) The purchase must be—
 - (a) funded by a loan that will be secured by a charge over the land by way of—
 - (i) a legal mortgage (if land in England and Wales),
 - (ii) a heritable security (if land in Scotland), or
 - (iii) a legal charge, mortgage by conveyance, demise, assignment or sub-demise (if land in Northern Ireland); or
 - (b) made under the terms of a **regulated home purchase plan**.
- (7) Except in the circumstances specified in paragraph (8) the charge under paragraph (6)(a) must not be by way of a **Buy to Let Mortgage**.
- (8) The circumstances specified in this paragraph are where the **account investor** is an individual described in regulation 10A(2)(f)(i) or (ii) who is unable to occupy the land as their only or main residence at the time of the acquisition but intends, in the future, to so occupy such land.
- (9) The **account investor** must—
 - (a) on completion of the purchase occupy the land as their only or main residence; or
 - (b) in consequence of the land comprising a **residential property** in the process of being constructed or adapted for use as a dwelling, on completion of the purchase must intend it to be their only or main residence and must occupy it as such on its becoming suitable for such use; or
 - (c) in consequence of the **account investor** being an individual described in regulation 10A(2)(f)(i) or (ii), be unable to so occupy the land but must intend to do so in the future.
- (10) The withdrawal and, where there is more than one withdrawal made for the purposes of the purchase, the aggregate of them, must not exceed the **purchase price** on completion of the purchase.
- (11) The **account investor**'s **Lifetime ISA** from which the withdrawal is made must have been open for at least 12 months after the date of the first payment into it and, for this purpose, a **Lifetime ISA** opened in the circumstances provided for in regulation 12B(5) is to be treated as being the same **Lifetime ISA** as the one from which the moneys transferred or paid into the account originated.
- (12) The amount of the withdrawal must be passed directly by the **account manager** to the **account investor**'s conveyancer, who must be an **eligible conveyancer**.
- (13)

6.
contd

(13) The **account investor** must—

- (a) provide to their conveyancer the information specified in paragraph 8(1) together with the declaration specified in paragraph 8(3); and
- (b) procure that the conveyancer provide the information set out in paragraph (8)(2) to their **account manager** together with the declaration specified in paragraph 8(3).

(14) Where the **account manager** has received all of the information specified in paragraph (13)(b) and has no reason to believe that the information and declarations are not true and complete, the **account manager** must transfer the amount of the withdrawal to the **account investor's** conveyancer within the period stipulated under regulation 4(7).

Definitions for the purposes of paragraph 6

7. The following definitions apply for the purposes of paragraph 6—

“Buy to Let Mortgage” means a loan made to one or more borrowers to be secured by a mortgage over a **residential property** that is—

- (a) either —
 - (i) let at the date the mortgage is granted, or
 - (ii) intended by the borrower or borrowers to be let either at that time or in the future, and
- (b) marketed as being intended for such purpose;

“eligible conveyancer” means—

- (a) in England and Wales, a conveyancer within the meaning of rule 217A of the Land Registration Rules 2003¹²⁷;
- (b) in Scotland, a solicitor or advocate within the meaning of section 65 of the Solicitors (Scotland) Act 1980¹²⁸, or a conveyancing practitioner as defined in section 23 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990¹²⁹; or
- (c) in Northern Ireland, a person enrolled as a solicitor of the Court of Judicature of Northern Ireland pursuant to the Solicitors (Northern Ireland) Order 1976¹³⁰;

“first-time buyer” means an **account investor** who is not, and never has been, a **residential property owner**;

“a legal interest in land” includes land which will be acquired under the terms of a **regulated home purchase plan**;

“loan” does not include a loan made by a person who is connected to the account investor, and for this purpose “connected” has the meaning given by section 993 of ITA 2007(10);

¹²⁷ SI.2003/1417. Rule 217A was inserted by SI.2011/1410.

¹²⁸ 1980 c.46.

¹²⁹ 1990 c. 40.

¹³⁰ SI.1976/582 (N.I.12).

7.
contd

“**purchase price**” means—

- (a) in connection with the acquisition of any legal interest in land in circumstances other than those described in paragraph (b), (c) or (d), the value of the consideration required to be paid, and which is paid, by the purchaser under the sale and purchase agreement entered into in connection with the acquisition of that interest in land; or
- (b) in connection with the acquisition of any legal interest in land under the terms of a **regulated home purchase plan**, the value of the consideration required to be paid, and which is paid, to the original seller for the interest in that land; or
- (c) in connection with the acquisition of **a legal interest in land** by an individual who as a result of the acquisition becomes a joint owner of the land with another individual who previously owned the land, the market value of the whole of the land as determined at the time of the acquisition; or
- (d) in connection with the acquisition of a leasehold legal interest in land under a **shared ownership arrangement**—
 - (i) the value determined in accordance with paragraph (a), or
 - (ii) the value of the premium required to be paid, and which is paid, by the purchaser under the sale and purchase agreement entered into in connection with the acquisition of that interest, divided by the fraction representing the share of the property to be acquired on completion by the purchaser in return for the premium (howsoever described in the sale and purchase agreement or the lease);

“**regulated home purchase plan**” means a home purchase plan that is a regulated home purchase plan within the meaning of article 63F of the Regulated Activities Order 2001¹³¹;

“**residential property owner**” means an individual who owns as sole or joint owner an interest in **residential property** (including **a legal interest in land** acquired under the terms of a **regulated home purchase plan** or a **shared ownership arrangement**) which is—

- (a) in England or Wales—
 - (i) freehold;
 - (ii) leasehold, where the lease was originally granted for a term certain exceeding 21 years; or
 - (iii) commonhold;
- (b) in Scotland, registered or recorded, or would be capable of being registered or recorded, as a right of absolute ownership in the Land Register of Scotland or General Register of Sasines in Scotland, as applicable;
- (c) in Northern Ireland—
 - (i) freehold; or
 - (ii) leasehold, where the lease was originally granted for a term certain exceeding 21 years; or
- (d) an equivalent interest in land to the legal interests in land listed in paragraphs (a) to (c) under the laws of any jurisdiction outside the United Kingdom;

“**residential property**” means **a legal interest in land** which comprises a building that is used or suitable for use as a dwelling, or is in the process of being constructed or adapted for such use; and

¹³¹ SI.2001/544. Article 63F was inserted by SI.2006/2383.

7.
contd

“**shared ownership arrangement**” means an arrangement whereby a purchaser acquires from a housing association, local authority or other person a leasehold legal interest in a property which is specified in the sale and purchase agreement and the lease to be comprised of —

- (a) a share for which the purchaser is required to pay a premium on completion, and
- (b) a separate share in respect of which the purchaser is required to pay a periodic rent over the term of the lease.

Specified information for the purposes of paragraph 6

8. (1) The information to be provided by the **account investor** to their conveyancer under this sub-paragraph is—
- (a) the amount of the withdrawal;
 - (b) the full name and address details (including postcode) of the **account manager** and the account number of the **Lifetime ISA** to which the withdrawal relates;
 - (c) a declaration that the **account investor** is a **first-time buyer**;
 - (d) the full address details of the **residential property**;
 - (e) the **purchase price** of the **residential property**;
 - (f) a declaration that the withdrawal will only be used towards defraying the purchase price for the acquisition of the **residential property**;
 - (g) a declaration that the **account investor**—
 - (i) is not also claiming a bonus under a **Help to Buy** ISA (within the meaning of regulation 5DDC(6)); and
 - (ii) has not received payment of such a bonus unless its full amount has been repaid to the scheme administrator of the **Help to Buy** ISA in accordance with applicable scheme rules;
 - (h) if known, the name and address of the seller’s conveyancer for the acquisition to whom the amount of the withdrawal should be paid by the **account investor**’s conveyancer; and
 - (i) a declaration that the provisions of paragraph 6(2) to (13) have been, or will on completion of the purchase, be complied with or, in the case of occupation under paragraph 6(9)(b), when that will take place.
- (2) The information to be provided by the **account investor**’s conveyancer to the account investor’s **account manager** under this sub-paragraph is—
- (a) a declaration that they are an **eligible conveyancer**;
 - (b) a declaration that they have received the information under sub-paragraph (1) and sub-paragraph (3) relative to the **account investor**;
 - (c) the **purchase price** of the **residential property** in question;
 - (d) a declaration that the funds withdrawn from the **Lifetime ISA** will only be released towards defraying the **purchase price** for the acquisition of the **residential property**;
 - (e) the account details where the withdrawal should be transferred; and
 - (f) the conveyancer’s unique conveyancer registration number with the appropriate professional body.

- 8.** *contd* (3) Information provided under sub-paragraphs (1) and (2) must be accompanied by a declaration made by the individual providing it that it is true and complete to the best of the individual's knowledge and belief.

Information from conveyancer

- 9.** (1) Within 10 business days after either of the events listed in sub-paragraph (2) the **account investor** must procure that the conveyancer provides the information referred to in sub-paragraph (3) to the **account investor's account manager** of the **Lifetime ISA** from which the withdrawal for the acquisition was made.
- (2) The events referred to in sub-paragraph (1) are—
- (a) the purchase of the **residential property** being completed;
 - (b) the purchase not completing within 90 days of the date of receipt of the withdrawal by the conveyancer or, if earlier, the withdrawal of the **account investor** or the seller from the sale and purchase of the **residential property**.
- (3) The information referred to in sub-paragraph (1) is—
- (a) in the case of a purchase completing—
 - (i) the date of completion of the purchase;
 - (ii) the account number of the **Lifetime ISA** from which the withdrawal was made; and
 - (iii) the conveyancer's unique conveyancer reference number with the appropriate professional body.
 - (b) in the case of a purchase not completing,—
 - (i) a declaration that the purchase of the **residential property** in question has not completed;
 - (ii) the amount of the withdrawal that is being returned and, if it is not the full amount, an account of any shortfall;
 - (iii) the name and address of the **account investor**;
 - (iv) the account number of the **Lifetime ISA** from which the withdrawal was made;
 - (v) the conveyancer's unique conveyancer registration number with the appropriate professional body; and
 - (c) in either of the events listed in sub-paragraph (2), a declaration, to the best of the individual's knowledge and belief, as to whether any of the requirements of paragraph 6(2) to (13) has not been complied with or any information provided under paragraph 8 is not true or complete.

Purchase failure

- 10.—(1) Where a purchase fails to complete, the **account investor** must procure that the conveyancer, within 10 business days of either of the events listed in paragraph 9(2)(b), must return the full amount of the **account investor**'s withdrawal for the purchase to the **account manager**, to be held for the **account investor** in a **Lifetime ISA**.
- (2) If there is a shortfall in the amount returned to the **account manager**, that amount is to be treated for the purposes of paragraph 7(4) of **Schedule 1** as a withdrawal to which paragraph 8(6) of that Schedule applies.
- (3) Where a person accountable under this paragraph is notified by **the Board** that an amount is due from them under it, that amount shall be treated for the purposes of Part 6 of the Management Act (collection and recovery) as if it were tax charged in an assessment and due and payable.
- (4) The time limits in sections 34, 36 and 40 of the Management Act, as they apply to assessments, apply to amounts payable under sub-paragraph (3).
- (5) Paragraph 16 (appeals) applies to any notification under this paragraph.
- (6) The effect of any notification is suspended by an appeal under paragraph 16 until the appeal is determined or withdrawn.

Amounts not treated as withdrawals

11. For the purposes of paragraphs 7(2) and 11(b) of **Schedule 1**, withdrawals, removals or losses from a **Lifetime ISA** do not count for the application of a **withdrawal charge** if they are in respect of—
- (a) a payment (including a **government bonus**) to an invalid account under regulation 4A or 4AA;
- (b) excess payments and their proceeds described in regulation 4AA;
- (c) any fees or charges properly levied or charged in respect of the management by the **account manager** of a **Lifetime ISA** and account investments in accordance with their terms and conditions;
- (d) a default event under regulation 5DC(a) or in respect of an act or omission or circumstance not attributable to the **account investor**; or
- (e) an amount recouped in accordance with paragraph 12.

Recoupment of government bonus payment

12. (1) Where an amount has been wrongly paid by way of **government bonus**, the amount must be accounted for to **the Board** by—
- (a) the **account manager** of the **Lifetime ISA** (to the extent that assets relating to the account, or directly or indirectly representing the amount, are in the account manager's possession or control);
 - (b) the person who is the **account investor** (to the extent that the amount has been made or credited to the **account investor**); and
 - (c) any person in whom the amount, or any property directly or indirectly representing any of it, is vested (whether beneficially or otherwise);
- and the persons under (a), (b) and (c) shall be jointly and severally liable for the repayment of the amount (subject to the limitation applying under sub-paragraphs (a) and (b)).
- (2) Where a person accountable under this paragraph is notified by **the Board** that an amount is due from them that amount shall be treated for the purposes of Part 6 of the Management Act as if it were tax charged in an assessment and due and payable.
- (3) The time limits in sections 34, 36 and 40 of the Management Act, as they apply to assessments, apply to amounts payable under this paragraph.
- (4) Paragraph 16 (appeals) applies to any notification under this paragraph.
- (5) The effect of sub-paragraph (2) is suspended by an appeal under paragraph 16 until the appeal is determined or withdrawn.

Withdrawals: information returns

13. (1) For the purposes of paragraph 9(1)(a) of **Schedule 1**, within 14 days after the end of a **claim period**, a person who is or was an **account manager** of a **Lifetime ISA** during that period must submit to **the Board** returns of information relating to the **Lifetime ISA** in respect of that period.
- (2) **The Board** may from time to time specify—
- (a) the information to be included in a return;
 - (b) the form of a return;
 - (c) the form or manner in which a return is to be submitted; and
 - (d) the period to which a return must relate.
- (3) Where a return has been made and the **account manager** becomes aware within four years after the end of the **claim period** that—
- (a) anything which should have been included in the return has not been so included,
 - (b) anything which should not have been included in the return has been so included, or
 - (c) any other error has occurred in the return,
- the **account manager** must correct the error without delay.
- (4) **The Board** may enquire into a return if **the Board** has reasonable grounds for believing that an error has occurred in the return and give notice to the **account manager** of **the Board's** intention to do so no later than 12 months after the date on which the return is made.

Payment to the Board of withdrawal charges

14. (1) For the purpose of paragraph 9(1)(e) of **Schedule 1**, an **account manager** liable under paragraph 8(3)(b) of that Schedule must pay to **the Board** within 28 days after the end of each **claim period** the amounts due in respect of the period.
- (2) Where a person accountable under paragraph 8 of **Schedule 1** is notified by **the Board** that an amount is due from them, that amount shall be treated for the purposes of Part 6 of the Management Act as if it were tax charged in an assessment and due and payable.
- (3) The time limits in sections 34, 36 and 40 of the Management Act, as they apply to assessments, apply to amounts payable under sub-paragraph (2).
- (4) An **account investor** may apply to **the Board** where a **withdrawal charge** has been wrongly made (including, without limitation, in circumstances not attributable to the **account investor** where paragraphs 4(2) or (3) would otherwise apply) for a refund of the amount of the **withdrawal charge**.
- (5) An application under sub-paragraph (4) must be made within 4 years after the making of the **withdrawal charge**.
- (6) If an application is made, **the Board** must make any necessary repayment of the charge.
- (7) Paragraph 16 (appeals) applies to any decision of **the Board** in relation to a notification under sub-paragraph (2) or an application under sub-paragraph (4).
- (8) The effect of any notification under sub-paragraph (2) is suspended by the making of an appeal under paragraph 16 until the appeal is determined or withdrawn.
- (9) The effect of any decision in relation to an application under sub-paragraph (4) is not suspended by the making of an appeal in relation to such an application.
- (10) A transfer from a **Lifetime ISA** to an account other than another **Lifetime ISA** of the **account investor** is to be treated as a withdrawal.

Payments and Interest

15. (1) Any amount which is payable by virtue of an assessment made, or treated as made, under this Schedule is payable on the day following the end of the period of 30 days beginning with the day on which the notice of assessment is given.
- (2) Sections 101 and 103 of the Finance Act 2009¹³² apply for late payment interest on any amount that is payable to **the Board** under this Schedule which amount payable for this purpose is to be treated as income tax.
- (3) Sections 102 and 103 of that Act apply for repayment interest on any amount that is payable by **the Board** under this Schedule which amount payable is to be treated as a repayment of an overpayment of income tax.
- (4) Payments are to be made to the Board in the manner specified by it from time to time.

¹³² 2009 c.10 and SI.2011/701.

Appeals

16. (1) This paragraph applies to a review or appeal in respect of a decision made or notification given by **the Board** under any of paragraphs 3 (rejection of government bonus claim), 10 (purchase failure), 12 (recoupment of government bonus), 14 (withdrawal charges) and 15(1) (payments and interest).
- (2) Notice of an appeal must be given to **the Board** within 30 days after the date on which notice of the decision or other notification was given.
- (3) Notice of an appeal must—
- (a) specify the grounds of appeal;
 - (b) be given in writing;
 - (c) contain sufficient information to identify the appellant and the decision against which the appeal is being made; and
 - (d) be signed, or authenticated in another way approved by **the Board**, by or on behalf of the appellant.
- (4) Sections 49, 49A to 49I¹³³ and 54 of the Management Act apply in relation to proceedings for a review and appeal.
- (5) The following provisions apply where a person is appealing to the Tribunal.
- (6) The Tribunal must either—
- (a) dismiss the appeal, or
 - (b) quash the whole or part of the decision to which the appeal relates.
- (7) The Tribunal may act as mentioned in sub-paragraph (6)(b) only to the extent that it is satisfied that the decision was wrong on one or more of the following grounds—
- (a) that the decision was based, wholly or partly, on an error of fact;
 - (b) that the decision was wrong in law.
- (8) If the Tribunal quashes the whole or part of a decision, it may either—
- (a) refer the matter back to **the Board** with a direction to reconsider and make a new decision in accordance with its ruling, or
 - (b) substitute its own decision for that of **the Board**.
- (9) The Tribunal may not direct **the Board** to take any action which they would not otherwise have the power to take in relation to the decision.
- (10) A decision of the Tribunal made by virtue of this section has the same effect as, and may be enforced in the same manner as, a decision of **the Board**.
- (11) In this paragraph “the Tribunal” means the First-tier Tribunal, or when determined by or under Tribunal Procedure Rules, the Upper Tribunal.

¹³³ Section 49 was substituted and sections 49A to 49I were added by SI.2009/56.

Information to be given by account manager to account investor

17. If the **account investor** so requests in writing, an **account manager** who makes a payment to an **account investor** out of an account from which a **withdrawal charge** has been deducted must, within 30 days beginning with the day after the day of receipt of the request, furnish the **account investor** with a statement in writing showing—
- (a) the gross amount of the payment,
 - (b) the amount deducted, and
 - (c) the amount actually paid.

Extensions

18. **The Board** may authorise an extension to any period of time provided for under this Schedule.

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