

2013 No. 1743

INCOME TAX

CAPITAL GAINS TAX

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

<i>Made</i>	- - - -	<i>11th July 2013</i>
<i>Laid before the House of Commons</i>		<i>12th July 2013</i>
<i>Coming into force</i>	- -	<i>5th August 2013</i>

The Treasury make these Regulations exercising their powers in sections 694, 695, 695A(2)(c) and 701(1) and (4) of the Income Tax (Trading and Other Income) Act 2005(a) and section 151(1) and (2) of the Taxation of Chargeable Gains Act 1992(b).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Individual Savings Account (Amendment No. 3) Regulations 2013 and come into force on 5th August 2013.

(2) Regulations 3(b), 6 and 7 (bulk transfers) have effect from 5th March 2013.

(3) Regulation 4 (Looked After Children) has effect from 24th June 2013.

Amendment of the Individual Savings Account Regulations 1998

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

3. In regulation 2 (interpretation)—

(a) in paragraph (1)(a), for the definitions of “EEA Agreement” and “EEA State” substitute—

““EEA Agreement” means the agreement on the European Economic Area signed at Oporto on 2nd May 1992, together with the Protocol adjusting that Agreement signed at Brussels on 17th March 1993, as modified or supplemented from time to time;

“EEA State”, in relation to any time, means a state which at that time is a member State, or any other state which at that time is a party to the EEA Agreement;”

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- (a) 2005 c. 5. Section 694 was amended, and section 695A inserted, by section 40 of the Finance Act 2011 (c. 11). Section 695 was amended by paragraphs 131 and 132 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 701(4) was inserted by section 40 of the Finance Act 2008 (c. 9).
- (b) 1992 c. 12. Section 151 was amended by section 64(2) of the Finance Act 1995 (c. 4), section 75(6) of, and Part 3(15) of Schedule 27 to, the Finance Act 1998 (c. 36), paragraph 436 of Schedule 1(2) to the Income Tax (Trading and Other Income) Act 2005 (c. 5), and section 40 of the Finance Act 2011.
- (c) S.I. 1998/1870. Relevant amending instruments are S.I. 2005/2561, 2007/2119, 2009/1994 and 2012/1871.

(b) in paragraph (1A)(a), for (i) and (ii) substitute—

“(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 2000(a);”.

4. In regulation 2F(2) (special provision in respect of Looked After Children)(b), after subparagraph (e) insert—

“(ea) 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);”.

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

(a) in paragraph (2)(a)(ii) for the words “officially listed on a recognised stock exchange, and” substitute “either officially listed on a recognised stock exchange or, in the European Economic Area, admitted to trading on a recognised stock exchange, and”,

(b) in paragraph (3) before “if” insert “, or the condition as to admission to trading in paragraph (2)(a),”,

(c) in paragraph (3)(a)—

(i) before “within” insert “or admitted to such trading”,

(ii) before “, would be qualifying investments” insert “or trading”.

6. In regulation 21 (transfers relating to accounts other than junior ISA accounts)(c), in paragraph (4DE)(a) after “transferee” insert “in a bulk transfer of accounts pursuant to a scheme described in regulation 2(1A)(a)(ii) or”.

7. In regulation 21B (transfers relating to junior ISA accounts)(d), in paragraph (8D)(a) after “transferee” insert “in a bulk transfer of accounts pursuant to a scheme described in regulation 2(1A)(a)(ii) or”.

Mark Lancaster

Anne Milton

11th July 2013

Two of the Lords Commissioners of Her Majesty’s Treasury

(a) 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.

(b) The Children (Scotland) Act 1995 (c. 36) is substantially replaced by the Children’s Hearings (Scotland) Act 2011 (asp 1), which came into force on 24 June 2013.

(c) Regulation 21(4DE) was inserted by regulation 16(d) of S.I. 2012/1871.

(d) Regulation 21B(8D) was inserted by regulation 18(b) of S.I. 2012/1871.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Individual Savings Accounts Regulations 1998 (S.I. 1998/1870) (“the Regulations”).

The retrospective effect of regulation 3(b), 6 and 7 to 5th March 2013 and regulation 4 to 24th June 2013 is permitted by section 701(4) of the Income Tax (Trading and Other Income) Act 2005 (c. 5), and section 151(2) of the Taxation of Chargeable Gains Act 1992 (c. 12).

The definitions of “EEA Agreement” and “EEA State” in the Regulations are being updated by regulation 3(a) in light of changes to the membership of the EEA and in order to ensure consistency with definitions in other enactments.

Regulation 3(b) expands the definition of bulk transfer of accounts in the Regulations to include a bulk transfer of accounts 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 2000 (“FSMA”) (c. 8).

Regulation 6 amends regulation 21(4DE) of the Regulations (and regulation 7 amends regulation 21B(8D) of the Regulations) to allow (subject to certain conditions being met) for a subscription to be made to an account following a bulk transfer of accounts sanctioned by the court under Part 7 of FSMA, without the need for a fresh application to be made by an ISA investor pursuant to regulation 12 and 12A of the Regulations.

Regulation 4 adds regulation 2F(2)(ea) and (eb) to the Regulations to update the statutory references following the repeal of section 70 of the Children (Scotland) Act 1995 (c. 36) and its replacement by sections 83 and 86 of the Children’s Hearings (Scotland) Act 2011 (asp 1).

Regulation 5 amends regulation 7 of the Regulations to include as qualifying investments, shares in a company which are admitted to trading on a recognised stock exchange in the European Economic Area.

A Tax Information and Impact Note covering this instrument will be published on the HMRC website at: <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.

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