
STATUTORY INSTRUMENTS

2016 No. 16

**The Individual Savings Account
(Amendment) Regulations 2016**

New regulation 5DDB (flexible account) and new regulation 5DDC (closure of Help to Buy ISA)

10. After regulation 5DDA insert-

“Flexible account

5DDB.—(1) – The terms and conditions of an account (other than a junior ISA account) (“flexible account”) may provide for an account investor to be able to replace (in whole or part) a cash amount withdrawn by the account investor in any year by a replacement subscription of a cash amount (“replacement subscription”) made in that year.

(2) Subject to regulation 4(1B)(a) and (b), a replacement subscription in respect of a subscription counting towards the limit in regulation 4ZA(1) may be made into any account of the account investor.

(3) Any other replacement subscription may be made only to the account from which the withdrawal of a cash amount it is replacing was made.

(4) Any withdrawal of a cash amount in any year is to be deemed to be made first out of a current year’s subscription.

(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 of the whole of previous years’ subscriptions, 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.

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 rules⁽¹⁾ from time to time made by the Treasury in order to help an individual who is eligible under those rules to purchase a home.”

(1) 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 http://www.help_tobuy.gov.uk/docs/default-source/default-document-library/151102---scheme-rules.pdf and from the Treasury: the Banking and Credit Team, Help to Buy, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ.