

**EXPLANATORY MEMORANDUM TO**  
**THE CHILD TRUST FUND (AMENDMENT) REGULATIONS 2018**  
**2018 No. 358**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs ("HMRC") on behalf of HM Treasury and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

- 2.1 This instrument makes changes to the account rules for tax-advantaged Child Trust Funds (CTFs). It increases the amount that can be subscribed to a CTF in a year.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 None.

*Other matters of interest to the House of Commons*

- 3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

**4. Legislative Context**

- 4.1 CTFs are tax-advantaged savings accounts for children born between 1 September 2002 and 2 January 2011. The CTF account rules, including the annual subscription limit for these accounts, are set out in the Child Trust Funds Regulations 2004 (S.I. 2004/1450) (the "CTF Regulations"), which are made under powers set out in the Child Trust Funds Act 2004.

**5. Extent and Territorial Application**

- 5.1 The extent of this instrument is the United Kingdom.  
5.2 The territorial application of this instrument is the United Kingdom.

**6. European Convention on Human Rights**

- 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**7. Policy background**

*What is being done and why*

- 7.1 The annual limit that applies to subscriptions to CTFs in CTF Regulation 9 is increased from £4,128 to £4,260.

### ***Consolidation***

7.2 There are no plans to consolidate the CTF Regulations.

### **8. Consultation outcome**

8.1 There has been no formal consultation on the change in this instrument, as it is a simple update to an existing provision within the CTF Regulations.

### **9. Guidance**

9.1 HMRC's Guidance for CTF providers will be updated. This is available at <https://www.gov.uk/government/publications/child-trust-fund-guidance-notes-for-providers>.

### **10. Impact**

10.1 There is no impact on business, charities or voluntary bodies.

10.2 The increase in the annual CTF allowance will enable savers to invest more in a tax-advantaged account.

10.3 There is no impact on the public sector.

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

### **11. Regulating small business**

11.1 The legislation applies to all small businesses which offer CTFs.

11.2 To minimise the impacts of the requirements on small firms employing up to 20 people, the approach taken is to apply the same basic requirements as apply to all businesses offering CTFs and monitor the impact of these changes.

### **12. Monitoring & review**

12.1 HMRC will continue to review compliance with the rules using the information provided annually by CTF providers as well as through regular contacts with CTF providers and other groups.

### **13. Contact**

13.1 Helen Williams at HMRC telephone: 03000 512 336 or email: [savings.audit@hmrc.gsi.gov.uk](mailto:savings.audit@hmrc.gsi.gov.uk) can answer any queries regarding the instrument.