

Draft Order laid before Parliament under section 26(3) of the National Savings Bank Act 1971 on 1999: draft to lie for forty days, pursuant to section 6(1) of the Statutory Instruments Act 1946, during which period either House of Parliament may resolve that the Order be not made.

DRAFT STATUTORY INSTRUMENTS

1999 No.

SAVINGS BANKS

**The National Savings Bank (Investment Deposits)
(Limits) (Amendment) (No. 2) Order 1999**

Made - - - - 1999
Coming into force - - 26th July 1999

Whereas a draft of this Order has been laid before Parliament and a period of 40 days beginning with the day of laying has expired and neither House of Parliament has resolved that the Order be not made;

Now, therefore, the Treasury in exercise of the powers conferred on them by section 4 of the National Savings Bank Act 1971(1), and of all other powers enabling them in that behalf, hereby make the following Order:—

1. This Order may be cited as the National Savings Bank (Investment Deposits) (Limits) (Amendment) (No. 2) Order 1999 and shall come into force on 26th July 1999.

2. The National Savings Bank (Investment Deposits) (Limits) Order 1977(2) shall be amended in accordance with the following provisions of this Order.

3. After Article 2B, there shall be inserted the following—

“2C. In this Order, the expression “follow-up account” has the same meaning as in section 326BB of the Income Taxes Act 1988(3), the expression “individual savings account” has the same meaning as in regulation 29L of the National Savings Bank Regulations 1972(4) and the expressions “tax exempt special savings account” and “TESSA only account” have the same meaning as in the Individual Savings Account Regulations 1998.”(5).

4. After article 3B, there shall be inserted the following—

(1) 1971 c. 29: section 4 was amended by paragraph 3 of Schedule 20 to the Finance Act 1982 (c. 39).
(2) S.I. 1977/1210: relevant amending instruments are S.I. 1987/329, 1993/1239, 1996/1854, 1999/1056.
(3) 1988 c. 1; section 326BB was inserted by section 62(2) of the Finance Act 1995 (c. 4).
(4) S.I. 1972/764: the definition of “individual savings account” was inserted in regulation 2(1) by S.I. 1999/588 with effect from 6th April 1999.
(5) S.I. 1998/1870.

“**3C.** Subject to the provisions of this Order, it shall not be lawful for the Director of Savings to receive a deposit for crediting to an individual savings account designated as a TESSA only account, or make a credit to such an account, in any case unless the deposit or the credit–

- (a) is an application of the proceeds of a tax-exempt special savings account, not exceeding £9,000 and also not exceeding the total amount deposited in the matured account before it matured; and
- (b) is received by the Director of Savings, in the case of a tax-exempt special savings account maturing on or after 6th April 1999 within the period of six months from the day on which it matured and in the case of such an account maturing on or after 6th January 1999 but before 6th April 1999 (where a follow up account is not opened) within so much of the period of six months from the date of maturity as falls on or after 6th April 1999.”

5. Article 4(1) shall be amended by substituting for the words “3 or 3A” the words “3, 3A, 3B or 3C”.

1999

Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order further amends the National Savings Bank (Investment Deposits) (Limits) Order 1977 to limit the amount which may be paid into an individual savings account designated as a TESSA only account arising from the proceeds of a mature tax exempt special savings account (“Tessa”). An individual savings account designated as TESSA only account is a new category of investment deposit account being introduced on 26th July 1999 by the National Savings Bank (Amendment) (No. 2) Regulations 1999. The proceeds of a Tessa not exceeding £9,000 and maturing on or after 6th April 1999 may within a period of six months from the day on which the account matures be paid into an individual savings account designated as a TESSA only account in the tax year 1999–2000. In the case of an account maturing on or after 6th January but before 6th April 1999 (where a follow up account is not opened) such payment may be made within six months from the date of maturity of that account.