

SCHEDULES

SCHEDULE 1

LIFETIME ISAS: FURTHER PROVISION

PART 3

CHARGES ON SOME WITHDRAWALS FROM LIFETIME ISAS

Withdrawals not triggering charge

- 7 (1) Paragraph 8 does not apply to a withdrawal from a Lifetime ISA—
- (a) at a time after the investor has reached such age as may be specified in Treasury regulations (but see sub-paragraph (3));
 - (b) for the purposes of a first-time residential purchase being made by the investor (but see sub-paragraph (4));
 - (c) at a time when the investor is suffering from a terminal illness;
 - (d) at a time after the investor's death;
 - (e) that is by way of transfer to another Lifetime ISA.
- (2) Treasury regulations may specify other withdrawals from a Lifetime ISA to which paragraph 8 does not apply.
- (3) Treasury regulations may provide, as an exception to sub-paragraph (1)(a), that paragraph 8 applies to a withdrawal from a Lifetime ISA if—
- (a) an addition is made to a Lifetime ISA at a time after the investor has reached such age as may be specified in the regulations,
 - (b) the withdrawal is under the regulations treated as being or including a withdrawal of investments representing the whole or part of the addition, and
 - (c) the withdrawal is made within a period—
 - (i) beginning with the date of the addition, and
 - (ii) of a duration specified in the regulations.
- (4) Treasury regulations may specify withdrawals from a Lifetime ISA, which may be withdrawals within sub-paragraph (1)(b), to which paragraph 8—
- (a) does not apply at the time of withdrawal, but
 - (b) comes to apply on a subsequent failure to meet conditions specified in the regulations.
- (5) Treasury regulations may make provision supplementing sub-paragraph (1), including (in particular) provision about—
- (a) what counts as a “first-time residential purchase”;
 - (b) whether, or the extent to which, a withdrawal is for the purposes of such a purchase;
 - (c) when a person is to be considered to be suffering from a terminal illness;

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- (d) conditions to be met in order for a transfer to count for the purposes of sub-paragraph (1)(e).

Charge when non-exempt withdrawal made

- 8 (1) Except as provided by or under paragraph 7, this paragraph applies in relation to a withdrawal from a Lifetime ISA.
- (2) An amount, equal to the total of—
- (a) the specified percentage of so much of the withdrawal as is a withdrawal of sterling, and
 - (b) the specified percentage of the market value of the rest (if any) of the withdrawal,
- is to be paid (in sterling) to HMRC.
- (3) Where there is a plan manager of the Lifetime ISA at the time of the withdrawal—
- (a) that plan manager and the investor are jointly and severally liable to HMRC for the amount payable under sub-paragraph (2), and
 - (b) without prejudice to paragraph (a), that plan manager must deduct that amount from the withdrawal and pay the amount deducted to HMRC.
- (4) Otherwise, the investor is liable to HMRC for the amount payable under sub-paragraph (2).
- (5) In sub-paragraph (2) “specified” means specified by Treasury regulations.
- (6) In relation to a withdrawal specified under paragraph 7(4), sub-paragraph (3) has effect as if it provided as follows—
- “ (3) Where, at the time an amount becomes payable under sub-paragraph (2) in the case of the withdrawal, there is a plan manager of the Lifetime ISA (“the original”) or any Lifetime ISA that in accordance with Treasury regulations is a successor to the original—
- (a) each such plan manager, and the investor, are jointly and severally liable to HMRC for the amount payable under sub-paragraph (2),
 - (b) the liability under paragraph (a) of a plan manager of a Lifetime ISA is limited to the amount or value of the investments from time to time held under that Lifetime ISA, and
 - (c) a plan manager of a Lifetime ISA may meet a liability under paragraph (a) by deducting an amount from that Lifetime ISA and paying the amount deducted to HMRC.”
- (7) Treasury regulations may make provision for the amount payable under sub-paragraph (2) in the case of a withdrawal to be calculated not as mentioned in that sub-paragraph but in accordance with the regulations.
- (8) A percentage specified under sub-paragraph (2), or provision made under sub-paragraph (7), may be such that the amount payable to HMRC under sub-paragraph (2) in the case of a withdrawal is greater than so much of the withdrawal as is attributable, directly or indirectly, to bonuses.

Payment of withdrawal charges

- 9 (1) Treasury regulations may make provision—

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- (a) for requiring a person who is or was a plan manager of a Lifetime ISA, or the investor, to submit returns of information relating to withdrawals from the Lifetime ISA;
 - (b) about steps to be taken by the plan manager of a Lifetime ISA before relying on paragraph 7;
 - (c) specifying the date by which a withdrawal charge must be paid;
 - (d) charging interest on a withdrawal charge that is due but unpaid;
 - (e) for collecting a withdrawal charge and any interest charged on it, or otherwise for the purpose of fully implementing paragraph 8;
 - (f) for refunding a withdrawal charge or any interest paid on it.
- (2) The provision that may be made under sub-paragraph (1)(a) includes (in particular) provision about—
- (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;
 - (d) the period to which a return must relate;
 - (e) the period within which a return must be made;
 - (f) enquiries into, and amendments of, a submitted return.
- (3) The provision that may be made under sub-paragraph (1)(e) includes (in particular) provision applying or incorporating, with or without modifications, any enactment relating to the payment, collection or management of a tax.
- (4) In this paragraph “withdrawal charge” means an amount payable under paragraph 8.
- (5) Treasury regulations may authorise HMRC to specify any of the matters mentioned in sub-paragraph (2)(a) to (d).

Information notice may require information related to withdrawals

- 10 (1) This paragraph applies if there is a time when any investments held under a Lifetime ISA are attributable, directly or indirectly, to an amount paid by way of bonus for any qualifying additions.
- (2) An officer of Revenue and Customs may by notice require a relevant person—
- (a) to provide the officer with any information, or
 - (b) to produce a document to the officer,
- if the officer reasonably requires the information or document in connection with establishing whether there have been any withdrawals from the Lifetime ISA and, if so, the details of any such withdrawals.
- (3) Each of the following is a “relevant person” for the purposes of sub-paragraph (2)—
- (a) the person (if any) who is the plan manager of the Lifetime ISA at the time mentioned in sub-paragraph (1),
 - (b) any person who is the plan manager of the Lifetime ISA at any later time,
 - (c) the investor, and
 - (d) any other person who appears to an officer of Revenue and Customs to be a person who may have received the whole or part of a withdrawal from the Lifetime ISA.

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- (4) Paragraphs 6(2), 7, 8, 18 to 20, 23 to 27, 42 and 43 of Schedule 36 to the Finance Act 2008 (information notices etc) apply in relation to notices under sub-paragraph (2) as they apply in relation to notices under paragraph 1 of that Schedule (see the definition of “information notice” in paragraph 6(1) of that Schedule).
- (5) Where a notice under sub-paragraph (2) is given to a person other than the plan manager of the Lifetime ISA at the time the notice is given, an officer of Revenue and Customs must give a copy of the notice to that plan manager.
- (6) A person who is given a notice under sub-paragraph (2) may appeal against the notice or any requirement in the notice.
- (7) Paragraph 32 of Schedule 36 to the Finance Act 2008 (procedure for appeals against information notices) applies for the purposes of an appeal under sub-paragraph (6) as it applies for the purposes of an appeal under Part 5 of that Schedule, except that a reference to an information notice has effect as a reference to a notice under sub-paragraph (2).

Meaning of “investor” and “withdrawal”

- 11 Treasury regulations may make provision about—
- (a) who, for purposes of this Schedule, is (or is not) “the investor” in relation to a Lifetime ISA;
 - (b) what, for purposes of this Schedule, counts (or does not count) as “a withdrawal” in relation to a Lifetime ISA.