

2001 No. 908

INCOME TAX

**The Individual Savings Account (Amendment) Regulations
2001**

Made - - - - - 12th March 2001

Laid before the House of Commons 12th March 2001

Coming into force 6th April 2001

The Treasury, in exercise of the powers conferred upon them by section 333 of the Income and Corporation Taxes Act 1988(a), section 151 of the Taxation of Chargeable Gains Act 1992(b) and section 75 of the Finance Act 1998, hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Individual Savings Account (Amendment) Regulations 2001 and shall come into force on 6th April 2001.

Interpretation

2. In these Regulations “the principal Regulations” means the Individual Savings Account Regulations 1998(c) and “regulation” means a regulation of the principal Regulations.

Amendments to the principal Regulations

3.—(1) Regulation 4 (General conditions for accounts and subscriptions to accounts)(d) shall be amended as follows.

(2) In paragraph (1)(c)(i) after the word “components” there shall be inserted the words “, save that a maxi-account to which the qualifying individual first subscribes when that individual is under the age of 18 years must include a cash component”.

(3) In paragraph (1)(f)(i) after the words “subject to” there shall be inserted the words “paragraph (ia) and”.

(4) After paragraph (1)(f)(i) there shall be inserted the following paragraph—

“(ia) in the case of a maxi-account where the qualifying individual is under 18 years of age, be treated as allocated irrevocably to the cash component of the account, and”.

(a) 1988 c. 1; section 333 was amended by section 70 of the Finance Act 1991 (c. 31) and by sections 75 and 123(7) of the Finance Act 1998 (c. 36).

(b) 1992 c. 12; section 151 was amended by section 85 of the Finance Act 1993 (c. 34), by section 64(2) of the Finance Act 1995 (c. 4) and by section 75(6) of the Finance Act 1998, and was amended by section 123(7) of the Finance Act 1998.

(c) S.I. 1998/1870; amended by S.I. 1998/3174, 2000/809, 2079, 3112.

(d) Regulation 4 was amended by regulation 2 of S.I. 2000/809.

- (5) In paragraph (2)—
- (a) for the word “The” there shall be substituted the words “Subject to paragraphs (2A) and (2B), the”;
 - (b) for “and 2000–01” in both places where it appears there shall be substituted “to 2005–06”.
- (6) After paragraph (2) there shall be inserted the following paragraphs—
- “(2A) The subscription limit for any maxi-account for any year, at the end of which the qualifying individual is 16 years of age or over but less than 18 years, is £3,000 in the years 2001–02 to 2005–06, and £1,000 in subsequent years.
- (2B) For any year during which the qualifying individual attains the age of 18 years, no more than £3,000 in the years 2001–02 to 2005–06, and £1,000 in subsequent years, may be subscribed before the individual attains that age.”
- (7) In paragraph (3)(a) for “and 2000–01” there shall be substituted “to 2005–06”.
- 4.** In regulation 9(3)(d)(ii)(a) for the words from “sub-section” to the end there shall be substituted the words “regulation 2(1) of the Personal Portfolio Bonds (Tax) Regulations 1999(b), or”.
- 5.** In regulation 10(2)—
- (a) in sub-paragraph (a) after the word “who” there shall be inserted the words “, in the cases of a maxi-account or of a mini-account made up of a cash component, is 16 years of age or over and, in any other case,”; and
 - (b) in sub-paragraph (d) there shall be added at the end—
“, or
(iii) who, though not resident in the United Kingdom, is married to a person mentioned in paragraph (ii)”.
- 6.** In regulation 12—
- (a) in paragraph (3) for sub-paragraph (f) there shall be substituted the following sub-paragraph—
“(f) the applicant is 16 years of age or over, and—
 - (i) is resident and ordinarily resident in the United Kingdom, or
 - (ii) is a person who performs duties which, by virtue of section 132(4)(a) of the Taxes Act, are treated as being performed in the United Kingdom, or
 - (iii) is married to a person mentioned in paragraph (ii),and will inform the account manager if he ceases to be so resident and ordinarily resident, or to perform such duties, or to be married to a person who performs such duties, as the case may be;”; and
 - (b) after paragraph (8) there shall be added the following paragraphs—
“(9) An application furnished by an individual under this regulation or regulation 13 shall be regarded as in writing if it is furnished—
 - (a) by telephonic facsimile transmission containing the signature of the individual, or
 - (b) by electronic communication containing an electronic signature of the individual.(10) Declarations made by the account manager under paragraph (3)(g)(iv) of this regulation or regulation 13(4)(h)(iv) shall be regarded as made in writing if they are produced by electronic means, and the copy of a declaration to be sent to the individual in accordance with paragraph (7) of either this regulation or regulation 13 may be sent by telephonic facsimile transmission or by electronic communication.
(11) In this regulation—

(a) Regulation 9 was amended by regulation 7 of S.I. 1998/3174.

(b) S.I. 1999/1029.

“electronic communication” includes any communication by means of a telecommunication system (within the meaning of the Telecommunications Act 1984)**(a)**;

“electronic signature” has the meaning given by section 7(2) of the Electronic Communications Act 2000**(b)**.”

7. In regulation 13(4)—

(a) for sub-paragraph (f) there shall be substituted the following sub-paragraph—

“(f) the person in respect of whom he has been appointed is 16 years of age or over, and

(i) is resident and ordinarily resident in the United Kingdom, or

(ii) is a person who performs duties which, by virtue of section 132(4)(a) of the Taxes Act are, treated as being performed in the United Kingdom, or

(iii) is married to a person mentioned in paragraph (ii);”;

(b) in sub-paragraph (g) there shall be added at the end the words “, or to perform such duties, or to be married to a person who performs such duties, as the case may be”.

8. In regulation 22(1)(e) after the word “not” there shall be inserted the words “, except for the purposes of section 660B of the Taxes Act,”.

Clive Betts

Greg Pope

12th March 2001

Two of the Lords Commissioners of Her Majesty’s Treasury

(a) 1984 c. 12.

(b) 2000 c. 7.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 6th April 2001, amend the Individual Savings Account Regulations 1998 (S.I. 1998/1870, amended by S.I. 1998/3174, 2000/809, 2079, 3112). The principal effects of the amendments are (1) to allow individuals who are aged between 16 and 18 years to invest in the cash component of a maxi-ISA, or a cash mini-ISA (2) to provide that the “settlements legislation” (section 660B of the Income and Corporation Taxes Act 1988 (1988 c. 1)) may apply to the ISAs of unmarried children under 18 years (3) to allow the spouses of Crown servants serving overseas to open ISAs and (4) to allow applications to subscribe to an ISA (or the declarations by the account manager supplementing those applications) to be made by fax, or by electronic communications containing an electronic signature of the applicant.

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