
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Child Trust Funds Regulations 2004 (S.I. 2004/1450: “the main Regulations”). The main effect of these Regulations is (a) to provide for government contributions to the child trust funds of eligible children at age 7, and (b) to amend the rules for eligibility to the further government contribution on the setting up of a child trust fund, to cater for cases where a Child Tax Credit claim (the main condition for eligibility to the further contribution: see section 9(5) of the Child Trust Funds Act 2004: “the 2004 Act”) is made more than 3 months after payment of Child Benefit in respect of the child began.

Regulation 1 provides for citation, commencement and effect. Regulation 1(2) provides that the amendments to the rules for eligibility to the further government contribution of £250 (see (b) above) apply to children in respect of whom payment of Child Benefit commenced on or after 6th April 2008. Regulation 2 provides for amendment of the main Regulations.

Regulation 3 adds appropriate definitions.

Regulation 4 adds paragraphs (10A), (10B) and (10C) to regulation 7 of the main Regulations. Paragraph (10A) states the conditions to be satisfied for the further government contribution (in circumstances where the child is not already entitled to a supplementary contribution under section 9 of the 2004 Act, or a further contribution under regulation 7(10) of the main Regulations), the two additional situations covered being set out in paragraphs (10B) and (10C).

The effect of paragraph (10B) is that a Child Tax Credit entitlement has to be established not later than 3 months preceding the expiry date of the child’s CTF voucher. Because of the 3 months back-dating rule for Child Tax Credit, this means that a Child Tax Credit claim within the voucher year (normally just over a year from the date on which Child Benefit became payable in respect of the child : “the Child Benefit commencement date”) will suffice to support eligibility to the further government contribution.

Paragraph (10C) similarly provides that a claim for income support, or income-based jobseeker’s allowance by a person whose “applicable amount” included an amount in respect of the child, within the year for which the voucher is valid, will support eligibility to the further government contribution. Income support and income-based jobseeker’s allowance have a 1 month back-dating rule, reflected in paragraph (10C)(b).

Regulation 5 provides for Age 7 payments to the child trust funds of eligible children at age 7. Children in local authority care on their 7th birthday, together with a small category of children who are “looked after children” but in respect of whom Child Benefit is payable, receive a payment of £500 (regulation 7A(2)).

The child trust funds of other children receive a basic amount of £250 and, if their family is a low-income family, a further £250 (regulation 7A(3) to (5)). Regulation 7A(6) provides for the crediting by account providers of payments to children’s child trust funds.

Regulations 6 and 7 of these Regulations make provision for (a) recoupment of further contributions and Age 7 payments which were not due (b) HM Revenue and Customs to inform account providers that further contributions and Age 7 payments are due and (c) account providers to claim those amounts.

The Age 7 payments formed part of the original Child Trust Fund full Regulatory Impact Assessment published in November 2003. An Assessment has not been prepared for the part of these Regulations

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which relates to extension of eligibility to the further government contribution as it is considered to have no impact on business, charities or voluntary bodies.