
EXPLANATORY NOTE

(This note is not part of the Regulations)

These regulations amend the Individual Savings Account Regulations 1998 (S.I. 1998/1870) (“the ISA regulations”).

These regulations extend the range of securities that can be held in an Individual Savings Account (“ISA”) (see regulation 7 which amends regulation 8A of the ISA regulations). They provide for debentures issued by companies and charities to be held in an innovative finance account where they satisfy applicable conditions and will enable those made available through crowdfunding offers to be eligible to be held in an innovative finance account. Interest and gains from these investments will be tax free.

Conditions are provided concerning the issuer and availability of the debentures including appropriate safeguards for the investor and to prevent abuse of the tax free arrangements (see regulation 7(b)).

Minor consequential amendments are made to the ISA regulations by the other regulations (see regulations 3 to 6 and 8) including to regulations 2 (interpretation), 4 (general conditions for accounts and subscriptions to accounts), 5DDA (additional permitted subscription to an account other than a junior ISA account), 6(2) (general investment rules) and 31 (returns of information to HM Revenue & Customs by the account manager).

A Tax Information and Impact Note covering this instrument has been published on the HM Government website at: <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.