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STATUTORY INSTRUMENTS

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**2014 No. 649**

**CHILD TRUST FUNDS**

**The Child Trust Funds (Amendment) Regulations 2014**

<i>Made</i>	- - - -	<i>14th March 2014</i>
<i>Laid before Parliament</i>		<i>14th March 2014</i>
<i>Coming into force</i>	- -	<i>6th April 2014</i>

The Treasury make these Regulations exercising their powers in sections 3(1) to (3), (4)(d) and (5), 12(2) and 28(1) and (3) of the Child Trust Funds Act 2004<sup>(1)</sup>.

**Citation and commencement**

1. These Regulations may be cited as the Child Trust Funds (Amendment) Regulations 2014 and come into force on 6th April 2014.

**Amendment of the Child Trust Funds Regulations 2004**

2. The Child Trust Funds Regulations 2004<sup>(2)</sup> are amended as follows.
3. In regulation 2(1)(b) (interpretation)—
  - (a) in the definition of “account”, for “section 840A(1)(b) of the Taxes Act” substitute: “section 991(2) of the Income Tax Act 2007<sup>(3)</sup>”;
  - (b) in the definition of “European institution”, for “paragraph 5(a), (b) or (c)”, substitute: “paragraph 5(a) to (d), (f) and (h)”; and after “under paragraph 12”, insert: “(1) to (4) and (7)”;
  - (c) for the definition of “investment trust”, substitute—

““investment trust” refers to a company that is such a trust for the purposes of the Corporation Tax Acts<sup>(4)</sup>, or would be such a trust but for section 1158(3) of the Corporation Tax Act 2010<sup>(5)</sup>”.
4. In regulations 9(2) and 9(3) (annual limit on subscriptions), for “£3,720” substitute “£3,840”.

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(1) 2004 c. 6.  
(2) S.I. 2004/1450; relevant amending instruments are S.I. 2010/582, 2013/263, 2013/1744 .  
(3) 2007 c. 3.  
(4) The definition of “the Corporation Tax Acts” was inserted into Schedule 1 to the Interpretation Act 1978 (c. 30) by the Finance Act 1987 (c. 16), Schedule 15, paragraph 12.  
(5) 2010 c 4; relevant amendments made by section 49(2) of the Finance Act 2011 (c. 11) and section 45(1) of the Finance Act 2013 (c. 29).

5. In regulation 12 (qualifying investments for an account)—
- (a) in paragraph (2)(f), omit: “, listed in the Official List of the Stock Exchange (see paragraph 3)”;
  - (b) in paragraph (3), from “An investment” to “admission to trading in paragraph (2)(a)” substitute: “An investment in shares fulfils the conditions as to official listing and admission to trading in paragraph (2)(a)”;
  - (c) in paragraph (3)(a), omit “or investment trust”.

6.—(1) In regulation 18A (permitted withdrawals from an account where the child is terminally ill), in paragraph (2)(b), for Case 1 substitute—

“Case 1

The child:

- (i) in England and Wales or Scotland falls within either section 72(5) of the Social Security Contributions and Benefits Act 1992<sup>(6)</sup> (special rules for terminally ill person’s entitlement to care component of disability living allowance) or section 82(4) of the Welfare Reform Act 2012<sup>(7)</sup> (terminal illness); or
  - (ii) in Northern Ireland, falls within section 72(5) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992<sup>(8)</sup> (the care component).”.
- (2) In paragraph (3), after “regulation” omit “, and shall also notify the account provider”.
- (3) In paragraph (6)—
- (a) after “meaning ” insert: “(a) for England, Wales and Scotland,”;
  - (b) before the full stop at the end insert: “or in section 82(4) of the Welfare Reform Act 2012 (terminal illness); or (b) for Northern Ireland, in section 72(5) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (the care component)”.

*Mark Lancaster*

*Sam Gyimah*

Two of the Lords Commissioners of Her  
Majesty’s Treasury

14th March 2014

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<sup>(6)</sup> 1992 c. 4; relevant amendments made by section 67(2) of the Welfare Reform and Pensions Act 1999 (c. 30) and section 52 of the Welfare Reform Act 2007 (c. 5).

<sup>(7)</sup> 2012 c. 5.

<sup>(8)</sup> 1992 c. 7; amended by SI 1999/3147 and S.R. 1999/494.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Child Trust Fund Regulations 2004 (S.I. 2004/1450) (“the Regulations”).

Regulation 3 amends regulation 2 of the Regulations to make changes to the definition of “account” and “European Institution” to update these definitions and ensure consistency with other legislation currently in force. It adopts the definition of “investment trust” used in the Corporation Tax Acts.

Regulation 4 amends regulations 9(2) and 9(3) to increase the overall annual subscription limit in respect of a child’s account from £3,720 to £3,840.

Regulation 5(a) amends regulation 12 of the Regulations, reflecting the new definition of “investment trust”. Regulation 5(b) and (c) amends regulation 12(3) of the Regulations to ensure that investment trusts about to be listed or admitted to trading and which satisfy the conditions in regulation 12(3) and (4) continue to be qualifying investments.

Regulation 6 amends the Regulations by amending regulation 18A to take account of the changes in qualification for Disability Living Allowance brought about by the Welfare Reform Act 2012 and adds corresponding provision for Northern Ireland.

A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sector is foreseen.