
EXPLANATORY NOTE

(This note is not part of the Regulations)

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

Regulation 3 amends regulation 2 of the principal Regulations to provide that schemes authorised in accordance with section 271A of the Financial Services and Markets Act 2000 are recognised UCITS (Undertaking for Collective Investment in Transferable Securities). It also amends the definition of “dormant account” in consequence of the coming into force of the Dormant Assets Act 2022 (c. 5).

Regulation 4 makes amendments to regulation 4ZE of the principal Regulations to update the definition of terminal illness as it applies to a child in Northern Ireland. As the amendments to the definition of terminal illness made to section 66(2) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 by section 1 of the Social Security (Terminal Illness) Act (Northern Ireland) Act 2022 do not apply for the purposes of the principal Regulations, regulation 4ZE is amended to take account of those changes.

Regulation 5 amends regulation 5C of the principal Regulations in consequence of the coming into force of the Dormant Assets Act 2022.

Regulation 6 amends regulation 7 of the principal Regulations so that the requirements for shares which are not in an investment trust are the same as for shares which are in an investment trust.

Regulation 7 amends regulation 8A of the principal Regulations to permit investment in alternative finance investments and makes provision as to loans by connected persons.

Regulation 8 amends regulation 17 of the principal Regulations to take account of the insertion of a new regulation 17A. It also sets out the requirements for the giving of notice by account managers to account holders. New regulations 17(5) and (6) require the account manager to remind the account investor, at least 15 days before the Board’s approval is withdrawn, that the account will cease to be exempt from tax unless it is transferred to another account manager in accordance with regulation 20(4).

Regulation 9 inserts a new regulation 17A into the principal Regulations which makes provision as to the withdrawal of approval from junior ISA account managers.

Regulation 10 amends regulation 18 of the principal Regulations to provide for a right of appeal where the Board withdraws a junior ISA manager’s approval under regulation 17A.

Regulation 11 amends regulation 19 of the principal Regulations to require account managers to inform account holders that unless accounts are transferred to another manager, the account will cease to qualify for tax relief. In relation to junior ISAs, the manager may cease to act only when the accounts have been transferred to another manager.

Regulation 12 amends regulation 20 of the principal Regulations to require account managers who cease to qualify to inform account holders that, unless accounts are transferred to another manager within 30 days of the account manager’s notifying the Board, the account will cease to be exempt from tax. It also makes amendments to regulation 20 consequent on the amendments to regulation 17 and the insertion of regulation 17A into the principal Regulations.

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