

[¹SCHEDULE

LIFETIME ISA FURTHER PROVISION

Textual Amendments

- F1** Schedule inserted (6.4.2017) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2017 \(S.I. 2017/466\)](#), regs. 1, **31**

Interpretation

1.—(1) In this Schedule—

“claim period” has the meaning given in sub-paragraphs (2) and (3);

“government bonus” is an amount equal to 25% of the aggregate of qualifying additions made to a Lifetime ISA in a relevant period;

“qualifying addition” means a current year payment or a payment under regulation 10A (4)(c) which is made into a Lifetime ISA;

“relevant period” means the year 2017-2018 and any subsequent year;

“Schedule 1” means Schedule 1 to the Savings (Government Contributions) Act 2017;

“withdrawal charge” has the meaning given in paragraph 9(4) of Schedule 1.

(2) “Claim period” means—

- (a) for the year 2017-18, except where sub-paragraph (3) applies, that year, and
- (b) for the year 2018-19 and subsequent years, a month,

or such period as the Board may specify from time to time pursuant to paragraph 2(1).

(3) Where an account manager during the year 2017-18 is notified of a death or determination in accordance with paragraph 4(2) of a terminal illness of an account investor, “claim period” means—

- (a) the period beginning with the date of the opening of the account, or, where there has been a transfer, the date of the original opening of the transferred account, and ending at the end of the month in which such notification is received, and
- (b) in the case of a continuing terminal illness of the account investor, each month subsequent to the period determined under sub-paragraph (a), in which a qualifying addition has been made to the account.

(4) For the purposes of sub-paragraphs (2) and (3) “month” is a period beginning on the 6th of one month and ending on the 5th of the following month.

Government bonus claim

2.—(1) The Board may from time to time specify—

- (a) the information to be included in a claim for a government bonus;
- (b) the periods to which such a claim is to relate; and
- (c) the form or manner in which such a claim is to be made.

(2) A government bonus is only payable if a claim for it is made in accordance with this Schedule.

(3) The person who must make a claim for a government bonus for qualifying additions made to the Lifetime ISA in a claim period is—

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- (a) subject to sub-paragraph (b), the person who is, or was, the account manager of a Lifetime ISA at the end of a claim period or on closure of a Lifetime ISA;
 - (b) where a Lifetime ISA is transferred to another such account of the account investor during a claim period, the account manager of the account at the end of the period.
- (4) The claim is to be made within 14 days beginning with the day after the end of a claim period.
- (5) The Board (subject to checking and if necessary correcting the amount of the claim) must pay the account manager any government bonus amount that is due—
- (a) where the claim is made by the due date, within 14 days beginning with the day after the due date for the claim; and
 - (b) where the claim is made later than the due date, within 14 days beginning with the day after the due date for a claim for the claim period in which the late claim is made.
- (6) Any government bonus payment which on being made is not paid into a Lifetime ISA of the account investor must be treated as a withdrawal.
- (7) Where a claim has been made and the account manager becomes aware within six years after the end of the claim period that—
- (a) anything which should have been included in the claim has not been included,
 - (b) anything which should not have been included in the claim has been included, or
 - (c) any other error has occurred in the claim,
- the account manager must correct the error without delay.
- (8) If the account manager corrects a claim, such assessments, adjustments, payments or repayments of government bonus as are necessary for achieving the objective mentioned in sub-paragraph (9) must be made.
- (9) The objective is that the entitlement (or otherwise) of the account investor to a government bonus should be the same as it would have been if a correct claim had been delivered.
- (10) The Board may enquire into a claim and return if—
- (a) they have reasonable grounds for believing that an error has occurred in the claim, and
 - (b) they give notice to the account manager of their intention to do so no later than 12 months after the date on which the claim is made.
- (11) Otherwise than where an account manager is notified of a death or determination in accordance with paragraph 4(2) of a terminal illness of an account investor, no claim for a government bonus arising in respect of the year 2017-18 may be made before the end of that year.

Rejection of government bonus claim

- 3.—**(1) The Board must notify the account manager of a rejection of any claim for a government bonus together with reasons for the decision—
- (a) where the claim is made by the due date, within 14 days beginning with the day after the due date for the claim, and
 - (b) where the claim is made later than the due date, within 14 days beginning with the day after receipt of the claim.
- (2) The account manager on receipt of such notification must notify the account investor within 14 days beginning with the day after the day of receipt.
- (3) An account investor may within 90 days beginning with the day after receipt of a notification under sub-paragraph (2) apply to the Board for payment of a government bonus which has been refused.

(4) Paragraph 16 (appeals) applies, in relation to an account manager, to a notification under sub-paragraph (1), and, in relation to an account investor, to a decision in respect of an application under sub-paragraph (3).

(5) The effect of any notification or decision is not suspended by the making of an application or an appeal.

Specified age; terminal illness; transfer to another Lifetime ISA-no withdrawal charge

4.—(1) For the purposes of paragraph 7(1)(a) of Schedule 1 (withdrawals not triggering a charge-specified age) the specified age is 60.

(2) For the purposes of paragraph 7(5)(c) of Schedule 1 (withdrawals not triggering a charge-terminal illness) an account investor is to be considered as suffering from a terminal illness if the account manager of the account investor's Lifetime ISA has received written evidence from a registered medical practitioner that the account investor is expected to live for less than one year.

(3) For the purposes of paragraph 7(5)(d) of Schedule 1 (withdrawals not triggering a charge-transfer to another Lifetime ISA), a withdrawal by way of transfer from one Lifetime ISA of the account investor to another such account of the investor must be made in accordance with regulation 21.

Specified percentage for withdrawal charge

5. For the purposes of paragraph 8(2) of Schedule 1 (charge when unlisted withdrawal made) the specified percentage is 25%.

First-time residential purchase

6.—(1) For the purposes of paragraph 7(5)(a) and (b) of Schedule 1 (withdrawals not triggering a charge) the provisions in sub-paragraphs (2) to (14) apply.

(2) The withdrawal must only be used by the account investor towards defraying the purchase price for the acquisition by the account investor as a first-time buyer of a residential property.

(3) The purchase price must not exceed £450,000.

(4) The account investor must be purchasing as sole owner or as joint owner with another individual who may already own the property.

(5) The purchase must be of a legal interest in land situated in the United Kingdom with a view to the account investor becoming a residential property owner.

(6) The purchase must be—

(a) funded by a loan that will be secured by a charge over the land by way of—

(i) a legal mortgage (if land in England and Wales),

(ii) a heritable security (if land in Scotland), or

(iii) a legal charge, mortgage by conveyance, demise, assignment or sub-demise (if land in Northern Ireland); or

(b) made under the terms of a regulated home purchase plan.

(7) Except in the circumstances specified in paragraph (8) the charge under paragraph (6) (a) must not be by way of a Buy to Let Mortgage.

(8) The circumstances specified in this paragraph are where the account investor is an individual described in regulation 10A(2)(f)(i) or (ii) who is unable to occupy the land as their only or main residence at the time of the acquisition but intends, in the future, to so occupy such land.

(9) The account investor must—

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- (a) on completion of the purchase occupy the land as their only or main residence; or
 - (b) in consequence of the land comprising a residential property in the process of being constructed or adapted for use as a dwelling, on completion of the purchase must intend it to be their only or main residence and must occupy it as such on its becoming suitable for such use; or
 - (c) in consequence of the account investor being an individual described in regulation 10A(2)(f)(i) or (ii), be unable to so occupy the land but must intend to do so in the future.
- (10) The withdrawal and, where there is more than one withdrawal made for the purposes of the purchase, the aggregate of them, must not exceed the purchase price on completion of the purchase.
- (11) The account investor's Lifetime ISA from which the withdrawal is made must have been open for at least 12 months after the date of the first payment into it and, for this purpose, a Lifetime ISA opened in the circumstances provided for in regulation 12B(5) is to be treated as being the same Lifetime ISA as the one from which the moneys transferred or paid into the account originated.
- (12) The amount of the withdrawal must be passed directly by the account manager to the account investor's conveyancer, who must be an eligible conveyancer.
- (13) The account investor must—
- (a) provide to their conveyancer the information specified in paragraph 8(1) together with the declaration specified in paragraph 8(3); and
 - (b) procure that the conveyancer provide the information set out in paragraph (8)(2) to their account manager together with the declaration specified in paragraph 8(3).
- (14) Where the account manager has received all of the information specified in paragraph (13)(b) and has no reason to believe that the information and declarations are not true and complete, the account manager must transfer the amount of the withdrawal to the account investor's conveyancer within the period stipulated under regulation 4(7).

Definitions for the purposes of paragraph 6

7. The following definitions apply for the purposes of paragraph 6—

“Buy to Let Mortgage” means a loan made to one or more borrowers to be secured by a mortgage over a residential property that is—

- (a) either —
 - (i) let at the date the mortgage is granted, or
 - (ii) intended by the borrower or borrowers to be let either at that time or in the future, and
- (b) marketed as being intended for such purpose;

“eligible conveyancer” means—

- (a) in England and Wales, a conveyancer within the meaning of rule 217A of the Land Registration Rules 2003;
- (b) in Scotland, a solicitor or advocate within the meaning of section 65 of the Solicitors (Scotland) Act 1980, or a conveyancing practitioner as defined in section 23 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990; or
- (c) in Northern Ireland, a person enrolled as a solicitor of the Court of Judicature of Northern Ireland pursuant to the Solicitors (Northern Ireland) Order 1976;

“first-time buyer” means an account investor who is not, and never has been, a residential property owner;

“a legal interest in land” includes land which will be acquired under the terms of a regulated home purchase plan;

“purchase price” means—

- (a) in connection with the acquisition of any legal interest in land in circumstances other than those described in paragraph (b), (c) or (d), the value of the consideration required to be paid, and which is paid, by the purchaser under the sale and purchase agreement entered into in connection with the acquisition of that interest in land; or
- (b) in connection with the acquisition of any legal interest in land under the terms of a regulated home purchase plan, the value of the consideration required to be paid, and which is paid, to the original seller for the interest in that land; or
- (c) in connection with the acquisition of a legal interest in land by an individual who as a result of the acquisition becomes a joint owner of the land with another individual who previously owned the land, the market value of the whole of the land as determined at the time of the acquisition; or
- (d) in connection with the acquisition of a leasehold legal interest in land under a shared ownership arrangement—
 - (i) the value determined in accordance with paragraph (a), or
 - (ii) the value of the premium required to be paid, and which is paid, by the purchaser under the sale and purchase agreement entered into in connection with the acquisition of that interest, divided by the fraction representing the share of the property to be acquired on completion by the purchaser in return for the premium (howsoever described in the sale and purchase agreement or the lease);

“regulated home purchase plan” means a home purchase plan that is a regulated home purchase plan within the meaning of article 63F of the Regulated Activities Order 2001;

“residential property owner” means an individual who owns as sole or joint owner an interest in residential property (including a legal interest in land acquired under the terms of a regulated home purchase plan or a shared ownership arrangement) which is—

- (a) in England or Wales—
 - (i) freehold;
 - (ii) leasehold, where the lease was originally granted for a term certain exceeding 21 years; or
 - (iii) commonhold;
- (b) in Scotland, registered or recorded, or would be capable of being registered or recorded, as a right of absolute ownership in the Land Register of Scotland or General Register of Sasines in Scotland, as applicable;
- (c) in Northern Ireland—
 - (i) freehold; or
 - (ii) leasehold, where the lease was originally granted for a term certain exceeding 21 years; or
- (d) an equivalent interest in land to the legal interests in land listed in paragraphs (a) to (c) under the laws of any jurisdiction outside the United Kingdom;

“residential property” means a legal interest in land which comprises a building that is used or suitable for use as a dwelling, or is in the process of being constructed or adapted for such use; and

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“shared ownership arrangement” means an arrangement whereby a purchaser acquires from a housing association, local authority or other person a leasehold legal interest in a property which is specified in the sale and purchase agreement and the lease to be comprised of—

- (a) a share for which the purchaser is required to pay a premium on completion, and
- (b) a separate share in respect of which the purchaser is required to pay a periodic rent over the term of the lease.

Specified information for the purposes of paragraph 6

8.—(1) The information to be provided by the account investor to their conveyancer under this sub-paragraph is—

- (a) the amount of the withdrawal;
- (b) the full name and address details (including postcode) of the account manager and the account number of the Lifetime ISA to which the withdrawal relates;
- (c) a declaration that the account investor is a first-time buyer;
- (d) the full address details of the residential property;
- (e) the purchase price of the residential property;
- (f) a declaration that the withdrawal will only be used towards defraying the purchase price for the acquisition of the residential property;
- (g) a declaration that the account investor—
 - (i) is not also claiming a bonus under a Help to Buy ISA (within the meaning of regulation 5DDC(6)); and
 - (ii) has not received payment of such a bonus unless its full amount has been repaid to the scheme administrator of the Help to Buy ISA in accordance with applicable scheme rules;
- (h) if known, the name and address of the seller’s conveyancer for the acquisition to whom the amount of the withdrawal should be paid by the account investor’s conveyancer; and
- (i) a declaration that the provisions of paragraph 6(2) to (13) have been, or will on completion of the purchase, be complied with or, in the case of occupation under paragraph 6(9)(b), when that will take place.

(2) The information to be provided by the account investor’s conveyancer to the account investor’s account manager under this sub-paragraph is—

- (a) a declaration that they are an eligible conveyancer;
- (b) a declaration that they have received the information under sub-paragraph (1) and sub-paragraph (3) relative to the account investor;
- (c) the purchase price of the residential property in question;
- (d) a declaration that the funds withdrawn from the Lifetime ISA will only be released towards defraying the purchase price for the acquisition of the residential property;
- (e) the account details where the withdrawal should be transferred; and
- (f) the conveyancer’s unique conveyancer registration number with the appropriate professional body.

(3) Information provided under sub-paragraphs (1) and (2) must be accompanied by a declaration made by the individual providing it that it is true and complete to the best of the individual’s knowledge and belief.

Information from conveyancer

9.—(1) Within 10 business days after either of the events listed in sub-paragraph (2) the account investor must procure that the conveyancer provides the information referred to in sub-paragraph (3) to the account investor's account manager of the Lifetime ISA from which the withdrawal for the acquisition was made.

(2) The events referred to in sub-paragraph (1) are—

- (a) the purchase of the residential property being completed;
- (b) the purchase not completing within 90 days of the date of receipt of the withdrawal by the conveyancer or, if earlier, the withdrawal of the account investor or the seller from the sale and purchase of the residential property.

(3) The information referred to in sub-paragraph (1) is—

- (a) in the case of a purchase completing—
 - (i) the date of completion of the purchase;
 - (ii) the account number of the Lifetime ISA from which the withdrawal was made; and
 - (iii) the conveyancer's unique conveyancer reference number with the appropriate professional body.
- (b) in the case of a purchase not completing,—
 - (i) a declaration that the purchase of the residential property in question has not completed;
 - (ii) the amount of the withdrawal that is being returned and, if it is not the full amount, an account of any shortfall;
 - (iii) the name and address of the account investor;
 - (iv) the account number of the Lifetime ISA from which the withdrawal was made;
 - (v) the conveyancer's unique conveyancer registration number with the appropriate professional body; and
- (c) in either of the events listed in sub-paragraph (2), a declaration, to the best of the individual's knowledge and belief, as to whether any of the requirements of paragraph 6(2) to (13) has not been complied with or any information provided under paragraph 8 is not true or complete.

Purchase failure

10.—(1) Where a purchase fails to complete, the account investor must procure that the conveyancer, within 10 business days of either of the events listed in paragraph 9(2)(b), must return the full amount of the account investor's withdrawal for the purchase to the account manager, to be held for the account investor in a Lifetime ISA.

(2) If there is a shortfall in the amount returned to the account manager, that amount is to be treated for the purposes of paragraph 7(4) of Schedule 1 as a withdrawal to which paragraph 8(6) of that Schedule applies.

(3) Where a person accountable under this paragraph is notified by the Board that an amount is due from them under it, that amount shall be treated for the purposes of Part 6 of the Management Act (collection and recovery) as if it were tax charged in an assessment and due and payable.

(4) The time limits in sections 34, 36 and 40 of the Management Act, as they apply to assessments, apply to amounts payable under sub-paragraph (3).

(5) Paragraph 16 (appeals) applies to any notification under this paragraph.

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(6) The effect of any notification is suspended by an appeal under paragraph 16 until the appeal is determined or withdrawn.

Amounts not treated as withdrawals

11. For the purposes of paragraphs 7(2) and 11(b) of Schedule 1, withdrawals, removals or losses from a Lifetime ISA do not count for the application of a withdrawal charge if they are in respect of—

- (a) a payment (including a government bonus) to an invalid account under regulation 4A or 4AA;
- (b) excess payments and their proceeds described in regulation 4AA;
- (c) any fees or charges properly levied or charged in respect of the management by the account manager of a Lifetime ISA and account investments in accordance with their terms and conditions;
- (d) a default event under regulation 5DC or in respect of an act or omission or circumstance not attributable to the account investor; or
- (e) an amount recouped in accordance with paragraph 12.

Recoupment of government bonus payment

12.—(1) Where an amount has been wrongly paid by way of government bonus, the amount must be accounted for to the Board by—

- (a) the account manager of the Lifetime ISA (to the extent that assets relating to the account, or directly or indirectly representing the amount, are in the account manager's possession or control);
- (b) the person who is the account investor (to the extent that the amount has been made or credited to the account investor); and
- (c) any person in whom the amount, or any property directly or indirectly representing any of it, is vested (whether beneficially or otherwise);

and the persons under (a), (b) and (c) shall be jointly and severally liable for the repayment of the amount (subject to the limitation applying under sub-paragraphs (a) and (b)).

(2) Where a person accountable under this paragraph is notified by the Board that an amount is due from them that amount shall be treated for the purposes of Part 6 of the Management Act as if it were tax charged in an assessment and due and payable.

(3) The time limits in sections 34, 36 and 40 of the Management Act, as they apply to assessments, apply to amounts payable under this paragraph.

(4) Paragraph 16 (appeals) applies to any notification under this paragraph.

(5) The effect of sub-paragraph (2) is suspended by an appeal under paragraph 16 until the appeal is determined or withdrawn.

Withdrawals: information returns

13.—(1) For the purposes of paragraph 9(1)(a) of Schedule 1, within 14 days after the end of a claim period, a person who is or was an account manager of a Lifetime ISA during that period must submit to the Board returns of information relating to the Lifetime ISA in respect of that period.

(2) The Board may from time to time specify—

- (a) the information to be included in a return;
- (b) the form of a return;
- (c) the form or manner in which a return is to be submitted; and

(d) the period to which a return must relate.

(3) Where a return has been made and the account manager becomes aware within four years after the end of the claim period that—

- (a) anything which should have been included in the return has not been so included,
- (b) anything which should not have been included in the return has been so included, or
- (c) any other error has occurred in the return,

the account manager must correct the error without delay.

(4) The Board may enquire into a return if the Board has reasonable grounds for believing that an error has occurred in the return and give notice to the account manager of the Board's intention to do so no later than 12 months after the date on which the return is made.

(5) Sub-paragraph (1) is not to apply for 2017-18 to an account manager for an account which has been transferred to another account before the end of the claim period.

Payment to the Board of withdrawal charges

14.—(1) For the purpose of paragraph 9(1)(e) of Schedule 1, an account manager liable under paragraph 8(3)(b) of that Schedule must pay to the Board within 14 days after the end of each claim period the amounts due in respect of the period.

(2) Where a person accountable under paragraph 8 of Schedule 1 is notified by the Board that an amount is due from them, that amount shall be treated for the purposes of Part 6 of the Management Act as if it were tax charged in an assessment and due and payable.

(3) The time limits in sections 34, 36 and 40 of the Management Act, as they apply to assessments, apply to amounts payable under sub-paragraph (2).

(4) An account investor may apply to the Board where a withdrawal charge has been wrongly made (including, without limitation, in circumstances not attributable to the account investor where paragraphs 4(2) or (3) would otherwise apply) for a refund of the amount of the withdrawal charge.

(5) An application under sub-paragraph (4) must be made within 4 years after the making of the withdrawal charge.

(6) If an application is made, the Board must make any necessary repayment of the charge.

(7) Paragraph 16 (appeals) applies to any decision of the Board in relation to a notification under sub-paragraph (2) or an application under sub-paragraph (4).

(8) The effect of any notification under sub-paragraph (2) is suspended by the making of an appeal under paragraph 16 until the appeal is determined or withdrawn.

(9) The effect of any decision in relation to an application under sub-paragraph (4) is not suspended by the making of an appeal in relation to such an application.

(10) A transfer from a Lifetime ISA to an account other than another Lifetime ISA of the account investor is to be treated as a withdrawal.

Payments and Interest

15.—(1) Any amount which is payable by virtue of an assessment made, or treated as made, under this Schedule is payable on the day following the end of the period of 30 days beginning with the day on which the notice of assessment is given.

(2) Sections 101 and 103 of the Finance Act 2009 apply for late payment interest on any amount that is payable to the Board under this Schedule which amount payable for this purpose is to be treated as income tax.

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(3) Sections 102 and 103 of that Act apply for repayment interest on any amount that is payable by the Board under this Schedule which amount payable is to be treated as a repayment of an overpayment of income tax.

Appeals

16.—(1) This paragraph applies to a review or appeal in respect of a decision made or notification given by the Board under any of paragraphs 3 (rejection of government bonus claim), 10 (purchase failure), 12 (recoupment of government bonus), 14 (withdrawal charges) and 15(1) (payments and interest).

(2) Notice of an appeal must be given to the Board within 30 days after the date on which notice of the decision or other notification was given.

(3) Notice of an appeal must—

- (a) specify the grounds of appeal;
- (b) be given in writing;
- (c) contain sufficient information to identify the appellant and the decision against which the appeal is being made; and
- (d) be signed, or authenticated in another way approved by the Board, by or on behalf of the appellant.

(4) Sections 49, 49A to 49I and 54 of the Management Act apply in relation to proceedings for a review and appeal.

(5) The following provisions apply where a person is appealing to the Tribunal.

(6) The Tribunal must either—

- (a) dismiss the appeal, or
- (b) quash the whole or part of the decision to which the appeal relates.

(7) The Tribunal may act as mentioned in sub-paragraph (6)(b) only to the extent that it is satisfied that the decision was wrong on one or more of the following grounds—

- (a) that the decision was based, wholly or partly, on an error of fact;
- (b) that the decision was wrong in law.

(8) If the Tribunal quashes the whole or part of a decision, it may either—

- (a) refer the matter back to the Board with a direction to reconsider and make a new decision in accordance with its ruling, or
- (b) substitute its own decision for that of the Board.

(9) The Tribunal may not direct the Board to take any action which they would not otherwise have the power to take in relation to the decision.

(10) A decision of the Tribunal made by virtue of this section has the same effect as, and may be enforced in the same manner as, a decision of the Board.

(11) In this paragraph “the Tribunal” means the First-tier Tribunal, or when determined by or under Tribunal Procedure Rules, the Upper Tribunal.

Information to be given by account manager to account investor

17. If the account investor so requests in writing, an account manager who makes a payment to an account investor out of an account from which a withdrawal charge has been deducted must, within 30 days beginning with the day after the day of receipt of the request, furnish the account investor with a statement in writing showing—

- (a) the gross amount of the payment,
- (b) the amount deducted, and
- (c) the amount actually paid.

Extensions

18. The Board may authorise an extension to any period of time provided for under this Schedule.]

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