
STATUTORY INSTRUMENTS

2004 No. 1450

The Child Trust Funds Regulations 2004

PART 1

Introductory

Citation and commencement

1. These Regulations may be cited as the Child Trust Funds Regulations 2004 and shall come into force for the purposes of—

- (a) issuing vouchers (see regulation 3),
- (b) completing account-opening formalities (see regulation 5),
- (c) applications under regulation 13 to open an account with effect from the appointed day,
- (d) applications under regulation 14 to be approved as an account provider to manage accounts from the appointed day,
- (e) regulation 17, so far as it relates to applications referred to in paragraph (d), and
- (f) making a fortnightly claim and financial return (see regulation 30),

on 1st January 2005, and for all other purposes on the appointed day.

Interpretation

2.—(1) In these Regulations—

- (a) the following expressions have the meanings given in the Child Trust Funds Act 2004 (“the Act”)—

“child”

“child trust fund”

“eligible child”

“Inland Revenue”

“Inland Revenue contributions” (see section 11(2) of the Act),

“parental responsibility” (see section 3(9) of the Act);

“relevant person” (see section 15(2) of the Act),

“responsible person”, in relation to a child under 16 (see section 3(8) of the Act),

“the person entitled to child benefit in respect of the child” (see section 2(1)(a), (4) and (6) of the Act);

- (b) except where the context otherwise requires—

“account” means a scheme of investment which (except in regulation 22(1)) qualifies as a child trust fund, other than in the cases of—

- (i) an account with a deposit-taker,

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- (ii) a share or deposit account with a building society, or
- (iii) a deposit account with a person falling within section 840A(1)(b) of the Taxes Act ^{M1}, or a relevant European institution;

an “account investment” is an investment under the account which is a qualifying investment for an account within the meaning of regulation 12;

an “account provider” is a person who fulfils the conditions of these Regulations and is approved by the Board for the purpose of these Regulations as an account provider;

“appointed day” means the day appointed, under section 27 of the Act, for the purposes of sections 8 and 9 of the Act;

“assurance undertaking” has the meaning in Article 2 of the Council Directive of 5th November 2002 concerning life assurance (2002/83/EC) ^{M2};

[^{F1}“Bank of England base rate” means the rate announced from time to time by the Monetary Policy Committee of the Bank of England as the official dealing rate, being the rate at which the Bank is willing to enter into transactions for providing short-term liquidity in the money markets;]

“the Board” means the Commissioners of Inland Revenue;

“building society” means a building society within the meaning of the Building Societies Act 1986 ^{M3}, or the Irish Building Societies Act 1989 ^{M4};

“company”, except in regulation 12(4)(a), means any body corporate having a share capital other than—

- (i) an open-ended investment company, within the meaning given by section 236 of the Financial Services and Markets Act 2000 ^{M5},
- (ii) a UCITS,
- (iii) an industrial and provident society, or
- (iv) a body corporate which is a 51 per cent. subsidiary of any industrial and provident society;

[^{F2}“credit union” means a society registered as a credit union under the Industrial and Provident Societies Act 1965 or the Credit Unions (Northern Ireland) Order 1985;]

“deposit-taker” has the meaning given by section 481(2) of the Taxes Act;

“the Director of Savings” has the same meaning as in the National Debt Act 1972 ^{M6};

“the Distance Marketing Directive” means Directive 2002/65/EC of the European Parliament and of the Council of 23rd September 2002 ^{M7}, and includes any provisions by which an EEA State or the United Kingdom has transposed the Directive or has corresponding obligations in its domestic law, and “distance contract” has the meaning in that Directive;

“electronic communications” includes any communications by means of a telecommunication system (within the meaning in the Telecommunications Act 1984 ^{M8});

“EEA Agreement” means the Agreement on the European Economic Area signed at Oporto on 2nd May 1992, as adjusted by the Protocol signed at Brussels on 17th March 1993 ^{M9};

“EEA State” means a State, other than the United Kingdom, which is a Contracting Party to the EEA Agreement;

“European institution” means an EEA firm of the kind mentioned in paragraph 5(a), (b) or (c) of Schedule 3 to the Financial Services and Markets Act 2000 which is an authorised person for the purposes of that Act as a result of qualifying for authorisation under paragraph 12 of that Schedule;

“51 per cent. subsidiary” and “75 per cent. subsidiary” have the meanings given by section 838 of the Taxes Act;

“gains”, except in regulations 22(1) to (3), 24(a)(ii), (iii) and (v), 37(5) and 38, means “chargeable gains” within the meaning in the 1992 Act;

“gilt-edged securities” has the meaning given by paragraphs 1 and 1A of Schedule 9 to the 1992 Act ^{M10};

“incorporated friendly society” means a society incorporated under the Friendly Societies Act 1992 ^{M11};

“industrial and provident society” means a society registered or deemed to be registered under the Industrial and Provident Societies Act 1965 or under the Industrial and Provident Societies (Northern Ireland) Act 1969 ^{M12};

“investments under the account” has the same meaning as investments under a child trust fund in the Act;

“investment trust” has the meaning given by section 842 of the Taxes Act, and references to the “eligible rental income” of an investment trust have the same meaning as in that section;

“the Management Act” means the Taxes Management Act 1970 ^{M13};

“market value” shall be construed in accordance with section 272 of the 1992 Act;

“the 1992 Act” means the Taxation of Chargeable Gains Act 1992;

“notice”, except in regulations 12(12) and 37(6)(a), means notice in writing;

“recognised stock exchange” has the same meaning as in section 841 of the Taxes Act;

“registered friendly society” has the meaning given by the Friendly Societies Act 1992 and includes any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society;

“relevant authorised person” has the same meaning as in section 333A(12) of the Taxes Act;

“relevant European institution” has the meaning given by section 326A(10) of the Taxes Act;

“security” means any loan stock or similar security of a company whether secured or unsecured;

“subscriptions” has the meaning in section 12(1) of the Act (but excluding Inland Revenue contributions and income or gains arising from investments under the account);

“tax” where neither income tax nor capital gains tax is specified means either of those taxes;

“the Taxes Act” means the Income and Corporation Taxes Act 1988;

“year” except in the expression “subscription year” in regulations 9, 21(5)(b) and 32(2)(b) (iv), means a year of assessment (within the meaning in section 832(1) of the Taxes Act, or section 288(1) of the 1992 Act, as the case may be);

(c) “authorised fund” means—

- (i) an authorised unit trust, or
- (ii) an open-ended investment company with variable capital incorporated in the United Kingdom in the case of which an authorisation order made by the Financial Services Authority under regulation 14 of the Open-Ended Investment Companies Regulations 2001 ^{M14} is in force;

“authorised unit trust” means a unit trust scheme in the case of which an authorisation order made by the Financial Services Authority under section 243 of the Financial Services and Markets Act 2000 is in force;

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“the Collective Investment Schemes Sourcebook” means the sourcebook of that name made by the Financial Services Authority under the Financial Services and Markets Act 2000;

“depository interest” means the rights of the person mentioned in paragraph (ii), under a certificate or other record (whether or not in the form of a document) acknowledging—

- (i) that a person holds relevant investments or evidence of the right to them, and
- (ii) that another person is entitled to rights in or in relation to those or identical relevant investments, including the right to receive such investments, or evidence of the right to them or the proceeds from such investments, from the person mentioned in paragraph (i),

where “relevant investments” means investments which are exclusively qualifying investments for an account falling within regulation 12(2)(a) to (i), and the rights mentioned in paragraph (ii) are exclusively rights in or in relation to relevant investments;

“fund of funds scheme” means—

- (i) an authorised fund which according to the terms of the scheme is a fund of funds scheme belonging to the category under that name established by the Financial Services Authority, and
- (ii) a part of an umbrella scheme which the terms of the scheme identify as a part that would belong to that category if it were itself an authorised fund;

“money market scheme” means—

- (i) an authorised fund which according to terms of the scheme is a money market scheme belonging to the category under that name established by the Financial Services Authority, and
- (ii) a part of an umbrella scheme which the terms of the scheme identify as a part that would belong to that category if it were itself an authorised fund;

“open-ended investment company”, except in sub-paragraph (a), has the meaning given by subsection (10) of section 468 of the Taxes Act as that subsection is added in relation to open-ended investment companies by regulation 10(4) of the 1997 Regulations, and “shares” in relation to an open-ended investment company, includes shares of any class and of any denomination of a given class and, in relation to a part of an umbrella company, means shares in the company which confer for the time being rights in that part;

“securities scheme” means—

- (i) an authorised fund which according to the terms of the scheme is a securities scheme belonging to the category under that name established by the Financial Services Authority, and
- (ii) a part of an umbrella scheme which the terms of the scheme identify as a part which would belong to that category if it were itself an authorised fund;

“the 1997 Regulations” means the Open-ended Investment Companies (Tax) Regulations 1997^{M15},

“UCITS” means undertakings for collective investment in transferable securities within the meaning of Article 1 of Council Directive 85/611^{M16};

“umbrella scheme” means an authorised fund which according to the terms of the scheme is an umbrella scheme belonging to the category under that name established by the Financial Services Authority, and

- (i) in the case of an authorised fund which is an authorised unit trust, references to a part of an umbrella scheme shall be construed in accordance with subsection (8) of section 468 of the Taxes Act, and, in relation to a part of an umbrella scheme, references to investments subject to the trusts of an authorised unit trust and to a unit holder shall be construed in accordance with subsection (9) of that section, and

- (ii) in the case of an authorised fund which is an open-ended investment company, references to a part of an umbrella scheme shall be construed in accordance with subsection (18) of section 468 of the Taxes Act as that subsection is added in relation to open-ended investment companies by regulation 10(4) of the 1997 Regulations, and, in relation to a part of an umbrella scheme, references to investments of the company shall be construed in accordance with subsection (12) of that section as so added;

“unit holder”, except in relation to a part of an umbrella scheme, has the meaning given by subsection (6) of section 468 of the Taxes Act;

“unit trust scheme” has the meaning given by subsection (6) of section 468 of the Taxes Act;

“units”, in relation to an authorised unit trust, means the rights or interests (however described) of the unit holders in that unit trust and, in relation to a part of an umbrella scheme, means the rights or interests for the time being of the unit holders in that part;

“warrant scheme” means—

- (i) an authorised fund which according to the terms of the scheme is a warrant scheme belonging to the category under that name established by the Financial Services Authority, and
- (ii) a part of an umbrella scheme which the terms of the scheme identify as a part that would belong to that category if it were itself an authorised fund.

(2) The table below indexes other definitions in these Regulations—

<i>Term defined</i>	<i>Regulation</i>
“the applicant”	5
“the commencement date”	7(8)
“description” of an account	4
“the disqualifying circumstances”	16
“first return period”	30(1)
“fortnightly period”	30(1)
“initial contribution”	7(1)
“interim tax claim”	26(2)
“local authority”	33(1)
“looked after child”	33(1)
“management agreement”	5
“the named child”	5 and 8(1)
“qualifying circumstances”	14
“qualifying investments for an account”	12
“registered contact”	8(1)(d)
“second return period”	30(1)
“special contribution”	7(1)
“subscription year”	9(2)
“supplementary contribution”	7(5)

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“the termination event”	12(12)
“the transfer instructions”	8(2)(h)
“the internal transfer instructions”	8(2)(i)

Textual Amendments

- F1** Words in [reg. 2\(1\)\(b\)](#) inserted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, 3
- F2** Words in [reg. 2\(1\)\(b\)](#) inserted (6.4.2005) by [The Child Trust Funds \(Amendment No. 2\) Regulations 2005 \(S.I. 2005/909\)](#), regs. 1, 3

Marginal Citations

- M1** [1988 c. 1](#); section 840A was inserted by paragraph 1(1) of Schedule 37 to the [Finance Act 1996 \(c. 8\)](#).
- M2** O.J. L345, 19.12.2002, p. 1.
- M3** [1986 c. 53](#).
- M4** Number 17 of 1989.
- M5** [2000 c. 8](#).
- M6** [1972 c. 65](#).
- M7** O.J. L271, 9.10.2002, p. 16.
- M8** [1984 c. 12](#).
- M9** O.J. No. L1, 3.1.94, pp. 3 and 572.
- M10** [1992 c. 12](#).
- M11** [1992 c. 40](#).
- M12** [1969 c. 24](#).
- M13** [1970 c. 9](#).
- M14** [S.I. 2001/1228](#).
- M15** [S.I. 1997/1154](#).
- M16** O.J. No. L375, 31.12.1985, pp. 3–18, amended by Council Directive 88/220/EC (O.J. No. L100, 19.04.1988, pp. 31–32).

Vouchers

3.—(1) The voucher to be issued under section 5(1) of the Act shall contain the following particulars—

- (a) the full name of the child,
- (b) his date of birth,
- (c) his unique reference number,
- (d) the expiry date of the voucher, and
- (e) the amount of the initial contribution (see regulation 7(1)),

and a statement that the voucher cannot be exchanged for money.

(2) The voucher shall be sent to the person who is entitled to child benefit in respect of the child (or, in the case of a child who is an eligible child because of section 2(3) of the Act, to a responsible person in relation to the child) by post.

(3) The expiry date (when the voucher shall cease to be valid) shall be whichever is the earlier of—

- (a) the date 12 months from the date of issue of the voucher, or
- (b) where the child is over 17 years of age, the date on which he will attain the age of 18 years.

Descriptions of accounts

4.—(1) An account may be of either of the following descriptions—

Stakeholder account

Where the account meets the characteristics and conditions in the Schedule to these Regulations.

Non-stakeholder account

Where any of those characteristics or conditions is not met.

(2) Accounts opened by the Inland Revenue (see regulation 6) must be stakeholder accounts.

Opening of account by responsible person or the child

5.—(1) For the purposes of these Regulations, subject to paragraph (2), an account is opened for a child (“the named child”) with an account provider on the date the last of the following conditions is satisfied (in any order) where “the applicant” means—

- (a) if the named child is 16 or over, the child; and
- (b) in any other case, a responsible person in relation to the named child:

Condition 1

The applicant gives the voucher relating to the named child to the account provider.

Condition 2

The applicant enters into an agreement with the account provider (the “management agreement”) for the management of the account (see regulation 8(1) and (2)), which includes the application and declaration required by regulation 13.

Condition 3

Where that application is not in writing the applicant has agreed, or is treated as having agreed, the contents of the copy of the declaration required by regulation 13(3).

Condition 4

- (a) (a) In any case where the management agreement is a distance contract, the agreement must be an initial service agreement for the purposes of the Distance Marketing Directive^{M17}, and contain the instructions required by regulation 8(1)(f), and
 - (b) in every case where there is any right to cancel (or automatic cancellation of) the management agreement, the period during which it may be exercised or occur has expired without that right being exercised or cancellation occurring.
- (2) An account must satisfy the requirements that—
- (a) no subscription to the account is accepted by the account provider until the account has been opened in accordance with paragraph (1); and
 - (b) where the account is so opened before the appointed day, it shall not be treated as open for the purpose of accepting subscriptions until the appointed day.

Marginal Citations

M17 O.J. L271, 9.10.2002, p. 16.

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Opening of account by Inland Revenue—(Revenue allocated accounts)

6.—(1) The Board shall apply to open an account for a child to whom section 6 of the Act applies, by forwarding to an account provider the particulars which would be required for a voucher (see regulation 3), but omitting paragraph (1)(d) of that regulation.

(2) The account provider shall immediately open a stakeholder account in the name of the child, which shall have the same effect as if a responsible person for the child (or the child if aged 16 or over) had entered into the account provider's standard management agreement for the stakeholder account in question, including the terms mentioned in Condition 2 of regulation 5(1) (but treating the reference to the application and declaration required by regulation 13 as a reference to the authorisation required by regulation 13(4)) and regulation 8(1)(f).

(3) The Inland Revenue shall maintain (and update from time to time) a list of account providers who have agreed to accept Revenue allocated accounts under this regulation, in the order of the date of their agreement, and the account provider shall be selected in rotation from the current list.

(4) Where the account provider offers two or more types of stakeholder account, the account to be opened shall be chosen by the account provider in rotation between those types.

[^{F3}(5) The Inland Revenue shall write to the person who is entitled to child benefit in respect of the child (or, in the case of a child who is an eligible child because of section 2(3) of the Act, to a responsible person in relation to the child) to inform them of the opening of the account and particulars of it.]

Textual Amendments

F3 Reg. 6(5) added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, 4

Government contributions

7.—(1) The amounts of the contribution for the purposes of section 8(1) of the Act are set out in paragraphs (2) to (4), (the amounts set out in paragraphs (2) and (4)(a) to be known as the “initial contribution”, and the amounts set out in paragraphs (3) and (4)(b) as the “special contribution”).

(2) Where the child is an eligible child on the appointed day by virtue of section 2(1)(a) of the Act (by reason of a child benefit award), and—

- (i) was born after 31st August 2002 but before 6th April 2003, the amount is £277,
- (ii) was born between 6th April 2003 and 5th April 2004, the amount is £268, and
- (iii) was born between 6th April 2004 and the day preceding the appointed day, the amount is £256.

(3) Where the child is an eligible child on the appointed day by virtue of section 2(1)(b) of the Act (by reason of being a child in the care of a local authority at that date) and—

- (i) was born after 31st August 2002 but before 6th April 2003, the amount is £554,
- (ii) was born between 6th April 2003 and 5th April 2004, the amount is £536, and
- (iii) was born between 6th April 2004 and the day preceding the appointed day, the amount is £512.

(4) Where the child [^{F4}becomes an eligible child] on or after the appointed day and—

- (a) is first an eligible child by virtue of section 2(1)(a) of the Act, the amount is £250, and
- (b) is first an eligible child by virtue of section 2(1)(b) of the Act, the amount is £500.

(5) The amounts of the supplementary contribution for the purposes of section 9(2) of the Act (to be known as the “supplementary contribution”) are set out in paragraphs (6) and (7).

(6) Where the child is an eligible child on the appointed day (and is a child to whom section 9 of the Act applies), the amount—

- (a) if the commencement date was after 31st August 2002 but before 6th April 2003, is £266,
- (b) if the commencement date was between 6th April 2003 and 5th April 2004, is £258,
- (c) if the commencement date was between 6th April 2004 and the appointed day, is £250.

(7) Where the child becomes an eligible child after the appointed day (and is a child to whom section 9 of the Act applies), the amount is £250.

(8) The “commencement date”, in relation to a child, means the first day for which child benefit was paid (under a decision mentioned in section 2(6) of the Act) in respect of the child, except that—

- (a) where entitlement to child benefit is wholly excluded by a directly applicable Community provision, it means the date on which that exclusion took effect, and
- (b) where the child was prevented from being an eligible child by virtue of section 2(5) of the Act, it means the date on which the child became an eligible child.

[^{F5}(9) The Inland Revenue shall, following final determination of entitlement to child tax credit, write to the person who is entitled to child benefit in respect of the child (or, in the case of a child who is an eligible child because of section 2(3) of the Act, to a responsible person in relation to the child) to inform them that the supplementary contribution is being paid into the child’s account.]

[^{F6}(10) A further contribution under section 10 of the Act of £250 is due for any child where—

- (a) the commencement date (for child benefit: see paragraph (8)) in relation to that child is after 5th April 2005, and
- (b) income support or income-based jobseeker’s allowance was paid for that commencement date to a person whose applicable amount included an amount in respect of the child.

(11) On receipt of the further contribution from the Inland Revenue the account provider must credit the account held by the child with the amount of the payment.]

Textual Amendments

- F4** Words in [reg. 7\(4\)](#) substituted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), [regs. 1, 5\(a\)](#)
- F5** [Reg. 7\(9\)](#) added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), [regs. 1, 5\(b\)](#)
- F6** [Reg. 7\(10\)\(11\)](#) added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2005 \(S.I. 2005/383\)](#), [regs. 1, 3](#)

PART 2

Other requirements to be satisfied in relation to accounts

General requirements for accounts

- 8.** —An account must satisfy the requirements that—
- (a) it is the account for a single child (“the named child”);
 - (b) the named child is or has been an eligible child;
 - (c) no child may hold more than one account;
 - (d) at any time—

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- (i) where the named child is under 16, only a single responsible person in relation to the named child, or
 - (ii) where the named child is 16 or over, only the child,
- (“the registered contact”) may give instructions to the account provider with respect to its management;
- (e) the account must at all times be managed in accordance with these Regulations by an account provider and, subject to regulation 6(2), under terms agreed and recorded in a management agreement made between the account provider and the registered contact (on behalf of the named child where appropriate); and
 - (f) the management agreement must include instructions to the provider as to the manner in which Inland Revenue contributions and any subscriptions made are to be invested under the account.
- (2) Apart from other requirements of these Regulations the terms so agreed shall include the conditions that—
- (a) the account investments shall be in the beneficial ownership of the named child;
 - (b) the title to all account investments, except those falling within regulation 12(2)(k), (l) or (m), shall be vested in the account provider or his nominee, subject to sub-paragraph (f);
 - (c) where a share certificate or other document evidencing title to an account investment is issued, it shall be held by the account provider or as he may direct, subject to sub-paragraph (f);
 - (d) in relation to qualifying investments falling within regulation 12(2)(a), (b) and (f) to (j), the account provider shall, if the registered contact so elects (and subject to any charge for the arrangement), arrange for the registered contact to receive a copy of the annual report and accounts issued to investors by every company, unit trust, open-ended investment company or other entity in which account investments are held;
 - (e) in relation to qualifying investments falling within regulation 12(2)(a), (b) and (f) to (j), the account provider shall, if the registered contact so elects (subject to any charge for the arrangement, and to any provisions made under any enactment), be under an obligation to arrange for the registered contact to be able—
 - (i) to attend any meetings of investors in companies, unit trusts, open-ended investment companies and other entities in which account investments are held,
 - (ii) to vote, and
 - (iii) to receive, in addition to the documents referred to in sub-paragraph (d), any other information issued to investors in such companies, unit trusts, open-ended investment companies and other entities;
 - (f) if and so long as a person falling within regulation 14(2)(d)(iv) acts as account provider of an account, and the account investments include a policy of life insurance—
 - (i) the title to all such policies shall be vested in the registered contact, and
 - (ii) where a policy document or other document evidencing title to such policies of life insurance is issued, it shall be held by the registered contact;
 - (g) the account provider shall satisfy himself that any person to whom he delegates any of his functions or responsibilities under the management agreement is competent to carry out those functions or responsibilities;
 - (h) on the instructions of the registered contact (“the transfer instructions”) and within such time as is stipulated by the registered contact in the transfer instructions, the whole of an account, with all rights and obligations of the parties to it, shall be transferred free of

expense (except any incidental expenses) to another account provider subject to and in accordance with regulation 21;

[^{F7}(ha) where the account is or has been transferred to the account provider by a transfer under regulation 21, that no charges or expenses are due in respect of that transfer, except in accordance with sub-paragraph (h);]

- (i) where the account provider offers accounts of another description or type, on the instructions of the registered contact (“the internal transfer instructions”) and within such time as is stipulated by the registered contact in the internal transfer instructions, the account shall become (free of expense, except any incidental expenses) an account of that other description or type (any necessary change in the investments being made accordingly); and
- (j) the account provider shall notify the registered contact if by reason of any failure to satisfy the provisions of these Regulations an account is or will become no longer exempt from tax by virtue of regulation 24.

(3) Where the transfer instructions or internal transfer instructions, or any new management agreement entered into by the registered contact with the account provider (or a new account provider) under regulation 8(1)(e), is a distance contract, the transfer or internal transfer shall only take effect once those contracts satisfy Condition 4 in regulation 5(1).

(4) The time stipulated in transfer instructions or internal transfer instructions shall be subject to any reasonable business period (not exceeding 30 days) of the account provider required for the practical implementation of the instructions.

(5) In this regulation, “incidental expenses” means stamp duty and other dealing costs of disposing of or acquiring investments.

Textual Amendments

F7 [Reg. 8\(2\)\(ha\)](#) inserted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, 6

Annual limit on subscriptions

9.—(1) Any person (including the child) may make subscriptions to a child’s account, subject to paragraphs (2) and (3).

(2) Subscriptions to an account made during any subscription year, that is—

- (a) the period beginning with the day on which the account is opened (or if opened before the appointed day, opened for the purpose of accepting subscriptions under regulation 5(2)(b)), and ending immediately before the child’s next birthday, and
- (b) any succeeding period of twelve months,

shall not in aggregate exceed the sum of £1,200.

(3) Where the aggregate of subscriptions in any year falls short of £1,200 or is nil, there shall be no addition to the amount for any succeeding year.

Statements for an account

10.—(1) The account provider must issue a statement for the account—

- (a) annually, and
- (b) where an account is transferred to another account provider under regulation 21, as at the transfer date.

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- (2) The statement date in the case of an annual statement must be—
- (a) any date not more than [^{F8}61] days before or after the named child's birthday, and
 - (b) not more than 12 months from the previous statement date.
- (3) The statement shall be sent—
- (a) where the named child is the registered contact, to the child,
 - (b) where a responsible person is the registered contact, to the named child care of the registered contact,
 - (c) where the Official Solicitor or Accountant of Court has been appointed under section 3(10) of the Act, to the Official Solicitor or Accountant of Court, on behalf of the child, and
 - (d) in any other case, to the named child,
- within 30 days of the statement date.
- (4) Statements shall include the following information—
- (a) the full name of the child;
 - (b) his address;
 - (c) his date of birth;
 - (d) his unique reference number;
 - (e) the description of the account (see regulation 4);
 - (f) the name of the registered contact (if any);
 - (g) the statement date;
 - (h) the total market value of the investments under the account at the previous statement date (where the account provider held the account at the named child's previous birthday);
 - (i) the amount of any Government contributions [^{F9}(see regulation 7) received by the account provider], during the period between—
 - (i) the previous statement date referred to in paragraph (1)(a) or (b), or the opening of the account (whichever is the later), and
 - (ii) the statement date;
 - (j) the aggregate amount of subscriptions (if any) received during the period in sub-paragraph (i);
 - (k) the total amount of deductions (including management charges) made during the period in sub-paragraph (i);
 - (l) the total market value of the investments under the account at the statement date;
 - (m) the number or amount, description and market value of each of the investments under the account at the statement date;
 - (n) the basis used in calculating the market value of each investment under the account (together with a statement of any change from a basis used in the previous statement); and
 - (o) the exchange rate used where any investment is, or is denominated in, a currency other than sterling.
- [^{F10}(5) As an alternative to the information in paragraph (4)(k), the statement may include, in relation to any management charges or other incidental expenses deducted from the account during the period in paragraph (4)(i)—
- (a) the rate, expressed as an annual percentage rate, at which, and the period in relation to which, such deductions were made, or
 - (b) where such deductions were made in relation to different periods at different rates—

- (i) each rate, expressed as an annual percentage rate, at which those deductions were made; and
- (ii) the period in relation to which they were made at that rate.]

Textual Amendments

- F8** Word in reg. 10(2)(a) substituted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **7(a)**
- F9** Words in reg. 10(4)(i) substituted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **7(b)**
- F10** Reg. 10(5) added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **7(c)**

General investment rules

11.—(1) All transactions by way of purchase by an account provider of investments under an account shall be made—

- (a) in the case of an authorised fund which is a dual priced unit trust, at the manager’s price for the sale of the relevant class of units within the meaning of, and complying with the requirements of, rule 15.4.4 of the Collective Investment Schemes Sourcebook ^{M18};
- (b) in the case of an authorised fund which is a single priced unit trust or an open-ended investment company, at the price of a unit or share within the meaning of, and complying with the requirements of, rule 4.3.11 of the Collective Investment Schemes Sourcebook; and
- (c) in the case of all other account investments, at the price for which those investments might reasonably be expected to be purchased in the open market.

(2) In paragraph (1)—

“a dual priced unit trust” means an authorised unit trust in respect of which the manager gives different prices for buying and selling units at the same time;

“a single priced unit trust” means an authorised unit trust in respect of which the manager gives the same price for buying and selling units at the same time.

(3) All other transactions by way of sale or otherwise by an account provider in investments under an account shall be made at the price for which those investments might reasonably be expected to be sold or otherwise transacted, as the case may be, in the open market.

(4) Investments, or rights in respect of investments, may not at any time—

(a) be purchased or made otherwise than out of cash which an account provider holds under an account at that time; or

(b) be purchased from—

- (i) the named child, or
- (ii) the spouse ^{F11}or civil partner] of the named child,

so as to become account investments under the account.

(5) Subject to paragraph (6), contributions, subscriptions and any other cash held by an account provider under an account shall be held only in sterling and be deposited in an account with a deposit-taker ^{F12}(including for this purpose a credit union)], or a deposit account or a share account with a building society, which is designated as a CTF account for the purposes of these Regulations only.

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(6) An account provider who is a European institution, a relevant authorised person or an assurance undertaking may hold an account investor’s cash subscription and other cash held under an account in the currency of the EEA State in which he has his principal place of business and may deposit such cash in an account, which is designated as mentioned in paragraph (5), with any person authorised under the law of that State to accept deposits.

Textual Amendments

- F11** Words in [reg. 11\(4\)\(b\)\(ii\)](#) inserted (5.12.2005) by [The Civil Partnership Act 2004 \(Tax Credits, etc.\) \(Consequential Amendments\) Order 2005 \(S.I. 2005/2919\)](#), arts. 1, **15(2)**
- F12** Words in [reg. 11\(5\)](#) inserted (6.4.2005) by [The Child Trust Funds \(Amendment No. 2\) Regulations 2005 \(S.I. 2005/909\)](#), regs. 1, 4

Marginal Citations

- M18** Available from the Financial Services Authority.

Qualifying investments for an account

12.—(1) This regulation specifies the kind of investments (“qualifying investments for an account”) which may be purchased, made or held under an account.

- (2) Qualifying investments for an account to which paragraph (1) refers are—
- (a) shares, not being shares in an investment trust, issued by a company wherever incorporated and officially listed on a recognised stock exchange (see paragraph (3));
 - (b) securities—
 - (i) issued by a company wherever incorporated,
 - (ii) which satisfy at least one of the conditions specified in paragraph (5), and
 - (iii) in the case of securities of an investment trust, purchased or acquired by the account provider in circumstances where the investment trust satisfies the condition specified in paragraph (6);
 - (c) gilt-edged securities;
 - (d) any securities issued by or on behalf of a government of any EEA State;
 - (e) any securities which, in relation to a security mentioned in sub-paragraph (d), would be a strip of that security if “strip” had the same meaning as in section 47 of the Finance Act 1942^{M19}, with the omission of the words “issued under the National Loans Act 1968”;
 - (f) shares in an investment trust, listed in the Official List of the Stock Exchange (see paragraph (3)), in circumstances where the trust satisfies the condition specified in paragraph (6);
 - (g) units in, or shares of, a securities scheme, warrant scheme or fund of funds scheme;
 - (h) units in, or shares of, a money market scheme;
 - (i) units in, or shares of, a UCITS;
 - (j) a depositary interest;
 - (k) cash deposited in a deposit account with a building society, or a person falling within section 840A(1)(b) of the Taxes Act^{M20}^{F13}(including for this purpose a credit union) or a relevant European institution, subject to paragraph (8);
 - (l) cash deposited in a share account with a building society, subject to paragraph (8);
 - (m) policies of life insurance which satisfy the conditions specified in paragraphs (9) and (10);

- (n) any securities issued under the National Loans Act 1968^{M21}—
- (i) for the purpose of or in connection with raising money under the auspices of the Director of Savings within the meaning of section 11(1)(a) of the National Debt Act 1972^{M22}, and
 - (ii) other than national savings certificates, premium savings bonds, national savings stamps and national savings gift tokens,
- which, according to the terms and conditions subject to which they are issued and purchased, are expressly permitted to be held under an account.
- (3) An investment in shares fulfils the condition as to official listing in paragraph (2)(a) or (f) if—
- (a) in pursuance of a public offer, the account provider applies for the allotment or allocation to him of shares in a company or investment trust which are due to be admitted to such listing within 30 days of the allocation or allotment, and which, when admitted to such listing, would be qualifying investments for an account, and
 - (b) the shares are not allotted or allocated to the account provider in the circumstances specified in paragraph (4).
- (4) The circumstances specified in this paragraph are where—
- (a) the allotment or allocation of the shares was connected with the allotment or allocation of—
 - (i) shares in the company or investment trust of a different class, or
 - (ii) rights to shares in the company or investment trust of a different class, or
 - (iii) shares or rights to shares in another company or investment trust, or
 - (iv) units in or shares in, or rights to units in or shares in, an authorised fund or a part of an umbrella scheme, or
 - (v) securities or rights to securities of the company or investment trust, or of another company or investment trust,to the account provider, the registered contact or any other person; and
 - (b) the terms on which the first-mentioned shares in this paragraph were offered were significantly more favourable to the account provider or the named child than they would have been if their allotment or allocation had not been connected as described in subparagraph (a).
- (5) The conditions specified in this paragraph are—
- (a) that the shares in the company issuing the securities are listed on the official list of a recognised stock exchange;
 - (b) that the securities are so listed;
 - (c) that the company issuing the securities is a 75 per cent. subsidiary of a company whose shares are so listed.
- (6) The condition specified in this paragraph is that the investment trust has no eligible rental income, in its most recent accounting period to end before the date on which the shares in, or securities of, the investment trust first become investments under the account, provided that the shares or securities shall cease to be qualifying investments for an account if the investment trust has any eligible rental income, in subsequent accounting periods, during which the shares or securities are held.
- (7) In paragraph (4)(a), “company” means any body corporate having a share capital.

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- (8) A deposit account or share account which is a qualifying investment for an account falling within paragraph (2)(k) or (l) must not be connected with any other investment, held by the named child or any other person, and for this purpose such an account is connected with an investment if—
- (a) either was opened or acquired with reference to the other, or with a view to enabling the other to be opened or acquired on particular terms, or with a view to facilitating the opening or acquisition of the other on particular terms, and
 - (b) the terms on which the account was opened would have been significantly less favourable to the holder if the investment had not been acquired.
- (9) The conditions specified in this paragraph are that—
- (a) the insurance is on the life of the named child only;
 - (b) the terms and conditions of the policy provide—
 - (i) that the policy may only be owned or held as a qualifying investment for an account which satisfies the provisions of these Regulations;
 - (ii) that the policy shall automatically terminate if it comes to the notice of the account provider, in any manner, that the event specified in paragraph (11) has occurred in relation to the policy;
 - (iii) for an express prohibition of any payment of the proceeds from the termination of the policy or a partial surrender of the rights conferred by the policy, to the named child (while he is still a child) [^{F14}except in accordance with regulation 18A (terminal illness)]; and
 - (iv) that the policy, the rights conferred by the policy and any share or interest in the policy or rights respectively, shall not be capable of assignment or (in Scotland) assignation, other than that they may be vested in the named child's personal representatives, and that the title to the policy may be transferred to a new account provider subject to and in accordance with regulations 8(2)(f) and 21;
 - (c) the policy evidences or secures a contract of insurance which—
 - (i) falls within paragraph 1 or 3 of Part 2 of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ^{M23}, or
 - (ii) would fall within either of those paragraphs if the insurer were a company with permission under Part 4 of the Financial Services and Markets Act 2000 ^{M24} to effect or carry out contracts of insurance;
 - (d) the policy is not—
 - (i) a contract to pay an annuity on human life,
 - (ii) a personal portfolio bond within the meaning given by regulation 2(1) of the Personal Portfolio Bonds (Tax) Regulations 1999 ^{M25}, or
 - (iii) a contract, the effecting and carrying out of which constitutes “pension business” within the meaning given by section 431B(1) of the Taxes Act ^{M26}; and
 - (e) after the first payment in respect of a premium in relation to the policy has been made, there is no contractual obligation on any person to make any other such payment.
- (10) The condition specified in this paragraph is that no sum may at any time, at or after the making of the insurance, be lent to or at the direction of the named child or registered contact by or by arrangement with the insurer for the time being responsible for the obligations under the policy.
- (11) The event specified in this paragraph is that—
- (a) there has been a breach of any of the conditions in paragraph (9) or (10), or any of those conditions was not satisfied at the date on which the insurance was made; and

(b) the breach or non-compliance cannot be remedied in accordance with regulation 23, or (in any other case), has not been remedied within a reasonable time.

(12) Where the event specified in paragraph (11) occurs in relation to a policy, the policy shall nevertheless be treated, for the purposes of these Regulations, excepting paragraphs (9)(b)(ii) and (11), and regulations 37(6) and 38, as if it had satisfied the conditions in paragraphs (9) and (10) during the period—

(a) commencing at the time when that specified event occurred, and

(b) ending immediately before—

(i) the end of the final year in relation to the policy, within the meaning in section 546(4) of the Taxes Act, or

(ii) the time at which that specified event came to the notice of the account provider, whichever first occurs (the “termination event”).

Textual Amendments

F13 Words in reg. 12(2)(k) inserted (6.4.2005) by [The Child Trust Funds \(Amendment No. 2\) Regulations 2005 \(S.I. 2005/909\)](#), regs. 1, 5

F14 Words in reg. 12(9)(b)(iii) added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, 8

Marginal Citations

M19 1942 c. 21; the relevant amendment to section 47 was made by section 202(2) of the [Finance Act 1996 \(c. 8\)](#).

M20 1988 c. 1; section 840A was inserted by paragraph 1(1) of Schedule 37 to the [Finance Act 1996 \(c. 8\)](#).

M21 1968 c. 13.

M22 1972 c. 65.

M23 S.I. 2001/544.

M24 2000 c. 8.

M25 S.I. 1999/1029.

M26 1988 c. 1; section 431B was inserted by paragraphs 2 and 57 of schedule 8 to the [Finance Act 1995 \(c. 4\)](#).

Conditions for application by responsible person or the child to open an account (and changes to an account)

13.—(1) An application by a responsible person in relation to a child or the child if 16 or over, as the case may be, (“the applicant”) to open an account for the child with an account provider must be made to the account provider in a statement which must satisfy the conditions specified in paragraphs (2) to (6).

(2) An application must specify the description of account applied for.

(3) An application must incorporate a declaration by the applicant that he—

(a) is aged 16 years of age or over,

(b) is—

(i) (where the child is under 16) a responsible person in relation to the named child (that is, that he has parental responsibility^{F15} or, in Scotland, parental responsibilities] in relation to the child), or

(ii) the child if 16 or over, and

(c) is to be the registered contact for the account;

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and where the application is not in writing, must authorise the account provider to record the terms of the declaration in a written declaration made on behalf of the applicant.

(4) The applicant must authorise the account provider (on behalf of the named child where appropriate)—

(a) to hold the child's Inland Revenue contributions, subscriptions, account investments, interest, dividends and any other rights or proceeds in respect of those investments and cash, and

(b) to make on his behalf any claims to relief from tax in respect of account investments,

and the authority must continue until a further application and declaration is made in accordance with paragraph (10).

(5) An application must contain—

(a) the applicant's full name,

(b) his address, including postcode,

(c) the named child's full name [^{F16}and date of birth],

(d) his address, including postcode, and

(e) the child's unique reference number on the voucher.

(6) There may be only one declaration and authorisation under paragraphs (3) to (5) in force for an account at any time.

(7) Except in the case—

(a) of the death or incapacity of the registered contact,

(b) where the registered contact cannot be contacted,

(c) of the bringing to an end of a Court order, under which he is a responsible person for the named child,

(d) of the named child attaining the age of 16 years,

(e) where the Official Solicitor or Accountant of Court is appointed under section 3(10) of the Act, or

(f) where a Court so orders,

any change in the identity of the registered contact shall require confirmation by the current registered contact that his declaration and authorisation under paragraphs (3)(c) and (4) is cancelled.

(8) An account provider must decline to accept an application if he has reason to believe that—

(a) the voucher has expired, or is not or might not be genuine, or

(b) the applicant has given untrue information in his application.

(9) Where the application is not in writing, the account provider shall make the written declaration referred to in paragraph (3), and notify the applicant of its contents, and such declaration shall take effect from the date on which the applicant agrees the contents (subject to any corrections), and if he neither agrees or disagrees with the contents within 30 days, he shall be treated as having agreed them.

(10) Where—

(a) there is a change in the identity of the registered contact, the new registered contact, or

(b) an account has been opened by the Inland Revenue under regulation 6 (Revenue allocated accounts) and a responsible person in relation to the child (or the child, if 16 or over) subsequently applies to the account provider to be the registered contact for the account, he,

shall make the application and declaration required by paragraphs (3) to (5).

[^{F17}(11) Where the new registered contact is the Official Solicitor or the Accountant of Court, he shall make the declaration and authorisation required by paragraphs (3)(c) and (4) [^{F18}and shall be treated as a party to the existing management agreement for the account in question].]

Textual Amendments

- F15** Words in reg. 13(3)(b)(i) inserted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **9(a)**
- F16** Words in reg. 13(5)(c) added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **9(b)**
- F17** Reg. 13(11) added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **9(c)**
- F18** Words in reg. 13(11) added (6.4.2005) by [The Child Trust Funds \(Amendment No. 2\) Regulations 2004 \(S.I. 2004/3382\)](#), regs. 1, **3**

Account provider—qualifications and Board’s approval

14.—(1) This regulation specifies the circumstances (“qualifying circumstances”) in which a person may be approved by the Board as an account provider.

(2) The qualifying circumstances are the following—

- (a) the person must make an application to the Board for approval in a form specified by the Board;
- (b) the person must undertake with the Board—
- (i) to either offer stakeholder accounts to the general public (whether or not accounts of another description are offered), or to fulfil the requirements in paragraph (3),
 - (ii) to accept vouchers from any responsible person or the child if 16 or over (subject to [^{F19}paragraph (iia) and] regulation 13(8)),
 - [^{F20}(iia) in the case of a credit union, to accept vouchers from any responsible person or the child if 16 or over, if the child to which the voucher relates is a member, or fulfils or is treated as fulfilling a qualification for admission to membership, of the credit union (subject to regulation 13(8)),]
 - (iii) where the person accepts Revenue allocated accounts, to allow instructions for their management to be made or given by post (whether or not other methods are allowed),
 - (iv) to publicise (and up-date where appropriate) statements of the minimum amount which may be subscribed to an account on a single occasion, and the permitted means of payment of subscriptions,
 - (v) to inform persons proposing to make subscriptions to an account (other than the named child) that the subscription is a gift to the child,
 - (vi) to publicise (and up-date where appropriate) statements of the extent to which social, environmental or ethical decisions are taken into account in selecting, retaining or realising investments,
 - (vii) that a child’s unique reference number shall only be used for the purposes of the child’s account (and of fulfilling the requirements of these Regulations with regard to that account), and
 - (viii) that whether there is an initial contribution or special contribution to an account, whether there is a supplementary contribution to the account, and whether the account is a Revenue allocated account is information held for the purposes

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- mentioned in paragraph (vii) only, and shall not be used for other purposes (including marketing other products);
- (c) the person must demonstrate to the satisfaction of the Board that the person can correctly operate the procedures in regulation 30;
- (d) an account provider must be—
- (i) an authorised person within the meaning of section 31(1)(a) or (c) of, or Schedule 5 to, the Financial Services and Markets Act 2000 ^{M27}, who has permission to carry on one or more of the activities specified in Articles 14, 21, 25, 37, 40, 45, 51, 53 and (in so far as it applies to any of those activities) 64 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ^{M28}, but excluding any person falling within paragraph (iv) below;
 - [^{F21}(ia) in the case of a credit union, an authorised person within the meaning of section 31(1)(a) of the Financial Services and Markets Act 2000, who has permission to carry on one or more of the activities specified in Article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;]
 - (ii) a European institution which carries on one or more of those activities;
 - (iii) a building society, a person falling within section 840A(1)(b) of the Taxes Act ^{M29} or a relevant European institution; or
 - (iv) an insurance company within the meaning given by section 431(2) of the Taxes Act, an incorporated friendly society or a registered friendly society, or any other assurance undertaking;
- (e) an account provider must not be prevented from acting as such by any requirement imposed under section 43 of the Financial Services and Markets Act 2000, or by any prohibition imposed by or under any rules made by the Financial Services Authority under that Act; and
- (f) an account provider who—
- (i) is a European institution or a relevant authorised person and who does not have a branch or business establishment in the United Kingdom, or has such a branch or business establishment but does not intend to carry out all his functions as an account provider at that branch or business establishment, or
 - (ii) falls within the expression “any other assurance undertaking” in sub-paragraph (d)(iv),
- must fulfil one of the three requirements specified in regulation 15.
- (3) The requirements in this paragraph are that the person provides to any potential applicant for a child trust fund ([^{F22}before commencement of completion of] any application under regulation 13)—
- (a) a statement that a stakeholder account is available from a named alternative account provider who offers it on the terms in paragraph (2)(b)(i) (omitting the words from “, or to” to the end);
 - (b) a detailed description of that stakeholder account; and
 - (c) sufficient information (according to the method of communication used, and including documentation where appropriate) to put the potential applicant in the position to make an application to that alternative account provider, complying with regulation 13.
- (4) The terms of the Board’s approval may include conditions designed to ensure that the provisions of these Regulations are satisfied.

Textual Amendments

- F19** Words in reg. 14(2)(b)(ii) inserted (6.4.2005) by [The Child Trust Funds \(Amendment No. 2\) Regulations 2005 \(S.I. 2005/909\)](#), regs. 1, **6**
- F20** Reg. 14(2)(b)(iia) inserted (6.4.2005) by [The Child Trust Funds \(Amendment No. 2\) Regulations 2005 \(S.I. 2005/909\)](#), regs. 1, **7**
- F21** Reg. 14(2)(d)(ia) inserted (6.4.2005) by [The Child Trust Funds \(Amendment No. 2\) Regulations 2005 \(S.I. 2005/909\)](#), regs. 1, **8**
- F22** Words in reg. 14(3) substituted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **10**

Marginal Citations

- M27** 2000 c. 8.
- M28** S.I. 2001/544.
- M29** 1988 c. 1; section 840A was inserted by paragraph 1(1) of Schedule 37 to the [Finance Act 1996 \(c. 8\)](#).

Account provider—appointment of tax representative

- 15.**—(1) This regulation specifies the requirements mentioned in regulation 14(2)(f).
- (2) The first requirement specified in this regulation is that—
- (a) a person who falls within subsection (5) of section 333A of the Taxes Act is for the time being appointed by the account provider to be responsible for securing the discharge of the duties prescribed by paragraph (5) which fall to be discharged by the account provider, and
- (b) his identity and the fact of his appointment have been notified to the Board by the account provider.
- (3) The second requirement specified in this regulation is that there are for the time being other arrangements with the Board for a person other than the account provider to secure the discharge of such duties.
- (4) The third requirement specified in this regulation is that there are for the time being other arrangements with the Board designed to secure the discharge of such duties.
- (5) The duties prescribed by this paragraph are those that fall to be discharged by an account provider under these Regulations.
- (6) The appointment of a person in pursuance of the first requirement shall be treated as terminated in circumstances where—
- (a) the Board have reason to believe that the person concerned—
- (i) has failed to secure the discharge of any of the duties prescribed by paragraph (5), or
- (ii) does not have adequate resources to discharge those duties, and
- (b) the Board have notified the account provider and that person that they propose to treat his appointment as having terminated with effect from the date specified in the notice.
- (7) Where, in accordance with the first requirement, a person is at any time responsible for securing the discharge of duties, the person concerned—
- (a) shall be entitled to act on the account provider's behalf for any of the purposes of the provisions relating to the duties;
- (b) shall secure (where appropriate by acting on the account provider's behalf) the account provider's compliance with and discharge of the duties; and

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- (c) shall be personally liable in respect of any failure of the account provider to comply with or discharge any such duty as if the duties imposed on the account provider were imposed jointly and severally on the account provider and the person concerned.

Account provider—withdrawal by Board of approval

16.—(1) This regulation specifies the circumstances (“the disqualifying circumstances”) in which the Board may by notice withdraw their approval of a person as an account provider in relation to an account.

- (2) The disqualifying circumstances are that the Board have reason to believe—
- (a) that any provision of the Act or these Regulations, or any term of an undertaking given in accordance with regulation 14(2)(b) or condition under regulation 14(4), is not or at any time has not been satisfied, either in respect of an account managed by the account provider or otherwise; or
 - (b) that a person to whom they have given approval to act as an account provider is not qualified so to act.
- (3) The notice to which paragraph (1) refers shall specify—
- (a) the date from which the Board’s approval is withdrawn; and
 - (b) the disqualifying circumstances.

Account provider—appeal against non-approval or withdrawal of Board’s approval

17. A person who has been notified of a decision by the Board not to approve that person as an account provider, or an account provider to whom notice of withdrawal of approval has been given under regulation 16, may appeal against the decision by notice given to the Board within 30 days after the date of the notification or notice.

Permitted withdrawals from an account

18. Withdrawals from an account before the date on which the named child attains the age of 18 years may only be made—

- (a) by the account provider, to settle any management charges and other incidental expenses, which are due by or under the management agreement, or
- [^{F23}(ab) in accordance with regulation 18A, or]
- (b) where the account provider is satisfied that the named child has died under that age.

Textual Amendments

F23 Reg. 18(ab) inserted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **11**

[^{F24}**Permitted withdrawals from an account where the child is terminally ill**

18A.—(1) A person with parental responsibility (or, in Scotland, parental responsibilities) for the named child (including a local authority, but excluding a person under 16), or the named child if 16 or over, may make a claim to the Board, for withdrawals from an account to be permitted in accordance with this regulation.

- (2) The claim shall be—

- (a) made in a manner prescribed by the Board, which shall include the giving of any consent necessary for the verification or consideration of the claim, and
- (b) accepted in either of the following cases:

Case 1

The child has been, or is, accepted by the Department for Work and Pensions as falling within section 72(5) of the Social Security Contributions and Benefits Act 1992 (special rules for terminally ill person's entitlement to care component of disability living allowance).

Case 2

Evidence that the named child is terminally ill has been supplied to the satisfaction of the Board.

(3) The Board shall issue a letter to the claimant authorising withdrawals from the account under this regulation, and shall also notify the account provider.

(4) Once a claim has been accepted, withdrawals may be made by the registered contact (on behalf of the named child, where he is not the child) at any time—

- (a) provided that, immediately following any withdrawal, a balance sufficient to keep the account open is maintained in the account, and
- (b) excepting any transfer of a policy of life insurance (as opposed to the proceeds from such a policy).

(5) Where account investments are withdrawn in a form other than sterling currency, regulation 36(1)(b) shall apply (with any necessary modifications) to any such investment immediately before it is withdrawn.

(6) In this regulation, “terminally ill” has the meaning in section 66(2)(a) of the Social Security Contributions and Benefits Act 1992.]

Textual Amendments

F24 Reg. 18A inserted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, 12

Account provider ceasing to act (or ceasing to accept Revenue allocated accounts)

19.—(1) A person shall give notice to the Board and to the registered contact of the account which he manages (or, if there is no registered contact, the named child) of his intention to cease to act as the account provider not less than 30 days before he so ceases so that his obligations to the Board under the account can be conveniently discharged at or about the time he ceases so to act, and the notice to the registered contact or the named child shall inform him of the right to transfer the account under regulation 21, and of his rights under regulation 20(3).

(2) A person shall also give notice to the Board of his intention to cease to accept further Revenue allocated accounts under regulation 6, not less than 30 days before he so ceases.

Account provider ceasing to qualify

20.—(1) A person shall cease to qualify as an account provider and shall notify the Board within 30 days of the relevant event in sub-paragraphs (a) to (f), of that relevant event, where—

- (a) the person no longer fulfils the conditions of regulation 14;

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- (b) in the case of an individual, he becomes bankrupt, or the subject of a bankruptcy restrictions order or an interim bankruptcy restrictions order or, in Scotland, his estate is sequestrated;
- (c) he makes any arrangement or composition with his creditors generally;
- (d) in the case of a company, a resolution has been passed or a petition has been presented to wind it up;
- (e) in the case of a building society, a person falling within section 840A(1)(b) of the Taxes Act or a relevant European institution—
 - (i) it ceases to be a building society or to fall within section 840A(1)(b) of the Taxes Act or to be a relevant European institution, as the case may be;
 - (ii) its directors have made a proposal under Part 1 of the Insolvency Act 1986 ^{M30} for a composition in satisfaction of its debts or a scheme of arrangement of its affairs; or
 - (iii) a receiver or manager of its property has been appointed; or
- (f) in the case of a European institution, a relevant authorised person or an assurance undertaking which falls within regulation 14(2)(d)(iv), action corresponding to any described in sub-paragraph (b) to (e) has been taken by or in relation to the institution, person or undertaking under the law of an EEA State.

(2) On giving the notice referred to in paragraph (1), the person shall also notify the registered contact (or, if there is no registered contact, the named child) of the right to transfer the account under regulation 21, and the notice shall inform the recipient of the rights under paragraph (3).

(3) Where a registered contact—

- (a) receives a notice under paragraph (2), or regulation 19(1), and
- (b) within 30 days of the sending of the notice, transfers the account to another account provider pursuant to regulation 21,

the period between the transferor ceasing to act or qualify as an account provider, and the transfer to the transferee, shall be ignored in determining whether the account has at all times been managed by an account provider.

Marginal Citations

M30 1986 c. 45.

Transfer of accounts to other account providers

21.—(1) Where—

- (a) arrangements are made by a registered contact to transfer the whole of the investments under an account from one account provider (“the transferor”) to another account provider (“the transferee”), or
- (b) the whole of the investments under an account are so transferred in consequence of an account provider (“the transferor”) ceasing to act or to qualify as an account provider,

the transfer shall be treated as a transfer of the account.

(2) The account and its description under regulation 4 shall not be affected for the purposes of these Regulations by reason of the transfer, save that, where the registered contact specifies in accordance with paragraph (3)(a) an account of a different description, the account shall, on the transfer, become an account of that other description.

(3) The registered contact shall make—

- (a) the application required by regulation 13(2) (modified as if the words “applied for” were replaced with “[^{F25}following the transfer]”), and
 - (b) the application and declaration required by regulation 13(3) to (5),
- to the transferee.

[^{F26}(3A) Where a registered contact applies in accordance with paragraph (3) to a potential transferee for a transfer under this regulation, specifying a stakeholder account offered by the transferee, the transferee shall not decline to accept that application (or the transfer in consequence of it) except where—

- (a) the transferee has reason to believe that the registered contact has given untrue information in his application;
 - (b) the transferee demonstrates to the satisfaction of the Board that acceptance of transfers, or a class of transfers, during a particular period would jeopardise his ability to prevent any of the matters mentioned in regulation 16(2)(a); or
 - (c) the transferor does not give the transferee the notice in accordance with paragraph (4).]
- (4) The transferor shall on the date of the transfer give the transferee a notice containing the information specified in paragraph (5) and the declaration specified in paragraph (6).
- (5) The information specified in this paragraph is—
- (a) as regards the named child—
 - (i) his full name,
 - (ii) his date of birth,
 - (iii) his unique reference number;
 - (b) as regards the account—
 - (i) the description of the account,
 - (ii) the date of the transfer,
 - (iii) the total amount subscribed to the account during the period from the beginning of the subscription year in which the transfer takes place to the date of the transfer,
 - (iv) any amount which has been claimed from the Board under regulations 26, 27 or 30 and which has not been paid at the date of the transfer;
 - (c) the full name and address, including postcode, of the registered contact who has made the transfer arrangements.
- (6) The declaration specified in this paragraph is a declaration by the transferor that—
- (a) he has fulfilled all his obligations to the named child, the Board or otherwise, which are imposed by these Regulations;
 - (b) he has transferred to the transferee or his nominee all the account investments and that, where registration of any such transfer is required, he has taken the necessary steps to ensure that those account investments can be registered in the name of the transferee or nominee;
 - (c) he will forward any further payment received in respect of those account investments to the transferee, on receipt of the payment, and
 - (d) the information contained in the notice is correct.

Textual Amendments

F25 Words in [reg. 21\(3\)\(a\)](#) substituted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), [regs. 1, 13\(a\)](#)

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F26 Reg. 21(3A) inserted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **13(b)**

Recoupment of Inland Revenue contributions to void accounts (and other accounts)

22.—(1) Where—

- (a) the named child has never been an eligible child (see regulation 8(1)(b)), or
- (b) there is a breach of regulation 8(1)(c) in relation to an account,

the account is void, and the persons mentioned in paragraph (3) shall account to the Inland Revenue for Inland Revenue contributions paid in respect of the account, together with income and gains which have arisen in consequence of the crediting of any of those payments to the account.

(2) Where—

- (a) the condition in section 9(5) of the Act was satisfied in relation to a child, but the determination under sections 18 to 21 of the Tax Credits Act 2002 ^{M31} has been overturned, or
- (b) the condition in section 9(8) of the Act was satisfied in relation to a child, but it has subsequently been determined that payment of the relevant benefit or tax credit mentioned in that subsection should not have been made, or that the applicable amount or tax credit should not have included an amount or credit in respect of the child, [^{F27}or
- (c) the requirements of regulation 7(10) were satisfied in relation to a child, but it has subsequently been determined that payment of the relevant benefit mentioned in that provision should not have been made, or that the applicable amount should not have included an amount in respect of that child,]

the persons mentioned in paragraph (3) shall account to the Inland Revenue for any supplementary contribution [^{F28}, or further contribution, as the case may be,] paid in respect of the account, together with income and gains which have arisen in consequence of the crediting of any such payment to the account.

(3) The persons mentioned in paragraphs (1) and (2) are—

- (a) the account provider (to the extent that he has assets in his possession or control),
- (b) the registered contact,
- (c) the named child, and
- (d) any person in whom the Inland Revenue contributions, income or gains, or any property directly or indirectly representing any of them, is vested (whether beneficially or otherwise)

and they shall be jointly and severally liable.

(4) Where a person accountable under this regulation is notified by the Inland Revenue that an amount is due from him under it, that amount shall be treated for the purposes of Part 6 of the Management Act ^{M32} (collection and recovery) as if it were tax charged in an assessment on that person, and due and payable.

Textual Amendments

F27 Reg. 22(2)(c) and preceding word inserted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2005 \(S.I. 2005/383\)](#), regs. 1, **4(a)**

F28 Words in reg. 22(2) inserted (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2005 \(S.I. 2005/383\)](#), regs. 1, **4(b)**

Marginal Citations

M31 2002 c. 21.

M32 1970 c. 9.

“Repair” of invalid accounts

23.—(1) Except in the case of a breach of regulation 8(1)(b) or (c) (where no repair of an account is possible), it is an overriding requirement to be satisfied in relation to an account that the account provider and registered contact, as the case may be, take any steps necessary to remedy any breach of these Regulations.

(2) Where a breach is remedied as mentioned in paragraph (1), the account shall, to the extent of that breach, be treated as having been a valid account at all times, except for determining whether there has been a breach of these Regulations for the purposes of section 20 of the Act (penalties).

PART 3

Tax and administration of accounts

Exemption from tax of account income and gains

24. Subject to compliance with these Regulations (and in particular regulation 9)—

- (a) no tax shall be chargeable on the account provider or his nominee, or on the named child or registered contact (on his behalf)—
 - (i) in respect of interest, dividends, distributions or gains in respect of account investments,
 - (ii) on any annual profits or gains treated by section 714(2) of the Taxes Act^{M33} as having been received by any of them in respect of account investments,
 - (iii) on an offshore income gain to which a disposal made by any of them of an account investment gives rise, which is treated by section 761(1) of the Taxes Act as constituting profits or gains,
 - (iv) on a profit realised by any of them from the discount on a relevant discounted security within the meaning of Schedule 13 to the Finance Act 1996^{M34}, which is held as an account investment, or
 - (v) in respect of gains treated by section 541 of the Taxes Act as arising in connection with a policy of life insurance which is an account investment;
- (b) losses accruing on any disposal of account investments shall be disregarded for the purposes of capital gains tax;
- (c) section 349B(4) of the Taxes Act shall apply with the following modifications—
 - (i) for references to a plan manager, substitute references to an account provider,
 - (ii) for references to a plan, substitute references to an account, and
 - (iii) for the reference to section 333 of the Taxes Act, substitute a reference to the Act;
- (d) a corresponding deficiency occurring at the end of the final year, within the meaning of section 549(1) of the Taxes Act, so far as it relates to a policy of life insurance which is an account investment, shall not be allowable as a deduction from the total income of the named child;

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- (e) relief in respect of tax shall be given in the manner and to the extent provided by these Regulations; and
- (f) income arising from account investments shall not be regarded as income for any income tax purposes (including section 660B of the Taxes Act ^{M35}).

Marginal Citations

M33 1988 c. 1.

M34 1996 c. 8; paragraph 3 was substituted by section 65 of the [Finance Act 1999 \(c. 16\)](#).

M35 Section 660B was inserted by paragraph 1 of Schedule 17 to the [Finance Act 1995 \(c. 4\)](#).

Tax liabilities and reliefs—account provider to act on behalf of the named child

25.—(1) An account provider may under these Regulations make tax claims, conduct appeals and agree on behalf of the named child (or of the registered contact in respect of the child) liabilities for and reliefs from tax in respect of an account.

(2) Tax claims shall be made to the Board in accordance with the provisions of regulations 26 and 27.

(3) Where any relief or exemption from tax previously given in respect of an account has by virtue of these Regulations become excessive, in computing the relief due on any claim there shall be deducted (so that amounts equal to that excess are set-off or repaid to the Board, as the case may be) notwithstanding that those amounts have been invested, any other amount of tax due to the Board by the account provider in respect of any tax liability in respect of account investments under an account including (but without prejudice to the making of an assessment under that Schedule) any amount falling due in respect of a liability under paragraph 3 or 4 of Schedule 23A to the Taxes Act.

Repayments in respect of tax to account provider—interim tax claims

26.—(1) Notwithstanding the provisions of any other enactment, the Board shall not be under an obligation to make any repayment in respect of tax under these Regulations earlier than the end of the month following the month in which the claim for the repayment is received.

(2) A claim for repayment in respect of tax which is not an annual claim (“interim tax claim”) may be made only for a period of a month (or a number of months not exceeding six) beginning on the 6th day of the month and ending on the 5th day of the relevant following month.

(3) No claim for repayment may be made for the month ending 5th October or any subsequent month in a year until the annual claim due under regulation 27(2) in respect of an account for the preceding year has been duly made by the account provider and received by the Board.

(4) Where, on the occasion of a claim, there is due to the Board an amount in respect of tax, that amount shall be recoverable by the Board in the same manner as tax charged by an assessment on the account provider which has become final and conclusive.

(5) This regulation and regulation 27 shall not apply to any repayment in respect of tax on account investments falling within regulation 12(2)(m) (life insurance), or on distributions and other rights or proceeds in respect of those investments.

Repayments in respect of tax to account provider—annual tax claims

27.—(1) An annual tax claim is a claim for repayment in respect of tax for a year and may not be made at any time more than six years after the end of the year.

(2) Where the account provider—

- (a) has made at least one interim tax claim during a year, or
- (b) wishes to reclaim tax, or there is due to the Board an amount in respect of tax, following the end of the year,

the account provider shall within six months after the end of the year make an annual tax claim to establish the total of tax repayments due under an account for that year.

(3) Where the aggregate of the repayments in respect of interim tax claims for the year shown by an annual tax claim exceeds the amount of tax repayable for the year shown on the claim, the account provider shall repay the amount of the excess to the Board with the claim.

(4) If an account provider fails to make the annual tax claim required under paragraph (2)(a) within the time limited, the Board may issue a notice to the account provider showing the aggregate of payments in respect of the interim tax claims for the year, and stating that the Board are not satisfied that the amount due to the account provider for that year exceeds the lower amount stated in the notice.

(5) If an annual tax claim is not delivered to the Board within 14 days after the issue of a notice under paragraph (4) the amount of the difference between the aggregate and the lower amount stated in the notice shall immediately become recoverable by the Board in the same manner as tax charged by an assessment on the account provider which has become final and conclusive.

(6) Where an annual tax claim has been made and the account provider subsequently discovers that an error or mistake has been made in the claim the account provider may make a supplementary annual claim within the time allowed in paragraph (1).

Account provider's tax claims—supplementary provisions

28.—(1) Section 42 of the Management Act shall not apply to tax claims under these Regulations.

(2) No appeal shall lie from the Board's decision on an interim tax claim.

(3) An appeal shall be to the Special Commissioners from the Board's decision on an annual tax claim, and the appeal shall be brought by giving notice to the Board within 30 days of receipt of notice of the decision.

(4) No payment or repayment made or other thing done on or in relation to an interim tax claim or a notice under regulation 27(4) shall prejudice the decision on an annual tax claim.

(5) The provisions contained in Part 5 of the Management Act (appeals and other proceedings) shall apply to an appeal under paragraph (3) above, and on appeal the Special Commissioners may vary the decision appealed against whether or not the variation is to the advantage of the appellant.

(6) All such assessments, payments and repayments shall be made as necessary to give effect to the Board's decision on an annual tax claim or to any variation of that decision on appeal.

(7) Claims under these Regulations shall be in such form and contain such particulars as the Board prescribe and, subject to regulation 32(1), shall be signed by the account provider, and forms prescribed for annual claims may require a report to be given by a person qualified for appointment as auditor of a company.

Assessments for withdrawing relief and recovering tax

29.—(1) Where—

- (a) any relief or exemption from tax given in respect of income or gains under an account is found not to be due or to be excessive, or
- (b) the full amount of tax in respect of the income or gains under an account has not otherwise been fully accounted for and paid to the Board on behalf of the named child,

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an assessment to tax may be made by the Board in the amount or further amount which in their opinion ought to be charged.

(2) An assessment to which paragraph (1) refers may be made on the account provider or on the registered contact (in respect of the child where the child is under the age of 16).

(3) If the assessment is made to recover tax in respect of income under an account it shall be made under Case VI of Schedule D.

(4) Sections 72 and 73 of the Management Act shall be modified in relation to accounts, so that—

- (a) references to a parent or guardian include a reference to the registered contact for an account held by the named child, and
- (b) references to an incapacitated person, in relation to Scotland, are to a person under the age of 16 years.

Fortnightly claim and financial returns

30.—(1) In this regulation—

“fortnightly period” means a period—

- (a) beginning on the 1st, and ending on the 15th, day of a calendar month, or
- (b) beginning on the 16th, and ending on the last, day of a calendar month;

“first return period”, in relation to account providers approved with effect from a date between 1st January 2005 and 28th February 2005, means the period beginning on the date on which the approval takes effect and ending on 28th February 2005;

“second return period”, in relation to account providers approved with effect from a date between 1st January 2005 and 31st March 2005, means the period beginning on the later of 1st March 2005 and the date on which the approval takes effect, and ending on 31st March 2005;

“initial return period”, in relation to account providers approved later, means the period—

- (a) beginning on the date on which the approval takes effect, or the appointed day (whichever is the later), and
- (b) ending simultaneously with the end of the current fortnightly period.

(2) The following provisions of this regulation apply to an account provider in relation to—

- (a) that provider’s first, second or initial return period, and
- (b) each succeeding fortnightly period (other than succeeding a first return period),

during which, or during any part of which, he acted as an account provider.

(3) Within—

- (a) ten days of the end of a provider’s first return period (if any), and
- (b) five days of the end of any other period mentioned in paragraph (2),

the account provider shall deliver by means of electronic communications to the Board, a return for that period, in a form specified by the Board.

(4) The return shall include a declaration of the information in paragraph (5), and a claim as mentioned in paragraph (6) (in each case, stated separately for each account, quoting the named child’s unique reference number and date of birth).

(5) The information is that, during that period—

- (a) the account provider has opened an account in accordance with regulation 5 (by means of a voucher);
- (b) the account provider has opened a Revenue allocated account in accordance with regulation 6;

- (c) an account has been transferred to the account provider in accordance with regulation 21, and is held with the account provider at the end of the period; or
 - (d) an account has been closed, due to the named child dying under the age of 18 (and the date of death).
- (6) The claim is—
- (a) where paragraph (5)(a) or (b) applies, a claim for the initial contribution or special contribution due to the account in accordance with regulation 7(1) to (4); ^{F29}...
 - (b) where the Inland Revenue have informed the account provider that section 9 of the Act applies to the named child, a claim for the supplementary contribution due to the account in accordance with regulation 7(5) to (7)^{F30}; and
 - (c) where the Inland Revenue have informed the account provider that paragraph (10) of regulation 7 applies to the named child, a claim for the further contribution due to the account in accordance with that paragraph.]
- (7) Paragraphs (5)(a) and (b) and (6)(a) and (b) shall apply notwithstanding any transfer of the account to another account provider under regulation 21, before the end of the period in question.

Textual Amendments

- F29** Word in reg. 30(6) omitted (6.4.2005) by virtue of [The Child Trust Funds \(Amendment\) Regulations 2005 \(S.I. 2005/383\)](#), regs. 1, 5
- F30** Reg. 30(6)(c) and preceding word added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2005 \(S.I. 2005/383\)](#), regs. 1, 5

Records to be kept by account provider

31.—(1) An account provider shall at all times keep sufficient records in respect of an account to enable the requirements of these Regulations to be satisfied.

(2) In particular, an account provider shall produce (when required to do so by an officer of the Board) any—

- (a) application made under regulation 13(1) or (10),
- (b) voucher given to him,
- (c) annual statement issued by him, and
- (d) transfer notice given to him under regulation 21(4),

or electronic copies, within the period of 3 years from when it was made, issued or given (notwithstanding any transfer of the account under regulation 21).

Returns of information by account provider

32.—(1) An account provider shall within 60 days after the end of each year in which he acts as an account provider, and after ceasing to act or to qualify as an account provider, deliver by means of electronic communications to the Board a return for that year, or for the part of that year in which he so acted or qualified, in a form specified by the Board, which contains the information specified in paragraph (2).

(2) The information specified in this paragraph is information relating to each account in respect of which he acted as account provider, in the year or the part of the year for which the return is made, other than accounts transferred to another account provider under regulation 21 in that year or part of a year, as to—

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- (a) as regards the named child—
 - ^{F31}(i)
 - ^{F31}(ii)
 - (iii) his unique reference number;
- (b) as regards each such account—
 - (i) whether or not the account is a stakeholder account,
 - (ii) whether or not there is a registered contact for the account,
 - (iii) the aggregate market value of the account investments held under the account, subject to paragraph (3), the value of each account investment being determined either as at 5th April in that year, or any other valuation date not falling earlier than 5th October in that year, and
 - (iv) the total amount of cash subscribed to the account, in the subscription year ending during the year or the part of the year for which the return is made.
- (3) The reference in paragraph (2)(b)(iii) to market value shall be construed—
 - (a) in the case of policies of life insurance, as a reference to their surrender value, and
 - (b) as referring to separate values for—
 - (i) cash falling within regulation 12(2)(k) or (l), and
 - (ii) policies of life insurance and all other account investments.
- (4) No claim for repayment, or repayment, may be made under regulations 26 and 27 until the returns which have become due under this regulation have been duly made by the account provider and received by the Board.

Textual Amendments

F31 Reg. 32(2)(a)(i)(ii) omitted (6.4.2005) by virtue of [The Child Trust Funds \(Amendment No. 2\) Regulations 2005 \(S.I. 2005/909\)](#), regs. 1, 9

Information about “looked after children” from Local Authorities

- 33.—(1) In this regulation—
- “local authority” includes an authority within the meaning of the Children (Northern Ireland) Order 1995 ^{M36};
 - “looked after and accommodated child”, in Scotland, means a child who is—
 - (a) both looked after, and provided with or placed in accommodation, by a local authority within the meaning of those expressions in Part 2 of the Children (Scotland) Act 1995 ^{M37}, or
 - (b) accommodated by a local authority under section 22 of that Act, and related expressions shall be construed accordingly;
 - “looked after child”—
 - (a) in England and Wales, has the meaning in section 22(1) of the Children Act 1989 ^{M38}, extended to include a child accommodated by a local authority under section 17 of that Act, and
 - (b) in Northern Ireland, means a child accommodated under Part 4 of the Children (Northern Ireland) Order 1995,

and related expressions shall be construed accordingly;

“return period” means a period—

- (a) beginning on the day immediately succeeding the appointed day, and ending one month after the appointed day, and
- (b) each succeeding period of one month.

(2) Within one month of the appointed day, every local authority shall deliver by means of electronic communications to the Board, a return in a form specified by the Board, which contains the information in paragraph (3) for every child who was—

- (a) looked after (in Scotland, looked after and accommodated) by the authority on the appointed day, and
- (b) born after 31st August 2002,

or a return stating that there were no such children.

(3) The information in this paragraph is a statement (prepared separately for each child) of—

- (a) the name of the local authority,
- (b) its address,
- (c) the unique identifier for the local authority,
- (d) the name of the local authority officer responsible for the return,
- (e) the child’s full name, sex and date of birth,
- (f) the Home Office reference number, if any, of the child, and
- (g) either—
 - (i) the full name and address of an individual who has parental responsibility (in Scotland, parental responsibilities) in relation to the child, or
 - (ii) if paragraph (i) is considered inappropriate, a correspondence address for the child.

(4) Within five days of the end of each return period, every local authority shall deliver by means of electronic communications to the Board a return for that period in a form specified by the Board, covering every child—

- (a) born after 31st August 2002, and
- (b) who during that period has become a child looked after (in Scotland, looked after and accommodated) by that authority, for the first time since the appointed day,

or a return stating that there were no such children.

(5) After 31st August 2009, the return in paragraph (4) shall in addition cover every child who was looked after (in Scotland, looked after and accommodated) on his 7th birthday.

(6) The return in paragraph (4) shall consist of a statement (prepared separately for each child) of—

- (a) the information in paragraph (3),
- (b) the date on which the child first became a child looked after (in Scotland, looked after and accommodated) by that authority,
- (c) where the child has also died during that period, the name and address of his personal representatives^{F32},

and where sub-paragraph (c) applies, the local authority shall also send a copy of the death certificate (or other documentary evidence of death) to the Board by post].

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[^{F33}(7) As an alternative to delivering the return required by paragraph (2) by means of electronic communications, the local authority may (until this paragraph is revoked) send the return to the Board by registered post.]

[^{F34}(8) Regulations 34 and 35 shall apply to local authorities, as if, in those regulations, for—

- (a) “relevant person” there were substituted “local authority”; and
- (b) references to an account or account investments there were substituted references to returns, forms or children mentioned in this regulation and regulation 33A,

so far as the Board may reasonably require information to be provided or records to be made available for the purposes of this regulation and regulation 33A.]

Textual Amendments

- F32** Words in reg. 33(6) added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **14(a)**
- F33** Reg. 33(7) added (6.4.2005) by [The Child Trust Funds \(Amendment\) Regulations 2004 \(S.I. 2004/2676\)](#), regs. 1, **14(b)**
- F34** Reg. 33(8) added (6.4.2005) by [The Child Trust Funds \(Amendment No. 2\) Regulations 2004 \(S.I. 2004/3382\)](#), regs. 1, **4**

Marginal Citations

- M36** [S.I. 1995/755 \(N.I. 2\)](#).
- M37** [1995 c. 36](#).
- M38** [1989 c. 41](#).

[^{F35}**The Official Solicitor or Accountant of Court to be the person who has the authority to manage an account**

33A.—(1) Every local authority shall be under a duty to —

- (a) identify any child born after 31st August 2002 and under 16, who falls within the circumstances specified in paragraph (2) and, for each such child,
- (b) deliver a form (as part of the return required by regulation 33(2) or (4), as the case may be) in accordance with paragraph (3)(a).

(2) The circumstances specified are where—

- (a) the child is looked after (in Scotland, looked after and accommodated) by the local authority, and
- (b) at least one of the following conditions is satisfied.

Condition 1

There is no person, or no person other than the local authority, who has parental responsibility (in Scotland, parental responsibilities) for the child.

Condition 2

It is part of the care plan for the child that—

- (a) (a) the child will live indefinitely away from home (or his former home), and
- (b) (b) the child will not have face to face contact with any parent having parental responsibility (in Scotland, parental responsibilities) for the child.

Condition 3

An order has been made under section 34(4) of the Children Act 1989 or Article 53(4) of the Children (Northern Ireland) Order 1995, authorising the local authority to refuse to allow contact between the child and any person with parental responsibility (or, in Scotland, a supervision requirement made with a condition regulating contact under section 70(5)(b) of the Children (Scotland) Act 1995 that the child shall have no contact with a person with parental responsibilities), and there is no other individual with parental responsibility (in Scotland, parental responsibilities) for the child to act as registered contact.

Condition 4

The Court of Protection has—

- (a) (a) appointed a receiver for a person with parental responsibility for the child, or
- (b) (b) determined that such a person is a “patient” for the purposes of Part 7 of the Mental Health Act 1983,

and there is no other individual with parental responsibility for the child to act as registered contact.

In Scotland, in this Condition for—

- (a) (a) “Court of Protection” substitute “Sheriff”,
- (b) (b) “receiver” substitute “guardian appointed under section 58 of the Adults with Incapacity (Scotland) Act 2000”,
- (c) (c) the reference to a patient, substitute “incapable for the purposes of the Adults with Incapacity (Scotland) Act 2000,” and
- (d) (d) “parental responsibility” substitute “parental responsibilities”.

Condition 5

The child has been lost or abandoned, and there is no prospect for the foreseeable future of reunification of the child with a parent having parental responsibility (in Scotland, parental responsibilities) for the child.

In this Condition, “lost or abandoned”—

- (a) (a) in England and Wales, has the meaning in section 20(1)(b) of the Children Act 1989;
- (b) (b) in Northern Ireland, has the meaning in Article 21(1)(b) of the Children (Northern Ireland) Order 1995; and
- (c) (c) in Scotland, has the meaning in section 25(1)(b) of the Children (Scotland) Act 1995.

(3) Where—

- (a) the local authority (by a means authorised by regulation 33) delivers to the Board a form specified by the Board, giving particulars of the child and of the circumstances specified in paragraph (2) relevant to the child, and
- (b) the Board (subject to checking and if necessary correcting the contents of the form) delivers it to the Official Solicitor (where the child is in England and Wales or Northern Ireland) or the Accountant of Court (where the child is in Scotland),

the Official Solicitor or Accountant of Court, as the case may be, shall be the person who has the authority to manage the child’s account for the purposes of section 3(6)(b) of the Act.

(4) The Official Solicitor or Accountant of Court shall cease to be the person who has the authority to manage the child’s account (and shall be discharged from the duties of registered contact) where—

- (a) the child attains the age of 16,
- (b) in any case where the child is under 16 and still looked after (in Scotland, looked after and accommodated) by a local authority—

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- (i) the local authority confirms to the Official Solicitor or Accountant of Court that there is a named responsible person in relation to the child, who is able to be the registered contact for the child's account, and that none of the Conditions in paragraph (2) applies, and
- (ii) the Official Solicitor or Accountant of Court cancels his declaration and authorisation in accordance with regulation 13(7) and is replaced as registered contact by that responsible person, in accordance with regulation 13(10), or
- (c) in any case where the child is under 16 and is not looked after (in Scotland, looked after and accommodated) by a local authority—
 - (i) a responsible person for the child provides evidence to the satisfaction of the Official Solicitor or Accountant of Court, as the case may be, that he has parental responsibility for the child, and
 - (ii) the Official Solicitor or Accountant of Court cancels his declaration and authorisation in accordance with regulation 13(7) and is replaced as registered contact by that responsible person, in accordance with regulation 13(10).
- (5) A local authority shall, for the purposes of paragraph (4), confirm to the Official Solicitor or Accountant of Court, as the case may be—
 - (a) whether the child is still looked after (in Scotland, looked after and accommodated) by the authority, and
 - (b) the identity of the person or persons who had parental responsibility for the child at the date when he ceased to be looked after (in Scotland, looked after and accommodated) by the authority (or, at the option of the authority, any later date).
- (6) Expressions defined in regulation 33 shall bear the same meanings in this regulation.]

Textual Amendments

F35 Reg. 33A inserted (6.4.2005) by [The Child Trust Funds \(Amendment No. 2\) Regulations 2004 \(S.I. 2004/3382\)](#), regs. 1, 5

Information to be provided to the Board

34. The Board may by notice require any relevant person to furnish them, within such time (not being less than 14 days) as may be provided in the notice, such information about any account or about any account investment (including copies of or extracts from any books or other records) as they may reasonably require for the purposes of these Regulations.

Inspection of records by officer of the Board

35.—(1) The Board may by notice require any relevant person, within such time (not being less than 14 days) as may be provided in the notice, to make available for inspection at a place within the United Kingdom by an officer of the Board authorised for that purpose all documents (including books and other records) in his possession or under his control relating to any account or to any account investment.

(2) Where records are maintained by computer the person required to make them available for inspection shall provide the officer making the inspection with all the facilities necessary for obtaining information from them.

Capital gains tax—adaptation of enactments

36.—(1) For the purposes of capital gains tax—

- (a) any assets held by a named child as account investments shall be regarded as held by the child in a separate capacity from that in which he holds any other assets of the same description; and
- (b) the named child shall be treated as having sold all the account investments, and as having reacquired them in his personal capacity, for a consideration equal to their market value, immediately before he attains the age of 18 years (and ceases to be a child).

(2) Sections 127 to 131 of the 1992 Act^{M39} shall not apply in relation to qualifying investments falling within any of sub-paragraphs (a), (b), and (f) to (i) of regulation 12(2) which are held under an account if there is by virtue of any allotment for payment as is mentioned in section 126(2) of that Act a reorganisation affecting those assets.

Marginal Citations

M39 1992 c. 12.

Administration of tax in relation to accounts—supplementary

37.—(1) Nothing in these Regulations shall be taken to prejudice any powers conferred or duties imposed by or under any enactment in relation to the making of returns of income or gains, or for the recovery of tax, penalties or interest by means of an assessment or otherwise.

(2) Notwithstanding the provisions of these Regulations an account provider shall not be released from obligations under these Regulations in relation to an account except under conditions agreed in writing with and notified to that person by the Board.

(3) The provisions contained in the Management Act^{M40} shall apply to any assessment under these Regulations as if it were an assessment to tax for the year in which, apart from these Regulations, the named child would have been liable (by reason of his ownership of the investments).

(4) No obligation as to secrecy imposed by statute or otherwise shall preclude the Board from disclosing to an account provider or registered contact that any provision of these Regulations has not been satisfied or that relief has been given or claimed in respect of investments under an account.

(5) If—

- (a) a chargeable event, within the meaning given by Chapter 2 of Part 13 of the Taxes Act^{M41}, has happened in relation to a policy of life insurance which is an account investment, and
- (b) the body by whom the policy was issued is satisfied that no gain is to be treated as chargeable to tax on the happening of the event by virtue of regulation 24(a)(v),

the body shall not be obliged to deliver the certificates mentioned in section 552(1) of that Act.

This paragraph does not prevent the operation of section 552(1) in a case to which regulation 38(1) applies.

(6) Where—

- (a) it comes to the notice of the account provider, in any manner, that the event specified in regulation 12(11) has occurred in relation to a policy, and
- (b) the account provider is not the insurer for the time being responsible for the obligations under the policy or, where the policy is not still in existence, the person who was the last such insurer,

the account provider shall, within 30 days of the event coming to his notice give notice to that insurer, specifying the event mentioned in sub-paragraph (a) and the termination event.

Status: Point in time view as at 05/12/2005.

Changes to legislation: There are currently no known outstanding effects for the The Child Trust Funds Regulations 2004. (See end of Document for details)

Marginal Citations

M40 1970 c. 9.

M41 1988 c. 1.

Application of the provisions of Chapter 2 of Part 13 of the Taxes Act to policies

38.—(1) This paragraph applies to a case where—

- (a) the event specified in regulation 12(11) has occurred in relation to a policy of life insurance, and
- (b) a termination event within the meaning in regulation 12(12) occurs in relation to that policy.

(2) Where—

- (a) there is a case to which paragraph (1) applies, and
- (b) a chargeable event in relation to the policy, within the meaning given by section 540 of the Taxes Act, has occurred prior to the time at which the termination event mentioned in paragraph (1)(b) occurs,

the named child shall cease to be, and shall be treated as not having been, entitled to relief from tax under regulation 24(a)(v), in respect of gains treated as arising on the occurrence of any chargeable event mentioned in sub-paragraph (b).

(3) The provisions of Chapter 2 of Part 13 of the Taxes Act shall apply, in a case to which paragraph (1) applies, to—

- (a) the termination event mentioned in paragraph (1)(b), and
- (b) any chargeable event mentioned in paragraph (2)(b),

with the modifications provided for in paragraphs (4) to (8) of this regulation, and the registered contact and the account provider shall account to the Board in accordance with this regulation for tax from which relief under regulation 24 has been given on the basis that the named child was so entitled, or in circumstances such that the named child was not so entitled.

(4) A termination of a policy of insurance pursuant to regulation 12(9)(b)(ii) shall be treated as the surrender in whole of the rights conferred by the policy, for the purposes of section 540(1)(a)(iii) of the Taxes Act.

(5) In section 547(5) of the Taxes Act, for the words after “total income” (where that expression first appears) substitute “ “that gain shall be chargeable to tax under Case VI of Schedule D ””.

(6) Relief under section 550 of the Taxes Act shall be computed as if paragraph (5) had not been enacted.

(7) In section 552 of the Taxes Act—

- (a) in subsection (1)(b) for “policy holder” substitute “ “named child ””;
- (b) in subsection (3)—
 - (i) omit “(or, where the appropriate policy holder is a company, the corresponding financial year)”;
 - (ii) for “the name and address of the appropriate policy holder” substitute “ the name and address of the named child ”;
 - (iii) omit “and the corresponding financial year”;
- (c) in subsection (5)—
 - (i) for “the appropriate policy holder” substitute “ the named child ”;

- (ii) omit sub-paragraph (b)(ii);
- (iii) omit paragraph (c);
- (iv) in paragraph (d) omit “except where paragraph (c) above applies.”;
- (v) omit paragraph (f);
- (d) in subsection (6)—
 - (i) omit paragraph (b);
 - (ii) for paragraph (c) substitute—
 - “(c) if the event is a death, the period of three months beginning with the receipt of written notification of the death.”;
 - (iii) after paragraph (c) insert—
 - “(d) if the event is—
 - (i) a termination event, or
 - (ii) a chargeable event preceding a termination event (as mentioned in regulation 38(2) of the Child Trust Funds Regulations 2004),the period of three months beginning with the date on which the insurer received notice under regulation 37(6) of those Regulations or, if earlier, actual notice of the termination event.”;
- (e) in subsection (7)—
 - (i) in paragraph (a) omit “, or, where the policy holder is a company, the financial year.”;
 - (ii) omit paragraph (b);
 - (iii) for paragraph (c) substitute—
 - “(c) if the event is a death, the period of three months beginning with the receipt of written notification of the death.”;
 - (iv) after paragraph (c) insert—
 - “(ca) if the event is—
 - (i) a termination event, or
 - (ii) a chargeable event preceding such a termination event (as mentioned in regulation 38(2) of the Child Trust Funds Regulations 2004,the period of three months beginning with the date on which the insurer received notice under regulation 37(6) of those Regulations or, if earlier, actual notice of the termination event.”; and
 - (v) in paragraph (d) after “paragraph (c)” insert “ or (ca) ”;
- (f) in subsection (8)—
 - (i) in paragraph (b) for “policy holder” substitute “ named child in respect ”;
 - (ii) in paragraph (c) omit the words from “or” to the end;
- (g) in subsection (9) omit “or financial year” in each place where they occur;
- (h) in subsection (10)—
 - (i) before the definition of “amount” insert—
 - ““named child” has the same meaning as in the Child Trust Funds Regulations 2004.”;
 - (ii) omit the definitions of “appropriate policy holder” and “financial year”;

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- (iii) for the definition of “the relevant year of assessment” substitute—
 - ““the relevant year of assessment”, in the case of any gain, means the year of assessment to which the gain is attributable;”;
 - and
 - (iv) after the definition of “section 546 excess” insert—
 - ““termination event” has the same meaning as in the Child Trust Funds Regulations 2004;”;
 - and
 - (v) omit subsection (11).
- (8) In section 552ZA of the Taxes Act—
- (a) in subsection (2)(b) omit the words “or an assignment”; and
 - (b) omit subsections (3) and (4).
- (9) The account provider shall account for and pay income tax at the lower rate in force for the year in which the termination event, or the chargeable event mentioned in paragraph (2)(b) occurred, as the case may be, and any amount so payable—
- (a) may be set off against any repayment in respect of tax due under regulation 26 or 27 and subject thereto,
 - (b) shall be treated as an amount of tax due not later than 6 months after the end of the year in which the event specified in regulation 12(11) came to the notice of the account provider, and
 - (c) shall be payable without the making of an assessment.
- (10) Where tax is charged in accordance with paragraph (3)(a) or (b)—
- (a) an assessment to income tax at the lower rate in force for the relevant year may be made on the account provider or on the registered contact (on behalf of the named child), and
 - (b) an assessment to income tax at the higher rate within the meaning of section 832(1) of the Taxes Act, for that year, may be made on the registered contact (on behalf of the named child) within five years after the 31st January next following that year, and regulation 29 shall not apply.

Joan Ryan
Jim Murphy
Two of the Lords Commissioners of Her
Majesty’s Treasury

Status:

Point in time view as at 05/12/2005.

Changes to legislation:

There are currently no known outstanding effects for the The Child Trust Funds Regulations 2004.