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STATUTORY INSTRUMENTS

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**2005 No. 609**

**INCOME TAX**

**The Individual Savings Account (Amendment) Regulations  
2005**

<i>Made</i>	- - - -	<i>9th March 2005</i>
<i>Laid before the House of Commons</i>		<i>10th March 2005</i>
<i>Coming into force</i>	- -	<i>6th April 2005</i>

The Treasury, in exercise of the powers conferred upon them by section 333 of the Income and Corporation Taxes Act 1988(a), section 151 of the Taxation of Chargeable Gains Act 1992(b) and section 75 of the Finance Act 1998, make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Individual Savings Account (Amendment) Regulations 2005 and shall come into force on 6th April 2005.

**Amendment of the Individual Savings Account Regulations 1998**

2. The Individual Savings Account Regulations 1998(c) are amended as follows.

3. For regulation 4C(3)(a)(d) substitute—

“(a) the condition in regulation 7(15) shall be applied to those policies on 6th April 2005, modified as if for “the date” to “five years” there were substituted “6th April 2005”;

4. In regulation 7(15)(e)—

- (a) for “during the” to “time when” substitute “at the date on which the qualifying investments in question become held in the account, and at any later time (if any) which has elapsed during the succeeding five years”;
- (b) for “had” substitute “do not have”;
- (c) for “was not” substitute “is not”.

*Joan Ryan  
Nick Ainger*

9th March 2005

Two of the Lords Commissioners of Her Majesty's Treasury

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(a) 1988 c. 1; section 333 was amended by section 70 of the Finance Act 1991 (c. 31) and by sections 75 and 123(7) of, and Part 3(15) of Schedule 27 to, the Finance Act 1998 (c. 36).

(b) 1992 c. 12; section 151 was amended by section 85 of the Finance Act 1993 (c. 34), by section 64(2) of the Finance Act 1995 (c. 4) and by section 75(6) of the Finance Act 1998, and was extended by section 123(7) of the Finance Act 1998.

(c) S.I. 1998/1870; relevantly amended by S.I. 2003/2747 and 2004/2996.

(d) Regulation 4C was inserted by regulation 6 of S.I. 2004/2996.

(e) Regulation 7(15) was added by regulation 6 of S.I. 2003/2747.

## EXPLANATORY NOTE

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

These Regulations amend the Individual Savings Account Regulations 1998 (S.I. 1998/1870: “the main Regulations”). They correct a technical drafting defect in the Individual Savings Account Regulations (Amendment No. 2) Regulations 2004 (S.I. 2004/2996). Those Regulations applied the “5% test,” used to identify if investments are cash-like in form, in a modified form to investments held in an ISA insurance component on 6th April 2005, to determine whether those investments will be held in a stocks and shares component or cash component from that date.

These Regulations clarify the interaction between regulations 4C(3) and 7(15) of the main Regulations.

A Regulatory Impact Assessment has not been produced for these Regulations as it has no impact (exceeding the minimum threshold) on the costs of business.

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