

“(ba) any gain or loss accruing on and attributable to a payment within paragraph (ib) of sub-paragraph (a) shall not be a chargeable gain or allowable loss for capital gains tax purposes;”.

Claire Ward
Dave Watts

30th November 2006

Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Child Trust Funds Regulations 2004 (S.I. 2004/1450) to exempt from tax annual bonuses that are paid to building society members who hold a Child Trust Fund account (“CTF”), so far as the bonus is calculated by reference to assets in their CTF.

Regulation 1 provides for citation and commencement and regulation 2 for amendment of the Child Trust Funds Regulations 2004 (“the principal Regulations”).

Regulation 3 inserts a definition of “building society bonus” (normally excluding any bonus paid on the demutualisation of a building society) in the principal Regulations.

Regulation 4 exempts the bonus from income tax so far as it is calculated by reference to CTF assets, and provides that bonuses paid directly into the CTF do not count against the annual subscription limit.

Regulation 5 similarly exempts the bonus from capital gains tax.

A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact (exceeding the minimum threshold) on business, charities or voluntary bodies.

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