

**EXPLANATORY MEMORANDUM TO**  
**THE INDIVIDUAL SAVINGS ACCOUNT (AMENDMENT) REGULATIONS**  
**2013**

**2013 No. 267**

1. This explanatory memorandum has been prepared by H.M. Revenue and Customs (HMRC) and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. **Purpose of the instrument**

- 2.1 This statutory instrument amends the Individual Savings Account Regulations 1998 (S.I. 1998/1870) (“the principal regulations”) to increase the annual subscription limit for ISA and Junior ISA.

3. **Matters of special interest to the Select Committee on Statutory Instruments.**

- 3.1 None

4. **Legislative Context**

- 4.1 ISAs are tax advantaged savings accounts, introduced in 1999. They allow eligible individuals to save in a cash and/or stocks and shares account, without being taxed on any income or gains arising from, or received in relation to, those savings. Junior ISAs were introduced on 1 November 2011 for children who are not eligible to hold a Child Trust Fund account.

- 4.2 Sections 694 to 699 and section 701 of Income Tax (Trading and Other Income) Act 2005 (ITTOIA) allow regulations to be made governing the tax exemptions, investments, administration and management of ‘individual investment plans’, such as ISAs. Section 695A of ITTOIA allows regulations to be made in relation to investment plans for children, such as Junior ISAs. Section 151 of the Taxation of Chargeable Gains Act 1992 (TCGA) allows regulations to be made entitling investors to relief from capital gains tax on gains accruing under an individual investment plan.

- 4.3 The principal regulations, which this statutory instrument amends, were made and laid on 31 July 1998 using powers now in sections 694 to 701 of ITTOIA 2005 and section 151 of TCGA 1992. These regulations have been amended a number of times, notably by the

Individual Savings Accounts (Amendment No. 2) Regulations 2011 (S.I. 2011/1780) which introduced Junior ISAs.

## **5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

- *What is being done and why*

7.1 The principal regulations set out the relevant ISA rules - including the maximum amount which can be subscribed to an account in a year.

7.2 The instrument increases the annual subscription limit for ISA and Junior ISA. The 2012-13 overall subscription limit for “adult ISAs” is £11,280, of which up to £5,640 can be invested in a cash ISA. The Junior ISA limit is £3,600. The annual subscription limits for 2013-2014 will be an overall ISA limit of £11,520 (of which up to £5,760 may be invested in a cash ISA) and a Junior ISA limit of £3,720.

## **8. Consultation outcome**

8.1 The ISA subscription limits for 2012-13 were announced in the Chancellor of the Exchequer’s Autumn Statement on 5 December 2012. Details of these subscription limits were also published in an HMRC ISA Bulletin on 13 December 2012  
<http://www.hmrc.gov.uk/isa/bulletin47.pdf>

8.2 No adverse comment or difficulties have been identified with the proposed change.

## **9. Guidance**

9.1 HMRC’s Guidance Notes for ISA managers will be updated to reflect the changes to the ISA rules. The Guidance Notes are available at  
<http://www.hmrc.gov.uk/isa/isagn.htm>

## **10. Impact**

10.1 The impact on charities and voluntary bodies is negligible.

10.2 The impact on the public sector is negligible.

10.3 A Tax Information and Impact Notice has not been prepared for this instrument as it gives effect to previously announced policy and relates to routine changes to allowances to a predetermined formulae.

**11. Regulating small business**

11.1 The legislation applies to small business. The change allows an increased amount to be paid into an ISA. All ISA managers should benefit from this change, regardless of size.

**12. Monitoring & review**

12.1 HMRC will continue to review compliance with the ISA rules using the information provided annually by ISA managers.

**13. Contact**

**Simon Turner** at H.M. Revenue and Customs can answer queries regarding the instrument - Tel: 0300 054 6588 or email: [simon.turner@hmrc.gsi.gov.uk](mailto:simon.turner@hmrc.gsi.gov.uk).