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## EXPLANATORY NOTE

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

These Regulations amend the Individual Savings Accounts Regulations 1998 (S.I. 1998/1870) (“the Regulations”).

The retrospective effect of regulation 3(c) to 15 August 2013 is permitted by section 701(4) of the Income Tax (Trading and Other Income) Act 2005 (c. 5), and section 151(2) of the Taxation of Chargeable Gains Act 1992 (c. 12).

Regulation 3 amends regulation 2 of the Regulations to make changes to the definition of “account” and “European Institution” to update these definitions and ensure consistency with other legislation currently in force. It amends regulation 2 to insert and apply the definition of “bank” used at section 991 of the Income Tax Act 2007. It omits the meaning of “relevant European Institution” as a consequence of amendments to regulation 14 of the Regulations. It adopts the definition of “investment trust” used for the Corporation Tax Acts.

Regulations 4 and 10 amend regulations 2C(3) and 12(12) of the Regulations respectively to update these Regulations in line with the Mental Capacity Act 2005 as regards the concepts used to determine a person’s mental capacity to enter into arrangements regarding their property. The update applies only to persons resident in England and Wales.

Regulation 5(a) amends regulation 4ZA of the Regulations to increase the overall annual subscription limit from £5,760 to £5,940 for ISA accounts held by qualifying individuals aged 16 or over but less than 18.

Regulation 5(b) amends regulation 4ZA of the Regulations to increase the overall annual subscription limit from £11,520 to £11,880 for ISA accounts held by all other qualifying individuals.

Regulation 6 increases the overall annual subscription limit in regulation 4ZB(1) of the Regulations from £3,720 to £3,840 for a junior ISA account.

Regulation 7 amends the Regulations by amending regulation 4ZE to take account of the changes in qualification for Disability Living allowance brought about by the Welfare Reform Act 2012 and adds corresponding provision for Northern Ireland.

Regulation 8 amends regulation 7(2)(d) of the Regulations in line with the new definition of “investment trust”. It also amends regulation 7(3) of the Regulations so that investment trusts about to be listed or admitted to trading and which satisfy the conditions in regulation 7(3) and (4) continue to be qualifying investments.

Regulations 9 and 11 update regulations 8 and 14 respectively, about qualifying investments and account managers’ qualifications.

Regulation 12 amends regulation 31 of the Regulations to create reporting requirements which reflect the different categories of shares at regulation 7(2)(a) of the Regulations.

A Tax Information and Impact Note covering this instrument will be published on the HMRC website at: <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.