

EXPLANATORY MEMORANDUM TO

THE INDIVIDUAL SAVINGS ACCOUNT (AMENDMENT) REGULATIONS 2019

2019 No. 382

1. Introduction

- 1.1 This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs ("HMRC") on behalf of HM Treasury and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

- 2.1 This instrument increases the amount that can be subscribed to a tax-advantaged Junior Individual Savings Account (Junior ISA) in a tax year. A Junior ISA is tax-advantaged because no tax is paid on any interest or capital growth arising from investments in the account.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments

- 3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

- 3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is the United Kingdom.
4.2 The territorial application of this instrument is the United Kingdom.

5. European Convention on Human Rights

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

6. Legislative Context

- 6.1 An ISA is a tax-advantaged savings product providing relief from tax to individuals. Junior ISA is a tax-advantaged savings product available to children. The Junior ISA rules, including the annual subscription limit, are set out in the Individual Savings Account Regulations 1998 (S.I. 1998/1870) (the "ISA Regulations"), which this instrument amends. Regulation 4ZB provides for the Junior ISA annual limit.

7. Policy background

What is being done and why?

- 7.1 The Junior ISA annual subscription limit will be increased from £4,260 to £4,368, which is broadly in line with the September 2018 Consumer Prices Index calculated and published by the Office for National Statistics.
- 8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union**
- 8.1 This instrument does not relate to withdrawal from the European Union.
- 9. Consolidation**
- 9.1 There are no plans to consolidate the ISA regulations.
- 10. Consultation outcome**
- 10.1 No consultation has been undertaken in respect of this instrument as it simply increases the annual Junior ISA annual subscription limit from £4,260 to £4,368.
- 11. Guidance**
- 11.1 HMRC Guidance Notes for ISA providers will be amended to reflect the changes to the Junior ISA limit. These are available at <https://www.gov.uk/government/publications/guidance-notes-for-isa-managers>
- 11.2 Guidance on Junior ISAs is available at <https://www.gov.uk/junior-individual-savings-accounts>
- 12. Impact**
- 12.1 The impact on business, charities or voluntary bodies is that there will be negligible one-off costs for Junior ISA account providers in changing the subscription limit for accounts. The impact on individual account holders will depend upon their individual circumstances and the investments they choose to hold in their account. However, the change in this instrument is not expected to affect the ability of children and families to access suitable tax-advantaged savings products that meet their needs, given the range of choice in the market for children's savings.
- 12.2 There is no impact on the public sector.
- 12.3 A Tax Information and Impact Note will be published on the HM Government website at <https://www.gov.uk/government/collections/tax-information-and-impactnotes-tiins>
- 12.4 The change in the Junior ISA annual subscription limit only affects providers and holders of Junior ISAs.
- 13. Regulating small business**
- 13.1 The legislation applies to small businesses which offer Junior ISAs.
- 13.2 No specific action is proposed to minimise regulatory burdens on small businesses.
- 13.3 The basis for the final decision on what action to take to assist small businesses is that no action is required because the only impact on small businesses is that the Junior ISA annual subscription limit will be increased from £4,260 to £4,368.

14. Monitoring & review

- 14.1 The approach to monitoring of this legislation is that HMRC will continue to review compliance with the ISA regulations using information provided annually through regular contact with ISA providers and other groups.
- 14.2 This instrument is exempt from the requirement to provide a review provision in accordance with section 28(3)(a) of The Small Business, Enterprise and Employment Act 2015 because it amends a provision to vary tax.

15. Contact

- 15.1 Tim Roscamp at HMRC email: savings.audit@hmrc.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Guy Hooper, Deputy Director for Pensions, Savings and Charities policy at Her Majesty's Revenue and Customs can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 John Glen the Economic Secretary to the Treasury can confirm that this Explanatory Memorandum meets the required standard.