

*This Statutory Instrument has been made, in part, to correct an error in S.I. 2023/264 and is being issued free of charge to all known recipients of that Statutory Instrument.*

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STATUTORY INSTRUMENTS

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**2024 No. 350**

**INCOME TAX**

**CAPITAL GAINS TAX**

**The Individual Savings Account (Amendment) Regulations 2024**

<i>Made</i>	- - - -	<i>11th March 2024</i>
<i>Laid before the House of Commons</i>		<i>12th March 2024</i>
<i>Coming into force</i>	- -	<i>6th April 2024</i>

The Treasury make these Regulations in exercise of the powers conferred by section 151(1) and (2) of the Taxation of Chargeable Gains Act 1992(a), sections 694, 695, 695A, 696, 698 and 701 of the Income Tax (Trading and Other Income) Act 2005(b) and section 4(6) of, and paragraphs 3, 7 and 9 of Schedule 1 to, the Savings (Government Contributions) Act 2017(c).

**Citation and commencement**

1. These Regulations may be cited as the Individual Savings Account (Amendment) Regulations 2024 and come into force on 6th April 2024.

**Application in respect of individuals aged 16 or 17**

2.—(1) The amendments made by the provisions specified in paragraph (2) do not apply in respect of an individual who—

- (a) had reached the age of 16 on or before 5th April 2024, and
- (b) has not subsequently reached the age of 18.

(2) The specified provisions are—

- (a) regulation 5;
- (b) regulation 6;
- (c) regulation 7(a) and (b);
- (d) regulation 8;

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(a) 1992 c. 12; section 151(2) was substituted by paragraph 436 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c. 5) and amended by section 40(6) of the Finance Act 2011 (c. 11) and section 27(2) of the Finance Act 2016 (c. 24).

(b) 2005 c. 5; sections 694 and 701 were amended, and section 695A was inserted, by section 40 of the Finance Act 2011. Sections 695 and 698 were amended by paragraphs 131 and 132 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 701 was also amended by section 40 of the Finance Act 2008 (c. 9).

(c) 2017 c. 2.

- (e) regulation 9;
- (f) regulation 11;
- (g) regulation 12;
- (h) regulation 13;
- (i) regulation 17;
- (j) regulation 19(b)(ii) and (iii) and (c);
- (k) regulation 23(a) to (c).

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

3. The Individual Savings Account Regulations 1998(a) are amended as follows.

#### **Amendment of regulation 2**

4. In regulation 2 (interpretation), in paragraph (1)(b)—
- (a) in the definition of “non-UCITS retail scheme”, in paragraph (b) after “by virtue of section” insert “271A(b) or”;
  - (b) in the definition of “recognised UCITS”—
    - (i) omit paragraph (a);
    - (ii) for paragraph (c) substitute—
      - “(c) a recognised scheme by virtue of section 271A or 272 of FISMA 2000(c) that is a UCITS within the meaning given by section 236A(d) of that Act;”.

#### **Amendment of regulation 2D**

5. In regulation 2D (regulations that do not apply to junior ISA accounts) omit “4B,”.

#### **Amendment of regulation 2G**

6. In regulation 2G (continuing account of a deceased investor and administration-period investments), in paragraph (2) for sub-paragraph (c) substitute—

“(c) the day on which a person within section 694A(2) of ITTOIA 2005(e) withdraws all account investments, other proceeds in respect of such investments and cash representing subscriptions to the account.”.

#### **Amendment of regulation 4**

7. In regulation 4 (general conditions for accounts and subscriptions to accounts)—
- (a) in paragraph (1ZA)(a) omit “(ba) and”;
  - (b) in paragraph (1B) omit sub-paragraphs (a), (b) and (ba);

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- (a) S.I. 1998/1870 (“the Principal Regulations”); relevant amending instruments are S.I. 2001/908, 2002/1974, 2002/3158, 2005/3230, 2005/3350, 2007/2119, 2008/704, 2010/2957, 2011/1780, 2012/1871, 2013/472, 2013/605, 2013/1773, 2014/1450, 2015/869, 2015/941, 2016/16, 2016/364, 2016/977, 2017/186, 2017/466, 2017/1089, 2019/689, 2020/30 and 2023/264.
  - (b) Section 271A of the Financial Services and Markets Act 2000 (c. 8) was inserted by paragraph 1 of Schedule 9 to the Financial Services Act 2021 (c. 22).
  - (c) “FISMA 2000” is defined as the Financial Services and Markets Act 2000 in regulation 2(1)(b) of the Principal Regulations. Section 272 was amended by paragraph 9 of Schedule 18 to the Financial Services Act 2012 (c. 21), section 25(3) of the Financial Services Act 2021 and by S.I. 2013/1388, 2013/1773 and 2019/325.
  - (d) Section 236A was inserted by S.I. 2019/325.
  - (e) “ITTOIA 2005” is defined as the Income Tax (Trading and Other Income) Act 2005 in regulation 2(1)(a) of the Principal Regulations. Section 694A was inserted by section 27(1) of the Finance Act 2016 (c. 24).

- (c) in paragraph (6)(b) after “innovative finance component” insert “other than those within regulation 8A(2)(cb)”;
- (d) in paragraph (7) after “but” insert “, except in the case of qualifying investments for an innovative finance component within regulation 8A(2)(cb),”;
- (e) omit paragraphs (12) and (13).

#### **Amendment of regulation 4ZA**

**8.** In regulation 4ZA (subscriptions to an account other than a junior ISA account)—

- (a) in paragraph (5) for “(c) to (f)” substitute “(c) and (f)”;
- (b) in paragraph (9)(b) for “(c) to (f)” substitute “(c) and (f)”.

#### **Amendment of regulation 4A**

**9.** In regulation 4A (repair of certain incompatible account and excess subscriptions - accounts other than junior ISA accounts)—

(a) for paragraph (1) substitute—

“(1) An invalid account is eligible for repair if, in relation to the year in which the subscriptions to the account were made (“the relevant year”) it meets the condition in paragraph (1A).

(1A) The condition in this paragraph is that the account is invalid only because the overall subscription limit in regulation 4ZA(1) has been exceeded.”;

- (b) in paragraph (2)(a) omit “, and regulation 4B (except for determining when an account is closed) only”;
- (c) in paragraph (3)(b) for “conditions of regulation 4(1B)(a), (b) or (ba), or 4ZA(1), as the case may be” substitute “overall subscription limit in regulation 4ZA(1)”;
- (d) in paragraph (4)(a)(i) omit “within the meaning in regulation 4B”;
- (e) omit paragraph (6).

#### **Amendment of regulation 4AA**

**10.** In regulation 4AA (application of the repair provisions to Lifetime ISAs), in paragraph (4) omit “or a payment described in regulation 10A(4)(c)”.

#### **Omission of regulation 4B**

**11.** Omit regulation 4B (closure of cash account that is not a junior ISA account prior to the opening of the same type of account to be disregarded once).

#### **Amendment of regulation 5DZ**

**12.** In regulation 5DZ (treatment of ISA where funds transferred on maturity of child trust fund - instructions), in paragraph (2)(b)(i) omit “(b) to”.

#### **Amendment of regulation 5DZA**

**13.** In regulation 5DZA (treatment of ISA where funds transferred on maturity of child trust fund - no instructions), in paragraph (2)(b) omit “(b) to”.

### **Amendment of regulation 5DDA**

**14.** In regulation 5DDA (additional permitted subscription to an account other than a junior ISA account)—

(a) in paragraph (2)(e)(v) for “in the case of an innovative finance account” substitute “in the case of non-cash assets comprised or included in an innovative finance account, other than those specified in regulation 8A(2)(cb)”;

(b) for paragraph (3A) substitute—

“(3A) For the purposes of paragraph (3), the value of any qualifying investments for an innovative finance component, other than those specified in regulation 8A(2)(cb) and (d), is the outstanding principal balance under those investments in respect of which payments are due to be made to the account manager.”;

(c) in paragraph (11)(b)(iv) after “8A(2)(ca)” insert “or (cb)”.

### **Amendment of regulation 5DDB**

**15.** In regulation 5DDB (flexible account)—

(a) omit paragraph (2);

(b) in paragraph (3) omit “other”;

(c) in paragraph (6) omit “of the whole of previous years’ subscriptions”.

### **Amendment of regulation 8A**

**16.** In regulation 8A (qualifying investments for an innovative finance component)—

(a) in paragraph (2) after sub-paragraph (ca) insert—

“(cb) investments that meet the condition in paragraph (5) and—

(i) are qualifying investments under regulation 7(2)(f), or

(ii) would be qualifying investments under regulation 7(2)(g), but for the condition in paragraph (6) being met in respect of them;”;

(b) after paragraph (4) insert—

“(5) The condition in this paragraph is that the investments are subject to a notice period that would prevent the condition in regulation 4(7) from being met in respect of them if they were held in a stocks and shares account.

(6) The condition in this paragraph is that the instrument constituting the scheme provides for it to operate limited redemption arrangements in accordance with Rule 6.2.16(7) of COLL(a).”.

### **Amendment of regulation 10**

**17.** In regulation 10 (qualifying individuals who may invest under an account that is not a junior ISA account nor a Lifetime ISA)—

(a) in paragraph (2)—

(i) for sub-paragraph (a) substitute—

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(a) “COLL” is defined in regulation 2(1)(b) of the Principal Regulations as the Collective Investment Schemes Sourcebook made by the Financial Conduct Authority under the Financial Services and Markets Act 2000. The Sourcebook can be found online at <https://www.handbook.fca.org.uk/handbook/COLL> and is available for inspection at His Majesty’s Revenue and Customs, 100 Parliament Street, London, SW1A 2BQ.

- “(a) who is 18 years of age or over;”;
- (ii) omit sub-paragraphs (b), (c) and (cza);
- (b) omit paragraph (3).

#### **Amendment of regulation 10A**

**18.** In regulation 10A (Lifetime ISA qualifying individuals who may invest under a Lifetime ISA), in paragraph (4) omit—

- (a) the “and” after sub-paragraph (b);
- (b) sub-paragraph (c).

#### **Amendment of regulation 12**

**19.** In regulation 12 (conditions for application to open an account that is not a junior ISA account or a Lifetime ISA)—

- (a) for paragraph (1) substitute—

“(1) An application by an individual to open an account must—

- (a) be made to an account manager in a statement, and
- (b) meet the conditions in paragraphs (2), (3) and (4).”;

- (b) in paragraph (3)—

(i) in sub-paragraph (b) for “in which the applicant subscribes to the account” substitute “until the account is closed”;

(ii) omit sub-paragraphs (d) and (e);

(iii) in sub-paragraph (f) for “16” substitute “18”;

(iv) omit sub-paragraph (fa);

- (c) omit paragraph (11A).

#### **Amendment of regulation 14**

**20.** In regulation 14 (account manager - qualifications and Board’s approval), in paragraph (2)(d) omit paragraph (i).

#### **Amendment of regulation 17**

**21.** In regulation 17 (account manager - withdrawal by Board of approval), in paragraph (2)—

- (a) omit the “or” after sub-paragraph (a);

- (b) after sub-paragraph (b) insert—

“; or

- (c) that a person to whom they have given approval to act as an account manager has not, within a period of 18 months beginning with the day on which approval was given, acted as an account manager in respect of an account.”.

#### **Amendment of regulation 17A**

**22.** In regulation 17A (account manager - withdrawal by Board of approval of junior ISA manager), in paragraph (2)—

- (a) in sub-paragraph (a) for “manager”, in the first place it occurs, substitute “managed”;

- (b) omit the “or” after sub-paragraph (a);
- (c) after sub-paragraph (b) insert—

“; or

- (c) that a person to whom they have given approval to act as an account manager has not, within a period of 18 months beginning with the day on which approval was given, acted as an account manager in respect of an account.”.

**Amendment of regulation 21**

**23.** In regulation 21 (transfers relating to accounts other than junior ISA accounts)—

- (a) for paragraph (3) substitute—

“(3) The current year’s subscriptions and the previous years’ subscriptions may be transferred in whole or in part.”;

- (b) for paragraph (4B) substitute—

“(4B) Subscriptions in sub-paragraphs (a) and (b) of the definition of “the current year’s subscriptions” in paragraph (1) are to be treated, for all purposes, as if they had been made to the account held with the transferee where—

- (a) the current year’s subscriptions (with or without other subscriptions) are transferred under this regulation, and
- (b) the transferor has provided the information specified in paragraph (6), if that paragraph applies in relation to the transfer.”;

- (c) in paragraph (4C) omit sub-paragraphs (a), (b) and (c);

- (d) for paragraph (5B) substitute—

“(5B) Paragraph (5) does not apply where—

- (a) a transfer falls within paragraph (2)(b), or
- (b) a transferor provides information to a transferee in accordance with regulation 21A(2)(b)(ii).”;

- (e) in paragraph (6)—

- (i) omit sub-paragraph (ba);
- (ii) in sub-paragraph (d) omit paragraphs (vi) and (vii).

**Amendment of regulation 31**

**24.** In regulation 31 (returns of information by account manager)—

- (a) in paragraph (3)(d)—

- (i) for “8A(2)(a) or 8A(2)(ca)” substitute “8A(2)(a), (ca) or (cb)”;
- (ii) for “(i) and (ii)” substitute “(i) to (ii)”;

- (iii) in paragraph (i), at the beginning insert “for investments of the kind specified in regulation 8A(2)(a) or (ca).”;

- (iv) after paragraphs (i) and (ii) omit “and”;

- (v) after paragraph (i) insert—

“(ia) for investments of the kind specified in regulation 8A(2)(cb), their market value determined either as at 5th April in that year, or any other valuation date in that year, not falling earlier than 5th October; and”;

- (b) in paragraph (4)(d)—
  - (i) after paragraphs (i) and (ii) omit “and”;
  - (ii) after paragraph (iii) insert—
    - “, and
    - (iv) the market value of investments specified in regulation 8A(2)(cb).”.

**Amendment of the Schedule**

**25.** In the Schedule (Lifetime ISA further provision)—

- (a) in paragraph 1 (interpretation)—
  - (i) in sub-paragraph (1)—
    - (aa) for the definition of “claim period” substitute—
      - ““claim period” means—
        - (a) a period beginning with the 6th day of a month and ending with the 5th day of the following month, or
        - (b) such period as may be specified from time to time under paragraph 2(1);”;
        - (bb) in the definition of “qualifying addition” omit “or a payment under regulation 10A(4)(c).”;
      - (ii) omit sub-paragraphs (2), (3) and (4);
  - (b) in paragraph 2 (government bonus claim) omit sub-paragraph (11);
  - (c) in paragraph 7 (definitions for the purposes of paragraph 6), after the definition of “a legal interest in land” insert—
    - ““loan” does not include a loan made by a person who is connected to the account investor, and for this purpose “connected” has the meaning given by section 993 of ITA 2007(a).”;
  - (d) in paragraph 13 (withdrawals: information returns) omit sub-paragraph (5).

*Joy Morrissey*  
*Scott Mann*

11th March 2024

Two of the Lords Commissioners of His Majesty's Treasury

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(a) “ITA 2007” is defined as the Income Tax Act 2007 (c. 3) in regulation 2(1)(a) of the Principal Regulations.

## EXPLANATORY NOTE

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

These Regulations amend the Individual Savings Account Regulations 1998 by:

- increasing the age at which a cash ISA can be held from 16 to 18, except in relation to individuals who are 16 or 17 years old on 5th April 2024 (and who have not subsequently reached the age of 18) who can continue to have, apply for or transfer a single cash ISA account (regulations 2, 17(a)(i) and 19(b)(iii));
- updating definitions relating to certain investment funds (regulation 4);
- permitting an individual to subscribe to more than one ISA account of the same type in a tax year, allowing the partial transfer of subscriptions made in the current tax year and removing the requirement to make a fresh application to open an account that they already hold (regulations 5, 6, 7(a) and (b), 8, 9, 11, 12, 13, 15, 17(a)(ii) and (b), 19(a), (b)(i) and (ii) and (c) and 23(a) to (c));
- removing transitional provisions relating to the introduction of Lifetime ISAs in the tax year 2017/18, which are now obsolete (regulations 7(e), 10, 18, 23(e) and 25(a), (b) and (d));
- allowing certain investments to be held in an innovative finance account, where those investments are subject to a notice period that means they cannot be held in a stocks and shares account (regulations 7(c) and (d), 14, 16 and 24);
- removing a provision which allowed certain institutions based in EU member states to conduct business without being present in the United Kingdom (regulation 20);
- allowing HMRC to withdraw their approval of an account manager who has not acted as such within 18 months of being approved (regulations 21 and 22(b) and (c));
- correcting a typographical error in an earlier amendment (regulation 22(a));
- removing a requirement for an account manager to provide information about a transfer if they are transferring the account to themselves (regulation 23(d));
- providing that a first-time residential purchase will not qualify as a withdrawal from a Lifetime ISA if the purchase is funded by a loan from a person who is connected to the account investor (regulation 25(c)).

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

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