STATUTORY INSTRUMENTS

2017 No. 1089

INCOME TAX
CAPITAL GAINS TAX

The Individual Savings Account (Amendment No. 3) Regulations 2017

Made - - - -	*13th November 2017*
Laid before the House of Commons - - - -	*14th November 2017*
Coming into force - -	*6th April 2018*

The Treasury make these Regulations exercising the powers in sections 62(4A) and (4B) and 151 of the Taxation of Chargeable Gains Act 1992(**1**) and sections 694, 694A (6) to (8), 695, 696, 699 and 701(1) and (5) of the Income Tax (Trading and Other Income) Act 2005(**2**).

Citation and commencement

1. These Regulations may be cited as the Individual Savings Account (Amendment No. 3) Regulations 2017 and come into force on 6th April 2018.

Amendment of the Individual Savings Account Regulations 1998

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

3. In regulation 2(1)(a) (interpretation)—

(a) in the definition of "article 36H agreement" insert after "operator" where it appears second "or, in relation to a continuing account of a deceased investor, any person within the description of section 694A(2) of ITTOIA 2005 or referred to in section 694A(1) of that Act,"; and

(**1**) 1992 c.12; section 62(4A) and (4B) was inserted by section 27(3) of the Finance Act 2016 (c.24), section 151 was amended by section 85 of the Finance Act 1993 (c.34), section 64(2) of the Finance Act 1995 (c.4), paragraph 436 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c.5), section 40(6) of the Finance Act 2011 (c.11) and section 27(2) of the Finance Act 2016.

(**2**) 2005 c.5; sections 694 and 701 were amended by section 40 of the Finance Act 2011, section 694A was inserted by section 27(1) of the Finance Act 2016, sections 695 and 696 were amended by paragraphs 131 and 132 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c.11). Section 701(5) was inserted by section 40 of the Finance Act 2008 (c.9).

(**3**) S.I. 1998/1870; relevant amending instruments are: S.I. 2007/2119, 2010/2597, 2011/1780, 2012/1871, 2013/1743, 2014/1450, 2015/869, 2016/16, 2016/364, 2016/977, 2017/186 and 2017/466.

(b) at the appropriate place insert—

""continuing account of a deceased investor" has the meaning given in regulation 2G;".

4. After regulation 2F (special provision in respect of Looked After Children) insert—

"**Continuing account of a deceased investor and administration-period investments**

2G.—(1) This regulation applies to an account, other than a junior ISA account, when the account investor has died ("continuing account of a deceased investor").

(2) Investments held in such an account are to be administration–period investments as a result of section 694A(4) or (5) of ITTOIA 2005 for the period beginning on the death of the account investor and ending on the earlier of—

(a) the completion of the administration of the deceased's estate,

(b) the day falling on the third anniversary of the death, or

(c) the closure of the account within the meaning of regulation 4B(3)(a).

(3) A continuing account of a deceased investor is to cease to be such an account at the end of the period referred to in paragraph (2).

(4) Notwithstanding any other provision of these Regulations—

(a) no subscription or qualifying addition is to be made to a continuing account of a deceased investor, and

(b) no transfer is to be made of a continuing account of a deceased investor otherwise than a transfer when regulation 17, 19 or 20 applies.

(5) In relation to a continuing account of a deceased investor, wherever the following expressions occur in these Regulations—

(a) "investments", "account investments", "qualifying investments", "investments under an account", or any other description of an account investment, includes administration-period investments,

(b) "account investor", "applicant", or any other description of an account investor, includes any person within the description of section 694A(2) of ITTOIA 2005 and, in the case of regulations 22 and 36(3), also any person referred to in section 694A(1) of that Act, and

(c) "account", "Lifetime ISA", or any reference to a scheme of investment, includes a continuing account of a deceased investor, notwithstanding that no subscription or qualifying addition can be made to it.

(6) In relation to a continuing account of a deceased investor—

(a) regulations 4(6)(a) and (f) (except in relation to a transfer when regulation 17, 19 or 20 applies), 12(3)(f) and (6)(a) and 12B(8)(a) and (c) do not apply,

(b) in regulation 7(2)(h)(iii), the phrase "but have remained in the beneficial ownership of the participant" is to be treated as omitted,

(c) in regulation 21(4D), after "made on a transfer", there is to be treated as inserted "and is a continuing account of a deceased investor", and

(d) in regulations 21(6), 21A(3) and 31(3)—

(i) in sub-paragraphs (a)(i) and (ii), the information to be provided concerns any person within the description of section 694A(2) of ITTOIA 2005, and

(ii) in sub-paragraphs (a)(iii) and (iv), the information to be provided concerns the deceased investor.".