STATUTORY INSTRUMENTS

2015 No. 869

INCOME TAX
CAPITAL GAINS TAX

The Individual Savings Account (Amendment No. 2) Regulations 2015

Made - - - -	*24th March 2015*
Laid before the House of Commons - - - -	*25th March 2015*
Coming into force - -	*6th April 2015*

The Treasury make these Regulations exercising the powers in sections 694 to 699 and 701 of the Income Tax (Trading and Other Income) Act 2005(**1**) and section 151 of the Taxation of Chargeable Gains Act 1992(**2**).

Citation and commencement

1. These Regulations may be cited as the Individual Savings Account (Amendment No.2) Regulations 2015 and come into force on 6th April 2015.

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), after the entry "CTA 2010" insert—

> ""deceased's account" is an account which the deceased held with an account manager at the date of the deceased's death;".

4. In regulation 2D after "5B," insert "5DDA,".

5. In regulation 4(1B)(d) after "regulation" insert "5DDA(2)(e) and".

6. In regulation 5D—

(**1**) 2005 c. 5; amendments made by the Commissioners for Revenue and Customs Act 2005 (c. 11), Schedule 4, paragraph 132; the Finance Act 2008 (c. 9), section 40; the Finance Act 2011 (c. 11), section 40.
(**2**) 1992 c. 12; amendments made by the Finance Act 1993 (c. 34), section 85; the Finance Act 1995 (c. 4), section 64(2); the Income Tax (Taxation of Trading and Other Income) Act 2005, Schedule 1, paragraph 426; the Finance Act 2011, section 40(6).
(**3**) S.I.1998/1870; relevant amending instruments S.I. 1998/3174; S.I.2000/2079; S.I.2000/3112; S.I.2001/908; S.I. 2001/3629; S.I.2001/3778; S.I.2002/1409; S.I.2002/3158; S.I. 2005/3350; S.I. 2005/3230; S.I. 2007/2119; S.I. 2008/704; S.I.2009/1994; S.I. 2010/2957; S.I.2011/1780;S.I.2012/1871; S.I.2013/605; S.I.2013/1743; S.I. 2014/654; S.I.2014/1450.

(a) at the end of paragraph (2)(a)(ii) omit "or";

(b) at the end of paragraph (2)(a)(iii) substitute "or" for "and";

(c) after paragraph (2)(a)(iii), insert—

"(iv) permitted in accordance with regulation 5DDA; and";

(d) at the end of paragraph(2)(b), substitute a semicolon for the full stop and insert—

"and

(c) in a case within sub-paragraph (a)(iv)—

(i) the account manager of the account to which the subscription is made is provided with the declarations required by regulation 5DFA as relevant to the subscription;

(ii) the notices specified in regulation 5DFB(1) and (3) are given, as relevant to the subscription; and

(iii) the information and declarations required by regulation 5DFC(2) are provided.".

7. After regulation 5DD insert—

"**Additional permitted subscription to an account other than a junior ISA account**

5DDA.—(1) A subscription to an account other than a junior ISA account is permitted by this regulation if—

(a) it is made in the circumstances described in paragraph (2); and

(b) the amount of the subscription, or the aggregate of a number of such subscriptions, does not exceed in value the amount determined in accordance with paragraph (3).

(2) The circumstances are—

(a) an account investor dies on or after 3rd December 2014 leaving a surviving spouse or civil partner (S);

(b) subject to paragraph (6), a subscription is made by S to an account or accounts managed by a single account manager or, in a case within sub-paragraph (e), the deceased's account manager;

(c) the subscription is within the permitted period;

(d) S and the deceased were living together at the date of the deceased's death(**4**); and

(e) where the subscription comprises non-cash assets—

(i) the deceased held an account either comprising or including non-cash assets at the date of the deceased's death;

(ii) S inherits all or part of those assets;

(iii) S makes a subscription comprising those assets or any part therof; and

(iv) throughout the period beginning with the day on which the deceased's account manager was notified of the deceased's death and ending immediately before the subscription is made, title to those assets is vested in the deceased's account manager, that manager's nominee or jointly in one of them and another.

(**4**) Section 1011 of the Income Tax Act 2007(c.3), provides that, for the purposes of the Income Tax Acts, individuals who are married or in a civil partnership are treated as living together unless they are separated (a) by a court order, (b) by a deed of separation, or (c) as a matter of fact in circumstances in which the separation is likely to be permanent.

(3) The amount is—

(a) where the deceased held a single account with a single account manager, then the value of that account at the date of the deceased's death; or

(b) where the deceased held more than one account with a single account manager, then the combined value of those accounts at the date of the deceased's death;

but does not include any sums the deceased held in a junior ISA account.

(4) In this regulation, the permitted period means—

(a) in the case of a subscription comprising non-cash assets made in accordance with paragraph (2), the period beginning with distribution to S by the deceased's estate of the non-cash assets and ending no more than 180 days thereafter;

(b) in the case any other subscription under this regulation, the period beginning with the date of the deceased's death and ending either—

(i) no more than 3 years thereafter; or

(ii) no more than 180 days after administration of the estate is complete;

whichever is the later.

(5) Where the deceased died in the period beginning with 3rd December 2014 and ending on 5th April 2015—

(a) for the purposes of paragraph (4)(a), distribution to S by the deceased's estate of non-cash assets is treated as occurring on either 6th April 2015, or, the actual date of distribution, whichever is the later; and

(b) for the purposes of paragraph(4)(b), the deceased is treated as dying on 6thApril 2015.

(6) The requirement in paragraph (2)(b) is deemed as met where the Board authorises an account manager to accept a subscription from S.

(7) The following regulations do not apply to a subscription permitted by this regulation —

(a) 4(1B)(a), (b) and (e);

(b) 4B;

(c) 6(3);

(d) 10(2)(b), (c) and (ca);

(e) 21A(3)(b)(ii) and (iii); and

(f) 31(3)(c)(ii) and (iii).

(8) The requirement in regulation 10(2)(d) is deemed as met where S makes a subscription permitted by this regulation.

(9) Regulation 12(3) applies to a subscription permitted in accordance with this regulation with the following modifications—

(a) omit sub-paragraphs (d) and (e) where an account is opened in a year to which regulation 12(2) refers solely to receive subscriptions permitted by this regulation; and

(b) omit sub-paragraph (ea); and

(c) in sub-paragraph (f), omit the words after "or over".

(10) Regulation 21 applies to a subscription permitted in accordance with this regulation with the following modifications—

(a) in paragraph (1), as if that subscription was a previous years' subscription; and

(b) in sub-paragraph (6), omit sub-paragraphs (b)(iii) and (iv).

(11) In this regulation—

(a) "inherits" in paragraph (2)(e)(ii) includes inherits under a will trust or as a result of a deed of variation;

(b) "non-cash assets" means—

(i) those investments specified in regulation 7, other than those in paragraph (2)(j); and

(ii) those investments specified in regulation 8(2)(f), (h), (p) or (q); and

(c) the value of a subscription comprising non-cash assets made pursuant to paragraph (2) is the value of the assets at the date of the subscription.".

8. In regulation 5DF—

(a) at the end of paragraph (1)(b)(iv), for the full stop substitute a semicolon; and

(b) after paragraph (1)(b) insert—

in relation to a subscription permitted by regulation 5DDA—

(i) the deceased's full name;

(ii) the full address of the deceased's permanent residence at the date of death;

(iii) the deceased's National Insurance number, if known;

(iv) the deceased's date of birth and date of death; and

(v) the date of S's marriage or civil partnership to the deceased;

(d) in relation to a subscription permitted by regulation 5DDA and made with an account manager other than the deceased's account manager, the name and address of the deceased's account manager.

(1A) The requirements in sub-paragraph (1)(c) are met where the information is provided on the first instance a subscription permitted by regulation 5DDA is made to an account.".

9. After regulation 5DF, insert—

"**Declarations required by regulation 5D**

5DFA.—(1) The declarations in regulation 5D(2)(c) required by S in relation to a subscription permitted by regulation 5DDA are—

(a) in all cases, those specified in paragraph (2);

(b) in a case where the subscription is made with the deceased's account manager (A), those specified in paragraph (3); and

(c) in a case where the subscription is being made with an account manager other than the deceased's account manager (B), those specified in paragraph (4).

(2) The declarations specified in this paragraph are—

(a) that S is the surviving spouse or civil partner of the deceased;

(b) that S and the deceased were living together so as to meet the requirements specified in section 1011 of the Income Tax Act 2007, at the date of the deceased's death; and

(c) that the subscription is being made under regulation 5DDA.

(3) The declarations specified in this paragraph are that the subscription is being made—