



**INDIVIDUAL SAVINGS ACCOUNTS (ISAs): INCREASING
ISA LIMITS FOR PEOPLE AGED 50 AND OVER AND
INCREASING ISA LIMITS FOR ALL**

Draft Legislation
22 April 2009

Contents**Page**

	Introduction	3
Chapter 1	Draft Legislation	4

Introduction

ISAs were introduced on 6 April 1999 replacing the earlier tax exempt savings vehicles Personal Equity Plans (PEPs) and Tax-Exempt Special Savings Accounts (TESSAs). They are the Government's primary vehicle for tax advantaged saving outside pensions.

The existing ISA regulations stipulate that the overall annual subscription limit for an ISA is £7,200 of which up to £3,600 can be saved in a cash ISA with one provider. The remainder can be invested in stocks and shares with either the same or another provider.

The ISA limit will be raised to £10,200, of which £5,100 can be held in cash. The new limit will apply to people aged 50 and over in 2009-10, with effect from 6 October 2009, and to all from 2010-11 onwards.

People aged 50 and over will be able to subscribe the full amount of the increased subscription limit for 2009-10 from 6 October 2009. All ISA investors will be able to take advantage of the new limits from 6 April 2010.

For further information about these changes please contact:

Stephen Lig
Savings (Policy)
HM Revenue & Customs
Room G54
100 Parliament Street
London
SW1A 2BQ

Email: steve.lig@hmrc.gsi.gov.uk

STATUTORY INSTRUMENTS

2009 No.

INCOME TAX

**THE INDIVIDUAL SAVINGS ACCOUNT (AMENDMENT) REGULATIONS
2009**

<i>Made</i> - - - -	2009
<i>Laid before the House of Commons</i>	2009
<i>Coming into force</i> - -	2009

The Treasury make the following Regulations in exercise of the powers conferred by sections 694 and 701(5) of the Income Tax (Trading and Other Income) Act 2005⁽¹⁾ and section 151 of the Taxation of Chargeable Gains Act 1992⁽²⁾:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Individual Savings Account (Amendment) Regulations 2009 and shall come into force on 6th October 2009.

(2) Regulations 3(a) and 6 have effect (on and from 6th October 2009) for the tax year 2009-10 and succeeding tax years.

(3) Regulations 3(b) to 5 have effect (on and from 6th October 2009) for the tax year 2009-10, and shall cease to have effect on 6th April 2010.

(4) Regulations 7 to 9 have effect for the tax year 2010-11 and succeeding tax years.

Amendments to the Individual Savings Account Regulations 1998

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

Amendments having effect for the tax year 2009-10 (and in some cases succeeding tax years)

3. In regulation 4(2) (general conditions for accounts and subscriptions to accounts)—

- (a) after “year) is” insert “£7,200 unless”; and
- (b) for sub-paragraph (a) substitute—

⁽¹⁾ 2005 c. 5; section 701(5) was inserted by section 40 of the Finance Act 2008 (c. 9).

⁽²⁾ 1992 c. 12; section 151 was amended by section 85 of the Finance Act 1993 (c. 34), section 64(2) of the Finance Act 1995 (c. 4) and paragraph 436 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005.

⁽³⁾ S.I. 1998/1870; relevantly amended by S.I. 2007/2119.

“(a) the qualifying investor is 50 years of age or over, where it is £10,200, or”.

4. In regulation 4(3) at the end add “, unless the qualifying investor is 50 years of age or over, when he or she may invest £5,100 in the year 2009-10.”

5. In regulation 4(4), after “the qualifying investor” (where those words first appear) insert “(who is not aged 50 or over)”.

6. In regulation 10(2)(ca)⁽⁴⁾ (qualifying individuals who may invest under an account) for “other” substitute “applicable”.

Amendments having effect for the tax year 2010-11 and succeeding tax years

7. In regulation 4(2)—

- (a) for “£7,200” (as inserted by regulation 3(a)) substitute “£10,200”;
- (b) in sub-paragraph (b), for “£3,600” substitute “£5,100”.

8. In regulation 4(3) for “£3,600” substitute “£5,100”.

9. In regulation 4(4)—

- (a) in sub-paragraph (a) for “£3,600” (in both places it appears) substitute “£5,100”;
- (b) in sub-paragraph (b) for “£5,200” substitute “£8,200”;
- (c) in sub-paragraph (c) for “£7,200” substitute “£10,200”; and
- (d) in the words succeeding sub-paragraph (c) for “£3,600” substitute “£5,100”.

Name

Name

2009 Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Individual Savings Account Regulations 1998 (S.I. 1998/1870: “the principal Regulations”). The main effect of these Regulations is to increase the subscription limits for ISAs for individuals aged 50 or over, to £10,200 (annual overall limit) of which up to £5,100 can be invested in a cash ISA, with effect from 6th October 2009. Those limits will apply to all ISA investors (except those between the ages of 16 and 18 who may only invest in cash ISAs) from 6th April 2010.

Regulation 1 provides for citation, commencement and effect and regulation 2 for amendment of the principal Regulations.

Regulations 3 to 6 make the amendments for individuals aged 50 or over (regulations 3(a) and 6 continue to have effect after tax year 2009-10, regulations 3(b) to 5 only apply to that tax year).

Regulations 7 to 9 bring in the same annual subscription limits from tax year 2010-11 onwards, for all ISA investors.

⁽⁴⁾ Regulation 10(2)(ca) was inserted by regulation 14 of S.I. 2007/2119.