

2000 No. 2079

INCOME TAX

**The Individual Savings Account (Amendment No. 2)
Regulations 2000**

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| <i>Made - - - -</i> | <i>28th July 2000</i> |
| <i>Laid before the House of Commons</i> | <i>31st July 2000</i> |
| <i>Coming into force</i> | <i>21st August 2000</i> |

The Treasury, in exercise of the powers conferred on them by section 333 of the Income and Corporation Taxes Act 1988(a), section 151 of the Taxation of Chargeable Gains Act 1992(b) and section 75 of the Finance Act 1998, hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Individual Savings Account (Amendment No. 2) Regulations 2000 and shall come into force on 21st August 2000.

Interpretation

2. In these Regulations “the principal Regulations” means the Individual Savings Account Regulations 1998(c) and “regulation” means a regulation of the principal Regulations.

Amendments to the principal Regulations

3. In regulation 2(1)(a) (Interpretation) after the definition of an “account manager” there shall be inserted—

““approved employee share ownership plan”, “participant”, “plan shares” and (in relation to plan shares) “ceasing to be subject to the plan” shall have the meanings given in Schedule 8 to the Finance Act 2000(d), except that, in construing “plan shares”, paragraph 115(8), and the words “or securities or rights” in paragraph 116(1), of that Schedule, shall be omitted;”.

4.—(1) Regulation 7 (Qualifying investments for a stocks and shares component) shall be amended as follows.

(a) 1988 c. 1; section 333 was amended by section 70 of the Finance Act 1991 (c. 31) and by sections 75 and 123(7) of the Finance Act 1998 (c. 36).

(b) 1992 c. 12; section 151 was amended by section 85 of the Finance Act 1993 (c. 34), by section 64(2) of the Finance Act 1995 (c. 4), and by section 75(6) of the Finance Act 1998, and was extended by section 123(7) of the Finance Act 1998.

(c) S.I. 1998/1870; amended by S.I. 1998/3174 and 2000/809.

(d) 2000 c. 17.

(2) In paragraph (2)(h) for the words from “, shares” to “profit-sharing scheme,” there shall be substituted—

“—

- (i) shares which the qualifying individual has exercised the right to acquire in accordance with the provisions of a savings-related share option scheme,
- (ii) shares which have been appropriated to the qualifying individual in accordance with the provisions of an approved profit sharing scheme, or
- (iii) plan shares of an approved employee share ownership plan which cease to be subject to the plan but have remained in the beneficial ownership of the participant.”

(3) In paragraph (10)—

(a) after sub-paragraph (b) the following sub-paragraph shall be inserted—

“(ba) in relation to plan shares mentioned in paragraph (2)(h)(iii), that the shares are transferred to the account manager or his nominee before the expiry of the period of 90 days following the date when the plan shares ceased to be subject to the plan;”;

(b) in sub-paragraph (c) for “(a) or (b)” there shall be substituted “(a), (b) or (ba)”.

5.—(1) Regulation 34(2)(a) (Capital gains tax—adaptation of enactments) shall be amended as follows.

(2) In subsection (12)(b) treated as added to section 106A of the Taxation of Chargeable Gains Act 1992^(a)—

(a) for “(10)(a) or (b)” there shall be substituted “(10)(a), (b) or (ba)”;

(b) in paragraph (b)(i) for “7(2)(h)” there shall be substituted “7(2)(h)(i)”;

(c) in paragraph (b)(ii) for “7(2)(h)” there shall be substituted “7(2)(h)(ii)”;

(d) for the word “and” which follows paragraph (b)(ii) there shall be substituted—

“or

(iii) in the case of securities which were plan shares of an approved employee share ownership plan before being transferred in the circumstances specified in regulation 7(2)(h)(iii) and (10)(ba), from the date when the securities ceased to be subject to the plan, and”.

(3) In the subsection (13) treated as added to section 106A of the Taxation of Chargeable Gains Act 1992, after paragraph (b) there shall be added—

“(c) “approved employee share ownership plan”, “plan shares” and (in relation to securities which are plan shares) “ceasing to be subject to the plan” have the meanings given in Schedule 8 to the Finance Act 2000, except that, in construing “plan shares”, paragraph 115(8), and the words “or securities or rights” in paragraph 116(1), of that Schedule shall be omitted.”

28th July 2000

Jim Dowd
Greg Pope
Two of the Lords Commissioners of
Her Majesty’s Treasury

^(a) Section 106A was inserted by section 124(1) of the Finance Act 1998.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 21st August 2000, amend the Individual Savings Account Regulations 1998 (S.I. 1998/1870, amended by S.I. 1998/3174, and 2000/809) (“the principal Regulations”). The principal effect of the amendments is to add shares deriving from an approved employee share ownership plan to the investments which are qualifying investments for a stocks and shares component, subject to financial and time limits. These regulations also make consequential amendments to regulation 34 of the principal Regulations.

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