Draft Regulations laid before Parliament under section 28(5) of the Child Trust Funds Act 2004, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2009 No. 0000

CHILD TRUST FUNDS

The Child Trust Funds (Amendment) Regulations 2009

Made - - - -	*2009*
Coming into force - -	*6th April 2009*

A draft of this instrument has been laid before Parliament in accordance with section 28(5) of the Child Trust Funds Act 2004(**a**) and approved by a resolution of each House of Parliament.

Accordingly, the Treasury make the following Regulations in exercise of the powers conferred by sections 10, 11, 15 and 28(1) to (4) of the Child Trust Funds Act 2004:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Child Trust Funds (Amendment) Regulations 2009 and shall come into force on 6th April 2009.

(2) Regulations 3 and 4 have effect where the Child Benefit commencement date for the child (first day for which child benefit was paid in respect of the child) is on or after 6th April 2008.

Amendments to the Child Trust Funds Regulations 2004

2. The Child Trust Funds Regulations 2004(**b**) are amended as follows.

3. In regulation 2(1)(a) (interpretation) add the following expressions at the appropriate places—

""the income threshold" (see section 9(6) of the Act)"

""the relevant income" (see section 9(6) of the Act)"

""relevant social security benefit" (see section 9(6) of the Act)"

""tax year" (see section 9(6) of the Act)".

4. In regulation 7 (government contributions)(**c**)—

(a) after paragraph (10) insert—

"(10A) A further contribution under section 10 of the Act of £250 is due for any child if—

(a) an account is held by the child,

(b) the child was first an eligible child by virtue of section 2(1)(a) of the Act,

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(**a**) 2004 c. 6.
(**b**) S.I. 2004/1450; relevantly amended by S.I. 2004/3369, 2005/383 and 2006/199.
(**c**) Regulation 7 was amended by S.I. 2004/3369 and 2005/383.

(c) section 9 of the Act does not apply to the child,

(d) a contribution is not, and has not been, due for the child under paragraph (10),

(e) the child is an eligible child on the day identified under the provisions of paragraph (10B) or (10C) as the case may be, and

(f) the condition in paragraph (10B) or (10C) is satisfied in relation to the child.

(10B) The condition in this paragraph is that it has been determined in accordance with the provision made by and by virtue of sections 18 to 21 of the Tax Credits Act 2002(**a**)—

(a) that a person was, or persons were, entitled to child tax credit in respect of the child for any day falling—

(i) after the commencement date, but

(ii) not later than three months immediately preceding the expiry date of the voucher for the child (see regulation 3), and

(b) that either the relevant income of the person or persons for the tax year in which that day fell does not exceed the income threshold or the person, or either of those persons, was entitled to a relevant social security benefit for that day,

and that determination has not been overturned.

(10C) The condition in this paragraph is that income support, or income-based jobseeker's allowance, was paid for any day falling—

(a) after the commencement date, but

(b) not later than one month immediately preceding the expiry date of the voucher for the child (see regulation 3),

to a person whose applicable amount included an amount in respect of the child.";

(b) in paragraph (11) after "contribution" insert "mentioned in paragraph (10) or (10A)".

5. After regulation 7 (government contributions) insert—

"**Age 7 payments**

7A.—(1) A further contribution under section 10 of the Act is due for any child who is an eligible child on his or her seventh birthday, in accordance with paragraphs (2) to (5).

(2) Where the child is an eligible child on his or her seventh birthday by virtue of—

(a) section 2(1)(b) of the Act (child benefit entitlement excluded by reason of being a child in care on that date), or

(b) section 2(1)(a) of the Act (child benefit entitlement), but is also a looked after child or looked after and accommodated child within the meanings of those expressions in regulation 33, on that date,

the amount is £500.

(3) Where the child is an eligible child on his or her seventh birthday by virtue of section 2(1)(a) of the Act (by reason of a person being entitled to child benefit in respect of the child on that date) and does not fall within the terms of paragraph (2), the amount is £250 and, if the condition in paragraph (4) or (5) is satisfied in relation to the child, the further amount of £250.

(4) The condition in this paragraph is that it has been determined in accordance with the provision made by and by virtue of sections 18 to 21 of the Tax Credits Act 2002—

(a) that a person was, or persons were, entitled to child tax credit in respect of the child for any date ("the CTC date") falling within the same tax year as the child's seventh birthday, and

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(**a**) 2002 c. 21.

(b) that either the relevant income of the person or persons for the tax year in which the CTC date fell does not exceed the income threshold or the person, or either of those persons, was entitled to a relevant social security benefit for the CTC date,

and that determination has not been overturned.

(5)) The condition in this paragraph is that income support, or income-based jobseeker's allowance, was paid for any date falling within the same tax year as the child's seventh birthday to a person whose applicable amount included an amount in respect of the child.

(6) On receipt of the further contribution from Her Majesty's Revenue and Customs the account provider must credit the account held by the child with the amount of the payment. "

6. In regulation 22(2) (recoupment of Inland Revenue contributions to void accounts and other accounts)(**a**)—

(a) in paragraph (a) after "the Act" insert "or regulation 7(10B) or 7A(4)";

(b) in paragraph (c)—

(i) after "7(10) were" insert ", or the condition in regulation 7(10C) or 7A(5) was,";

(ii) for "that provision" substitute "the relevant provision".

7. In regulation 30(6)(c) (fortnightly claim and financial returns)(**b**)—

(a) for "paragraph (10) of regulation 7 applies to" substitute "a further contribution is due for";

(b) after "named child" insert "in accordance with regulation 7(10) or (10A) or regulation 7A"; and

(c) for "that paragraph" where it secondly appears substitute "the relevant provision".

Name

Date Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Child Trust Funds Regulations 2004 (S.I. 2004/1450: "the main Regulations"). The main effect of these Regulations is (a) to provide for government contributions to the child trust funds of eligible children at age 7, and (b) to amend the rules for eligibility to the further government contribution on the setting up of a child trust fund, to cater for cases where a Child Tax Credit claim (the main condition for eligibility to the further contribution: see section 9(5) of the Child Trust Funds Act 2004: "the 2004 Act") is made more than 3 months after payment of Child Benefit in respect of the child began.

Regulation 1 provides for citation, commencement and effect. Regulation 1(2) provides that the amendments to the rules for eligibility to the further government contribution of £250 (see (b) above) apply to children in respect of whom payment of Child Benefit commenced on or after 6th April 2008. Regulation 2 provides for amendment of the main Regulations.

Regulation 3 adds appropriate definitions.

Regulation 4 adds paragraphs (10A), (10B) and (10C) to regulation 7 of the main Regulations. Paragraph (10A) states the conditions to be satisfied for the further government contribution (in circumstances where the child is not already entitled to a supplementary contribution under section

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(**a**) Regulation 22 was amended by S.I. 2005/383.
(**b**) Regulation 30 was amended by S.I. 2005/383 and 2006/199.

9 of the 2004 Act, or a further contribution under regulation 7(10) of the main Regulations), the two additional situations covered being set out in paragraphs (10B) and (10C).

The effect of paragraph (10B) is that a Child Tax Credit entitlement has to be established not later than 3 months preceding the expiry date of the child's CTF voucher. Because of the 3 months back-dating rule for Child Tax Credit, this means that a Child Tax Credit claim within the voucher year (normally just over a year from the date on which Child Benefit became payable in respect of the child : "the Child Benefit commencement date") will suffice to support eligibility to the further government contribution.

Paragraph (10C) similarly provides that a claim for income support, or income-based jobseeker's allowance by a person whose "applicable amount" included an amount in respect of the child, within the year for which the voucher is valid, will support eligibility to the further government contribution. Income support and income-based jobseeker's allowance have a 1 month back-dating rule, reflected in paragraph (10C)(b).

Regulation 5 provides for Age 7 payments to the child trust funds of eligible children at age 7. Children in local authority care on their 7th birthday, together with a small category of children who are "looked after children" but in respect of whom Child Benefit is payable, receive a payment of £500 (regulation 7A(2)).

The child trust funds of other children receive a basic amount of £250 and, if their family is a low-income family, a further £250 (regulation 7A(3) to (5)). Regulation 7A(6) provides for the crediting by account providers of payments to children's child trust funds.

Regulations 6 and 7 of these Regulations make provision for (a) recoupment of further contributions and Age 7 payments which were not due (b) HM Revenue and Customs to inform account providers that further contributions and Age 7 payments are due and (c) account providers to claim those amounts.

The Age 7 payments formed part of the original Child Trust Fund full Regulatory Impact Assessment published in November 2003. An Assessment has not been prepared for the part of these Regulations which relates to extension of eligibility to the further government contribution as it is considered to have no impact on business, charities or voluntary bodies.

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