EXPLANATORY MEMORANDUM TO

THE INDIVIDUAL SAVINGS ACCOUNT (AMENDMENT) REGULATIONS 2015

2015 No. 608

1. This explanatory memorandum has been prepared by HM Revenue and Customs (HMRC) on behalf of HM Treasury and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1 The instrument amends the Individual Savings Account Regulations 1998 (S.I 1998/1870) (ISA Regulations) to increase the amount which can be paid into an Individual Savings Accounts (ISA) or Junior ISA.

3. Matters of special interest to the Select Committee on Statutory Instruments.

3.1 None.

4. Legislative Context

4.1 ISA is a tax advantaged savings product providing relief from tax to individuals. ISA rules are set out in the Individual Savings Account Regulations 1998 (S.I. 1998/1870) (ISA Regulations).

4.2 ISA Regulations 4ZA and 4ZB set out the maximum amounts which can be subscribed annually to an ISA and a Junior ISA respectively.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1. As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- What is being done and why?

7.1 The annual ISA subscription limit is being increased to £15,240 from £15,000 for 2015-16, with effect from 6 April 2015. The Junior ISA subscription limit is being increased to £4,080 from £4,000 for the same period. This increase is consistent with the usual annual uprate of ISA subscription limits.

- Consolidation

7.2 There are no plans to consolidate the ISA Regulations.

8. Consultation outcome

8.1 This change increases the current ISA subscription limits, for which formal consultation is not required.

9. Guidance

9.1 HMRC's Guidance Notes for ISA managers will be updated to reflect the changes to the ISA rules. The Guidance Notes are available at https://www.gov.uk/government/publications/guidance-notes-for-isa-managers

10. Impact

10.1 ISA providers already have well-established and simple processes in place to accommodate the annual changes to the ISA subscription limit and the overall impact on businesses is therefore expected to be negligible.

10.2 The impact on charities and voluntary bodies is negligible.

10.3 The impact on the public sector is negligible.

10.4 A Tax Information and Impact Note has not been prepared for this Instrument, as it contains no substantive change to tax policy.

11. Regulating small business

11.1 The instrument applies to small banks and building societies.

11.2 To minimise the impacts of the requirements on small firms employing up to 20 people, the approach taken is to apply the same basic requirements as apply to all affected businesses and monitor the impact of these changes.

12. Monitoring & review

12.1 HMRC will continue to monitor impact and compliance through regular contact with providers and using the information provided annually by ISA managers.

13. Contact

Simon Turner at HMRC can answer queries regarding the instrument on behalf of HM Treasury - Tel: 03000 546588 or email: simon.turner@hmrc.gsi.gov.uk