

**EXPLANATORY MEMORANDUM TO
THE CHILD TRUST FUNDS (AMENDMENT) REGULATIONS 2006.**

S.I. 2006 No. 199

1. This explanatory memorandum has been prepared by H.M. Revenue and Customs and is laid before the Parliament by Command of Her Majesty.

2. Description

2.1 These Regulations amend the Child Trust Funds Regulations 2004 (S.I. 2004/1450) to allow providers to open a CTF account if an application is made on or before the expiry date on the CTF voucher, as long as the CTF voucher itself is received within 7 days of its expiry date.

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

3.1 These Regulations breach the 21-day rule. It is essential that these changes come into force as soon as possible as CTF vouchers are now expiring (and providers have reported significant difficulties with last-minute applications to open accounts).

4. Legislative Background

4.1 These regulations are being made under powers conferred by sections 3, 5(4) and (5), 8(1) and 28 (1) to (4) of the Child Trust Funds Act 2004 c.6. The regulations are being made under the negative resolution procedure.

4.2 Regulation 3 of the Child Trust Funds Regulations 2004 (S.I. 2004/1450) sets out the details of the Child Trust fund voucher.

4.3 Regulation 5 of the Child Trust Funds Regulations 2004 (S.I. 2004/1450) sets out the conditions for a Child Trust Fund account to be opened by a responsible person or the child. The effect of the amendments is that the application to open an account still has to be made not later than the expiry date on the voucher (as is contemplated by section 5(4) of the Child Trust Funds Act 2004) but physical delivery of the voucher may be made later.

4.4 Regulation 30 of the Child Trust Funds Regulations 2004 (S.I. 2004/1450) sets out the details of the fortnightly information returns which providers have to provide to H.M. Revenue & Customs.

5. Extent

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

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

7. Policy background

- 7.1 The Child Trust Funds Act 2004 provides for all Child Trust Fund accounts to be opened for all eligible children born on or after 1 September 2002. The Child Trust Fund is a savings and investment account for children. The Government will make contributions to this account with an additional payment for children from lower income families. In addition to the Government contributions, the child's family and friends can also subscribe to the account up to an annual limit. The funds are locked into the account until the child reaches the age of 18.
- 7.2 The existing Child Trust Funds regulations require a provider to be in receipt of the Child Trust Fund voucher from the parent on or before its expiry date to be able to open a CTF account. These regulations allow a provider to open a CTF account with an application received on or before the expiry date on the relevant CTF voucher, as long as the CTF voucher is then received within 7 days of its expiry date.
- 7.3 This change will help those parents who have left opening a CTF account to the last minute and would not have been able to physically get the CTF voucher to the provider on or before the expiry date but are able to complete an application on or before the expiry date. The change does not affect the expiry date of the voucher, merely the timing of when the voucher must be handed over to the provider.

8. Impact

- 8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it imposes no new impacts on business, charities or voluntary bodies.
- 8.2 The impact on the public sector is negligible.

9. Contact

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