

**2006 No. 3195**

**CHILD TRUST FUNDS**

**The Child Trust Funds (Amendment No. 3) Regulations 2006**

*Made* - - - - *30th November 2006*

*Laid before the House of Commons* *1st December 2006*

*Coming into force* - - *1st January 2007*

The Treasury, in exercise of the powers conferred upon them by sections 13 and 28(1) to (4) of the Child Trust Funds Act 2004(a), make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Child Trust Funds (Amendment No. 3) Regulations 2006 and shall come into force on 1st January 2007.

**Amendment of the Child Trust Funds Regulations 2004**

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

3. In regulation 2(1)(b) (interpretation) insert at the appropriate place—

““building society bonus”, except in regulation 24(a)(i), excludes any bonus, distribution of funds or the conferring of rights in relation to shares—

(a) in connection with an amalgamation, transfer of engagements or transfer of business of a building society, and

(b) mentioned in section 96 or 100 of the Building Societies Act 1986(c),

and “payment under a building society bonus scheme” shall be construed accordingly;”.

4. In regulation 24(a) (exemption from tax)—

(a) in paragraph (i) at the end add “(excluding any building society bonus)”;

(b) after paragraph (ia)(d) insert—

“(ib) in respect of a payment under a building society bonus scheme, so far as the payment is calculated by reference to account investments (and if paid directly by the society into the account, the payment shall not count towards the subscription limit in regulation 9);”.

5. After regulation 24(b) insert—

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(a) 2004 c. 6.

(b) S.I. 2004/1450; relevantly amended by S.I. 2005/3349.

(c) 1986 c. 53.

(d) Paragraph (ia) was inserted by regulation 7(a) of S.I. 2005/3349.

“(ba) any gain or loss accruing on and attributable to a payment within paragraph (ib) of sub-paragraph (a) shall not be a chargeable gain or allowable loss for capital gains tax purposes;”.

*Claire Ward*  
*Dave Watts*

30th November 2006

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) to exempt from tax annual bonuses that are paid to building society members who hold a Child Trust Fund account (“CTF”), so far as the bonus is calculated by reference to assets in their CTF.

Regulation 1 provides for citation and commencement and regulation 2 for amendment of the Child Trust Funds Regulations 2004 (“the principal Regulations”).

Regulation 3 inserts a definition of “building society bonus” (normally excluding any bonus paid on the demutualisation of a building society) in the principal Regulations.

Regulation 4 exempts the bonus from income tax so far as it is calculated by reference to CTF assets, and provides that bonuses paid directly into the CTF do not count against the annual subscription limit.

Regulation 5 similarly exempts the bonus from capital gains tax.

A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact (exceeding the minimum threshold) on business, charities or voluntary bodies.

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