

**EXPLANATORY MEMORANDUM TO**  
**THE CHILD TRUST FUNDS (NON-TAX APPEALS) REGULATIONS 2005**  
**2005 No.191**

1. This explanatory memorandum has been prepared by HM Treasury and is laid before Parliament by Command of Her Majesty.

2. **Description**

These regulations make provision for Child Trust Fund appeals under section 22 of the Child Trust Funds Act 2004 (that is, appeals other than tax appeals). Section 22 appeals, following the practice in tax credit appeals, will be heard by the Appeals Service tribunals, with a further appeal on a point of law only to a Social Security Commissioner. The regulations apply and modify for Child Trust Fund purposes certain provisions in Social Security legislation.

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

None

4. **Legislative Background**

4.1 These regulations apply and modify, for child trust purposes, certain provisions in Chapters 1 and 2 of part 1 (inter alia) of the Social Security Act 1998, and the Social Security (Northern Ireland) Order 1998 and also apply section 54 of the Taxes Management Act 1970

4.2 The present regulations are made under powers in sections 23(1), 24(5) and 28(1) to (4) of the Child Trust Funds Act 2004. These are the first use of the powers under section 24(5) of the Act.

4.3 Please see the related instruments (also being laid). These are the Department for Work and Pensions' draft Child Trust Fund (Appeals) Regulations 2005, their Northern Ireland equivalent the draft Child Trust Funds (Appeals) (Northern Ireland) Regulations 2005 being made by the Treasury and DCA's draft Social Security Commissioners (Procedure) (Child Trust Funds) Regulations 2005.

5. **Extent**

This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

The Financial Secretary to the Treasury, Stephen Timms MP, has made the following statement regarding Human Rights :

In my view, the provisions of the Child Trust Funds (Non-Tax) Appeals Regulations are compatible with the Convention rights.

## **7. Policy background**

7.1 The Child Trust Funds Act 2004 (c6) provides for Child Trust Fund accounts to be opened for all eligible children born on or after 1 September 2002. The Child Trust Fund is a long-term savings and investment account for children; the Government will make contributions to this account with additional payments for children from low-income families. In addition to the Government contributions the child's family and friends will also be able to subscribe to the account up to an annual limit. The funds will be locked into the account until the child reaches the age of 18.

7.2 There are four key objectives for the Child Trust Fund:

- To help people to understand the benefits of savings and investing
- To encourage parents and children to develop the savings habit and to engage with financial institutions
- To ensure that in future all children have a financial asset at the start of adult life
- To build on financial education

Around 700,000 children a year will receive a Child Trust Fund account.

7.3 The Tax Credits Act 2002 provides for appeals against decisions made by the Inland Revenue on tax credits to be heard by Appeals Service appeals tribunals and provides for an onward right of appeal on a point of law to the Social Security Commissioners – both on a transitory basis until the tax tribunals have reformed. Many potential 'non-tax' CTF appeals are likely to involve appeals against tax credit and child benefit awards. It is therefore considered sensible for such CTF appeals to follow the approach adopted for tax credits and arrange for them to be dealt with by the Appeals Service, and further appeals by the Social Security Commissioners, until the tax tribunals are reformed.

7.4 Child Trust Fund tax appeals against a tax assessment or a decision on a tax repayment claim will, however, be heard within the normal tax appeals system (see the Child Trust Funds Regulations 2004 (SI 2004/1450).

## **8. Impact**

A full Regulatory Impact Assessment was prepared for the introduction of the Child Trust Funds Bill in November 2003.

## **9. Contact**

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