In Budget 2003 the Chancellor announced the introduction of the Child Trust Fund (CTF) and that accounts would be available from April 2005. Children born from 1 September 2002 are eligible for accounts if a child benefit award has been made for them, they are living in the UK and they are not subject to immigration restrictions.

The Child Trust Fund will:

- help people understand the benefits of saving and investing;
- encourage parents and children to develop the savings habit and engage with financial institutions;
- ensure that in future all children have a financial asset at the start of adult life to invest in their future; and
- build on financial education to help people make better financial choices.

The Child Trust Funds Act 2004 received Royal Assent on 13 May 2004. This Act gives the Treasury power to make regulations in connection with various aspects of the CTF. The main CTF regulations, The Child Trust Fund Regulations 2004 were laid on 27 May 2004. Since then various amending regulations have been made. These are the Child Trust Funds (Amendment) Regulations 2004 (S.I. 2004/2676) were laid on 14 October 2004, the Child Trust Funds (Amendment No 2) Regulations (S.I. 2004/3382) on 21 December 2004, the Child Trust Funds (Amendment) Regulations 2005 (S.I. 2005/1383) on 23 February 2005, the Child Trust Funds (Amendment No 2) Regulations (S.I. 2005/909) on 24 March 2005 and the Child Trust Funds (Amendment No 3) Regulations on 6 December 2005.

On 31 January 2006 further regulations were laid before Parliament, which amend the arrangements for when a voucher is handed over to the provider. This amendment does not alter the expiry date of the voucher but merely the time limit in which the voucher must be handed over to the provider at the time a CTF account is opened. Applicants will no longer have to hand over the voucher on or before the expiry date, but will have 7 days from the expiry date to get the voucher to the provider.

The attached Commentary provides an analysis of these regulations.
COMMENTARY ON INDIVIDUAL REGULATIONS

Citation and Commencement

Regulation 1 gives the title by which the regulations are to be known and the date on which the regulations come into force which is 7 February 2006.

Amendments to the Child Trust Fund Regulations 2004

Regulation 2 provides that the main Child Trust Funds Regulations 2004 (S.I. 2004/1450) shall be amended.

Regulation 3 amends Regulation 3 (3) of the main regulations to omit ‘(when the voucher shall cease to be valid)’.

Regulation 4 amends Regulation 5 of the main regulations, which set out the conditions around the opening of a CTF account by a responsible person or child. The amendment adds a further paragraph (1A), which states that an application to open a CTF account must be made, and Condition 2 satisfied, on or before the expiry date shown on the CTF voucher. It also amends Condition 1 of that regulation to allow an extra 7 days from the expiry of the voucher for the voucher to be given the account provider.

Regulation 5 makes a consequential amendment to regulation 30(5) (a) of the main regulations. Regulation 30(5) sets out details of the information that a provider must include in the fortnightly information return sent to HM Revenue and Customs, and specifically that the provider has opened an account in accordance with Regulation 5.