



CTF Bulletin 60

29 July 2011

This Bulletin tells you about

- Junior ISA – Regulation Changes
- CTF Contribution Limits

NB – Error made in example 3 - See Bulletin 61 for amendments to this example.

You should address any enquiries about this bulletin to savings.audit@hmrc.gsi.gov.uk.

Please ensure the appropriate people in your organisation read this bulletin.

The HMRC website address is www.hmrc.gov.uk and there are pages for [CTF providers](#).

This bulletin updates you on Junior ISA and CTF contribution limits:-

Junior ISA – Regulation Changes

We have now amended the ISA regulations (Statutory Instrument 1998 No. 1870) to allow for the creation of Junior ISAs. The amendment regulations are available at <http://www.legislation.gov.uk/2011/1780>.

The changes take effect from 1 November 2011. The ISA Guidance Notes now include material on Junior ISAs in chapters 18 – 30.

We have placed the last version of the ISA Guidance Notes (2011/07) on the HMRC website. You can download a copy at <http://www.hmrc.gov.uk/isa/isa-guidance-notes-2008.pdf>. The changes, highlighted in yellow, are mainly updates to include material that has appeared in ISA Bulletins.

CTF Contribution Limits

The Government has announced the contribution limit for Junior ISAs will be £3,600 per tax year. It has also announced that the CTF limit will be increased to align it with the Junior ISA subscription limit, so that CTF children do not miss out. Therefore, the CTF limit will increase to £3,600 from 1 November 2011.

From 6 April 2013, we will increase the limit annually in line with the Consumer Prices Index (CPI).

Examples

1 A child born on 1 July 2009 has a subscription year that runs to 30 June 2010. Their current subscription year that started on 1 July 2011 has £1,200 as the maximum that can be subscribed into their account. From 1 November 2011, that annual limit will change to £3,600, so that a total of £3,600 can be put into their account in this subscription year, i.e. between 1 July 2011 and 30 June 2012. The limit does not change until 1 November 2011, so between 1 July 2011 and 31 October 2011, the subscription limit remains £1,200 and no more than £1,200 can be put into the account.

If the parents (or anyone else) subscribed in total the full £1,200 in August 2011, neither they nor anyone else would be able to make any further subscriptions until 1 November 2011. Between 1 November 2011 and 30 June 2012, they could subscribe a further £2,400 to the account. And, from 1 July 2012, when the new subscription year starts, they could put a further £3,600 into the account.

If no subscriptions are made between 1 July and 31 October 2011, then from 1 November 2011 £3,600 can be subscribed into the account until the end of the subscription year on 30 June 2012.

2 A child born on 1 November 2010 has a subscription year running to 31 October 2011. Currently their CTF can have £1,200 subscribed into it this subscription year, and this change will have no effect on this. However, from their birthday on 1 November 2011, their new CTF subscription year will begin, and they will be able to have £3,600 paid into their account within that subscription year.

3 Eligible children born in the last few days of October, e.g. 28 October 2011, will have a new subscription year, which starts with a limit of £1,200 for the first few days, e.g. 28 October to 31 October 2011, and then rises to £3,600 on 1 November 2011.

4 Children born on 4 November 2010 will have a few final days at the end of their subscription year when their allowance will treble, and they will only have those few days to take advantage of the increase. So, they will have an increased limit between 1 November and 3 November 2011, and only three days to use it. They will not be able to subscribe more than £1,200 into the account before 1 November 2011. They will have a new full subscription year starting from 4 November 2011 in which they can invest £3,600 at any time throughout the year.