

2007 No.

INCOME TAX

The draft Personal Equity Plan (Amendment) Regulations 2007

<i>Made</i> - - - -	***
<i>Laid before the House of Commons</i>	***
<i>Coming into force</i> - -	***

The Treasury, in exercise of the powers conferred upon them by sections 694 to 696 and 701(1) of the Income Tax (Trading and Other Income) Act 2005(a) and section 151 of the Taxation of Chargeable Gains Act 1992(b), make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Personal Equity Plan (Amendment) Regulations 2007 and shall come into force on 6th April 2008.

Amendment of the Personal Equity Plan Regulations 1989

2. The Personal Equity Plan Regulations 1989(c) are amended as follows.

3. For regulation 4(1) substitute—

“(1) A plan which, immediately before 6th April 2008, is—

- (a) held by a plan investor, and
- (b) exempt from tax under regulation 17,

shall be treated, on and from the 6th April 2008, as an account, set up as a stocks and shares account and made up of a single stocks and shares component only, within the meaning in regulation 4(1) of the Individual Savings Account Regulations 1998.”(d)

Revocation of the Personal Equity Plan Regulations 1989

4.—(1) The Personal Equity Plan Regulations 1989 (other than regulation 4(1)) shall cease to have effect for the tax year 2008/9 and subsequent tax years.

(2) Regulation 4(1) of those Regulations shall cease to have effect on 5th April 2009.

		<i>Name</i>
[date]	Two of the Lords Commissioners of Her Majesty's Treasury	<i>Name</i>

(a)
(b)
(c)
(d)

COMMENTARY ON THE DRAFT PERSONAL EQUITY PLAN (AMENDMENT) REGULATIONS 2007.

Personal Equity Plans (PEPs) were succeeded by Individual Savings Accounts (ISAs) as the Government's tax-advantaged savings scheme in 1999. No new subscriptions to a PEP have been permitted since 1999, but the residual funds were allowed to remain.

The PEP regulations were originally set out in the Personal Equity Plan Regulations (1989).

In the Pre-Budget Report 2006 the Government published a document setting out proposed reforms to the ISA following an internal review. The document sought views on the proposals and how best to implement the reforms. One of the proposals was that the tax-wrapper around the remaining PEPs is changed, so that all PEPs became ISAs.

This commentary provides an analysis of the draft regulations.

Amendment of the Personal Equity Plan Regulations 1989

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 6th April 2008.

Regulation 2 provides that the main Personal Equity Plan Regulations 1989 (SI 1989/469) shall be amended.

Regulation 3 amends Regulation 4(1) of the main regulations and means that all plans held immediately before the 6th April 2008 shall become stocks and shares Individual Savings Accounts from that date.

Regulation 4 revokes the Personal Equity Plan regulations from the tax year 2008/09, other than Regulation 4(1) which will cease to have effect on 5th April 2009.

Contact

For any comments you wish to make on the technical detail of the draft regulations please contact Anna Caffyn at HM Revenue and Customs, tel: 020 7147 2855 or email: Anna.Caffyn@hmrc.gsi.gov.uk