STATUTORY INSTRUMENTS

2026 No. 1018

INCOME TAX
CAPITAL GAINS TAX

The Individual Savings Account (Amendment) (No. 2) Regulations 2026

Made - - - -	*10th September 2026*
Laid before the House of Commons - - - -	*14th September 2026*
Coming into force - -	*6th April 2027*

The Treasury make these Regulations in exercise of the powers conferred by section 151(1) and (2) of the Taxation of Chargeable Gains Act 1992(**1**) and sections 694, 695, 696, 699 and 701 of the Income Tax (Trading and Other Income) Act 2005(**2**).

Citation and commencement

1 These Regulations may be cited as the Individual Savings Account (Amendment) (No. 2) Regulations 2026 and come into force on 6th April 2027.

Amendment of the Individual Savings Account Regulations 1998

2 The Individual Savings Account Regulations 1998(**3**) are amended as follows.

Amendment of regulation 2

3 In regulation 2 (interpretation)(**4**), in paragraph (1), in sub-paragraph (b), in the appropriate places insert the following definitions—

"“alternative finance return” has the meaning given by Part 10A of ITA 2007;";

(**1**) 1992 c. 12. Section 151(2) was substituted by paragraph 436 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c. 5) and amended by section 40(6) of the Finance Act 2011 (c. 11) and section 27(2) of the Finance Act 2016 (c. 24).
(**2**) 2005 c. 5. Sections 694, 699 and 701 were amended by section 40 of the Finance Act 2011 (c. 11). Sections 695, 696 and 699 were amended by paragraph 132 of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11).
(**3**) S.I. 1998/1870.
(**4**) Paragraph (1)(b) of regulation 2 was relevantly amended by S.I. 2001/3629, 2008/704 and 2025/733.

"“money market fund” means a money market fund authorised in accordance with Article 4 or Article 5 of Regulation 2017/1131 of the European Parliament and of the Council of 14th June 2017 on Money Market Funds(**5**);”.

Amendment of regulation 2D

4 In regulation 2D (regulations that do not apply to junior ISA accounts)(**6**)—

(a) after "7(2)(h)" insert "and (10A)";

(b) after "21" insert ", 22A".

Amendment of regulation 4

5 In regulation 4 (general conditions for accounts and subscriptions to accounts)(**7**), in paragraph (1B), in sub-paragraph (e) for "limit in regulation 4ZA(1)" substitute "limits in regulation 4ZA(1) and (1ZA)".

Amendment of regulation 4ZA

6 In regulation 4ZA (subscriptions to an account other than a junior ISA account)(**8**)—

(a) at the end of paragraph (1) insert ", subject to paragraph (1ZA)";

(b) after paragraph (1) insert—

"(1ZA) In any year in which a qualifying individual is 64 or under at the end of that year, the subscription limit for the aggregate of the individual's subscriptions to cash accounts is £12,000."

Amendment of regulation 4A

7 In regulation 4A (repair of certain incompatible account and excess subscriptions - accounts other than junior ISA accounts)(**9**)—

(a) in paragraph (1A)—

(i) after "because" insert "one or both of the";

(ii) for "limit" substitute "limits";

(iii) after "4ZA(1)" insert "and (1ZA)";

(b) in paragraph (3), in sub-paragraph (b)—

(i) after "with the" insert "conditions of the";

(ii) for "limit" substitute "limits";

(iii) after "4ZA(1)" insert "and, where relevant, (1ZA)";

(c) in paragraph 4, in sub-paragraph (a), in paragraph (ii) after "4ZA(1)" insert "and, where relevant, (1ZA)".

(**5**) EUR 2017/1131, as amended by S.I. 2019/394; the amendment made by regulation 7(g) of that instrument was amended by S.I. 2020/130.
(**6**) Regulation 2D was inserted by S.I. 2011/1780 and was amended by S.I. 2012/1871, 2014/1450, 2017/466 and 2024/350.
(**7**) Paragraph (1B) of regulation 4 was inserted by S.I. 2011/1780 and was amended by S.I. 2014/1450, 2015/869, 2016/16, 2016/364, 2017/466 and 2024/350.
(**8**) Regulation 4ZA was inserted by S.I. 2011/1780 and was relevantly amended by S.I. 2014/1450, 2017/466 and S.I. 2024/350.
(**9**) Regulation 4A was inserted by S.I. 2002/3158 and was amended by S.I. 2007/2119, 2011/1780, 2014/1450, 2017/466 and 2024/350.

Amendment of regulation 5DDB

8 In regulation 5DDB (flexible account)(**10**), at the end of paragraph (3A), insert "and, where applicable, must not exceed the subscription limit in regulation 4ZA(1ZA)".

Amendment of regulation 7

9 In regulation 7 (qualifying investments for a stocks and shares component)(**11**)—

(a) in paragraph (2), after sub-paragraph (s) insert—

"(t) subject to the conditions specified in paragraph (10A), money market funds.";

(b) after paragraph (10) insert—

"(10A) The condition specified in this paragraph is that 100% of the value of the investments, other than cash, held under the stocks and shares component, must not be money market funds.".

Amendment of regulation 8

10 In regulation 8 (qualifying investments for a cash component)(**12**), in paragraph (2)—

(a) for paragraph (p) substitute—

"(p) money market funds.";

(b) omit paragraph (q).

Amendment of regulation 10

11 In regulation 10 (qualifying individuals who may invest under an account that is not a junior ISA account nor a Lifetime ISA)(**13**), in paragraph (2), in sub-paragraph (ca) for "limit in regulation 4ZA(1)" substitute "limits in regulation 4ZA(1) and (1ZA)".

Amendment of regulation 12

12 In regulation 12 (conditions for application to open an account that is not a junior ISA account or a Lifetime ISA)(**14**), in paragraph (3), after sub-paragraph (ea) insert—

"(ec) that in the case of a cash account the applicant has not subscribed, and will not subscribe, more than the subscription limit in regulation 4ZA(1ZA)—

(i) in the year to which paragraph (2) refers, and

(ii) in each successive year following that year, in which the declaration has effect and the subscription limit in regulation 4ZA(1ZA) applies;".

Amendment of regulation 21

13 In regulation 21 (transfers relating accounts other than junior ISA accounts)(**15**)—

(a) in paragraph (4)—

(i) at the beginning, for "The" substitute "In the case of a cash account, the";

(**10**) Regulation 5DDB was inserted by S.I. 2016/16 and paragraph (3A) was inserted by S.I. 2025/733.

(**11**) Regulation 7 was relevantly amended by S.I. 2001/3778, 2003/2747, 2004/996, 2007/2119, 2014/1450, 2024/1022 and 2026/248.

(**12**) Regulation 8 was relevantly amended by S.I. 1998/3174, 2003/2747, 2004/2996, 2005/3350 and 2014/654.

(**13**) Paragraph (2)(ca) of regulation 10 was inserted by S.I. 2007/2119 and amended by S.I. 2011/1780 and 2014/1450.

(**14**) Paragraph (3)(ea) of regulation 12 was inserted by S.I. 2007/2119 and amended by S.I. 2011/1780 and 2014/1450. Paragraph 3(eb) was inserted by S.I. 2017/2119 and revoked by S.I. 2014/1450.

(**15**) Regulation 21 was relevantly amended by S.I. 2007/2119, 2012/1871, 2014/1450, 2016/634 and 2017/466.

(ii) in sub-paragraphs (a), (c) and (d) omit "(if the account investor is 18 years of age or over)";

(b) after paragraph (4) insert—

"(4ZA) In the case of a stocks and shares account or an innovative finance account, the current year's subscriptions and the previous years' subscriptions may be transferred to—

(a) a stocks and shares account,

(b) an innovative finance account,

(c) a Lifetime ISA, or

(d) a cash account, if the account investor is 65 or over at the end of the year,

belonging to the same account investor.";

(c) in paragraph (4DA), in sub-paragraphs (e) and (f) omit ", a cash account".

Amendment of regulation 22

14 In regulation 22 (exemption from tax of account income and gains)(**16**), in paragraph (1)—

(a) in sub-paragraph (a), in paragraph (ia) omit "paid by a financial institution in accordance with Part 10A of ITA 2007";

(b) in sub-paragraph (e) omit "held under a cash component".

Insertion of regulation 22A

15 After regulation 22 insert—

"**Interest or alternative finance return on cash deposits held under a stocks and shares component or innovative finance component**

22A.—.—(1) When in any year, a sum of interest or alternative finance return is paid or credited in respect of a cash deposit which is held under a stocks and shares component or innovative finance component in accordance with regulation 6(4) to (6)—

(a) no relief from tax applies to such interest or alternative finance return, but

(b) paragraph (2) applies.

(2) Where this paragraph applies—

(a) the account manager must pay to the Board a flat rate charge on all sums of interest or alternative finance return referred to in paragraph (1) paid or credited in that year, and

(b) any amount so payable is to be treated as an amount of tax due under an assessment which is final and conclusive and payable not later than 6 months after the end of the year in which the interest was paid or credited.

(3) The "flat rate charge" in paragraph (2) is charged at the savings basic rate in force for the year under section 7A of ITA 2007(**17**).

(4) The interest or alternative finance return referred to in paragraph (1) in all other respects, except for the purposes of section 629 of ITTOIA 2005, is to be regarded as if it were not income for any income tax purposes, and no repayment of tax or amounts representing tax may be made to the account investor receiving or entitled to such interest.

(**16**) Paragraph (1)(a)(ia) of regulation 22 was inserted by S.I. 2005/3350 and substituted by S.I. 2011/1780. Paragraph (1)(e) was amended by S.I. 2001/908, 2008/704 and 2011/1780.

(**17**) Section 7A was inserted by s6(4) of the Finance Act 2016 (c. 24).

(5) In paragraph (1) "interest" has the same meaning as in regulation 22.".

Amendment of regulation 24

16 In regulation 24 (tax liabilities and reliefs—account manager to act on behalf of account investor)(**18**), in paragraph (3)—

(a) omit the "and" at the end of sub-paragraph (a);

(b) after that sub-paragraph insert—

"(aa) any sum which is payable under regulation 22A;".

Amendment of regulation 26

17 In regulation 26 (repayments in respect of tax to account manager—annual returns and annual claims)(**19**), for paragraph (2) substitute—

"(2) An account manager must, within six months after the end of the year, make a return to the Board of—

(a) all income,

(b) all sums of interest or alternative finance return falling within regulation 22A(1),

(c) the total amount payable under regulation 22A(2)(a),

(d) any gains treated as arising in accordance with regulation 36(3), and

(e) an annual claim to establish the total of repayments due under an account for that year.".

Amendment of regulation 31

18 In regulation 31 (returns of information by account manager)(**20**), paragraph (4), sub-paragraph (a), after paragraph (viii) insert—

"(ix) funds in a money market fund,

(x) any sum which is payable under regulation 22A,".

Claire Hughes
Christian Wakeford
Two of the Lords Commissioners of His Majesty's Treasury

10th September 2026

(**18**) Paragraph (3) of regulation 24 was relevantly amended by S.I. 2014/1450.
(**19**) Paragraph (2) of regulation 26 was amended by S.I. 1998/3174 and 2014/1450.
(**20**) Paragraph (4) of regulation 31 was relevantly amended by S.I. 2000/3112, 2003/2747, 2004/2996, 2005/2561, 2008/704, 2009/1994, 2014/654, 2014/1450, 2015/1370, 2019/689 and 2026/248.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Individual Savings Account Regulations 1998. Regulation 6 introduces a £12,000 limit on subscriptions to cash ISA accounts for individuals aged 64 or under at the end of the tax year. Regulation 9 introduces a new requirement in relation to money market funds held in a stocks and shares ISA and the definition of money market funds has been updated (regulation 3). Regulation 15 inserts Regulation 22A to introduce a charge on interest or alternative finance return generated by any cash deposits held in a stocks and shares ISA or Innovative Finance ISA. These Regulations make the required consequential amendments to the subscription, transfer, tax liabilities and reporting provisions applying to ISA accounts as a result of these introductions and remove obsolete references regarding the age an account holder needs to be to open an account.

A Tax Information and Impact Note covering this instrument will be published on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.