

Conditions and declarations relating to special savings accounts. FA86 s37A; FA92 s22(1)(c); F(No.2)A92 s3(b); FA93 s15(1)(c); FA94 s12(1)(b) 264.—(1) The following are the conditions referred to in paragraph (a) of the definition of “special savings account” in section 256 (1):

(a) the account shall be designated by the relevant deposit taker as a special savings account;

(b) the account shall not be denominated in a foreign currency;

(c) the account shall not be connected with any other account held by the account holder or any other person; and for this purpose an account shall be connected with another account if—

(i) (I) either account was opened with reference to the other account, or with a view to enabling the other account to be opened on particular terms, or with a view to facilitating the opening of the other account on particular terms, and

(II) the terms on which either account was opened would have been significantly less favourable to the account holder if the other account had not been opened,

or

(ii) the terms on which either account is operated are altered or affected in any way whatever because of the existence of the other account;

(d) no withdrawal of money shall be made from the account within the period of 3 months commencing on the date on which it is opened;

(e) the terms under which the account is opened shall require the individual to give a minimum notice of 30 days to the relevant deposit taker in relation to the withdrawal of any money from the account;

(f) all moneys held in the account shall be subject to the same terms;

(g) there shall not be any agreement, arrangement or understanding in existence, whether express or implied, which influences or determines, or could influence or determine, the rate (other than an unspecified and variable rate) of interest which is paid or payable, in respect of the relevant deposit or relevant deposits held in the account, in or in respect of any period which is more than 24 months;

(h) interest paid or payable in respect of the relevant deposit or relevant deposits held in the account shall not directly or indirectly be linked to or determined by any change in the price or value of any shares, stocks, debentures or securities listed on a stock exchange or dealt in on an unlisted securities market;

(i) the relevant deposit or the aggregate of the relevant deposits held in the account, including any relevant interest added to that deposit or those deposits, shall not at any time exceed £50,000;

(j) the account shall not be opened by or held in the name of an individual who is not of full age;

(k) the account shall be opened by and held in the name of the individual beneficially entitled to the relevant interest payable in respect of the relevant deposit or relevant deposits held in the account;

(l) except in the case of an account opened and held jointly only by a couple married to each other, the account shall not be a joint account;

(m) except in the case of an account opened and held jointly only by a couple married to each other, either the same or any other relevant deposit taker shall not simultaneously hold another special savings account opened and held by an individual;

(n) in the case of an account opened and held jointly only by a couple married to each other, they shall not simultaneously hold (either with the same or any other relevant deposit taker) any other special savings account either individually or jointly other than one other such account opened and held jointly by them.

(2) The declaration referred to in paragraph (b) of the definition of “special savings account” in section 256 (1) shall be a declaration in writing to a relevant deposit taker which—

(a) is made by the individual (in this section referred to as “the declarer”) to whom any interest payable in respect of the relevant deposit or relevant deposits held in the account in respect of which the declaration is made is payable by the relevant deposit taker, and is signed by the declarer,

(b) is made in such form as may be prescribed or authorised by the Revenue Commissioners,

(c) declares that at the time when the declaration is made the conditions referred to in paragraphs (j) to (n) of subsection (1) are satisfied in relation to the account in respect of which the declaration is made,

(d) contains the full name and address of the individual beneficially entitled to the interest payable in respect of the relevant deposit or relevant deposits held in the account in respect of which the declaration is made,

(e) contains an undertaking by the declarer that, if the conditions referred to in paragraphs (j) to (n) of subsection (1) cease to be satisfied in respect of the account in respect of which the declaration is made, the declarer will notify the relevant deposit taker accordingly, and

(f) contains such other information as the Revenue Commissioners may reasonably require for the purposes of this Chapter.

(3) Subsection (2) of section 263 shall apply as respects declarations of the kind mentioned in this section as it applies as respects declarations of the kind mentioned in that section.

(4) Section 261 shall apply in relation to any relevant interest paid in respect of any relevant deposit held in a special savings account as if the following paragraph were substituted for paragraph (c) of that

section:

“(c) the amount of any payment of relevant interest (being relevant interest paid in respect of any relevant deposit held in a special savings account) shall not, except for the purposes of a claim to repayment under section 267 (3) in respect of the appropriate tax deducted from such relevant interest, be reckoned in computing total income for the purposes of the Income Tax Acts,”.

(5) An account shall cease to be a special savings account if any of the conditions mentioned in subsection (1) cease to be satisfied, and subsection (4) shall not apply to any relevant interest in respect of any relevant deposit held in the account which is paid on or after the date on which the account ceases to be a special savings account.