



Your Annual ISA Allowance

Use it or Lose it!

Information in this document is valid for tax year 2023/24

Protect Your Money From The Taxman

ISAs are a very tax efficient investment and the last few tax years have seen significant increases in ISA limits and new rules introduced, providing more flexibility for savers.

It is very important that you fully utilise your annual ISA allowance where possible, as once the ISA deadline passes you lose any unused allowance forever.

Remember you have until April 5th each year to utilise your ISA allowance.

What is my annual ISA allowance?

For the 2023-24 tax year the maximum amount you can save into an ISA is £20,000 per individual or £40,000 for a couple.

ISA benefits

- Tax free investment of up to £20,000 per individual or £40,000 for a couple
- You can purchase a cash only or a stocks and shares ISA, or split your ISA allowance between both types of account
- You will have no capital gains tax to pay on the returns from your ISA investment
- You will have no further income tax to pay
- You don't have to mention ISAs on your tax return
- You don't need to hold an ISA for a fixed term (although a Stocks and Shares ISA should be regarded as a long-term investment)
- You can withdraw funds from your cash ISA and replace it within same tax year without effecting your ISA allowance for that year. **Note:** *not all providers offer this facility so it's important to check first before you withdraw any funds.*

Who can open an ISA?

You must be:

- 16 or over for a cash ISA
- 18 or over for a stocks and shares ISA
- resident in the UK

Lifetime ISA

The Lifetime ISA (LISA) was introduced to help savers buy a first home or save for retirement. The maximum amount that can be contributed each year is £4,000 which is topped up by a 25% cash bonus from the Government. It is important to remember that any funds you pay into a LISA form part of your overall annual ISA allowance. LISAs are available as cash or stocks and shares ISAs to anyone who is UK resident aged between 18 and 39. Once you reach 40 you can continue to save into your LISA until you reach age 50. The maximum potential cash bonus for a saver contributing the maximum amount each year from age 18 through to age 49 is £32,000 (under current tax rules). If you use it to purchase a property you must be a first-time buyer, the property value must be less than £450,000 and the LISA account needs to have been open for a minimum of 12 months after you make your first payment into the LISA.

If you use your LISA to save for retirement, you can access the funds once you reach age 60 but if you withdraw funds prior to this, you will be charged a penalty of 25% of the amount you withdraw. However, you can transfer to another Lifetime ISA with a different provider without incurring a charge.

LISAs are available per person so a couple who are both first-time buyers can each open a LISA and use the funds and bonus from both accounts towards the purchase of their first home.

Help to Buy ISA

The Help to Buy ISA closed to new accounts at midnight on 30 November 2019 but if you have already opened a Help to Buy ISA (or did so before 30 November 2019), you will be able to continue saving into your account until November 2029.

The scheme was introduced purely to assist first time buyers save for their first home and savers receive a bonus top up from the Government of 25% for every £200 saved, up to a maximum of £3,000 per account (or £6,000 per couple). The bonus is received when you buy your first home and your solicitor or conveyancer will apply for the bonus on your behalf. Once received the money will be put towards the cost of your new home. To be eligible you must be a first-time buyer and not already own a property either inside or outside the UK.

The bonus is available on homes worth up to £250,000, (or £450,000 in London). If you are buying a property with shared ownership, you'll only get the bonus if the total property price is under £250,000 (£450,000 in London) – it's not based on the price of the proportion you're buying. You have until November 2030 to claim your bonus.

Note: *if you hold both a LISA and a Help to Buy ISA, you can only use the bonus from one of them towards purchasing a home.*

ISA transfers on death

The value of an ISA can be transferred on death, free of tax, to the surviving spouse or civil partner by way of an increased ISA allowance. This allows the surviving spouse or civil partner to invest an amount equivalent to

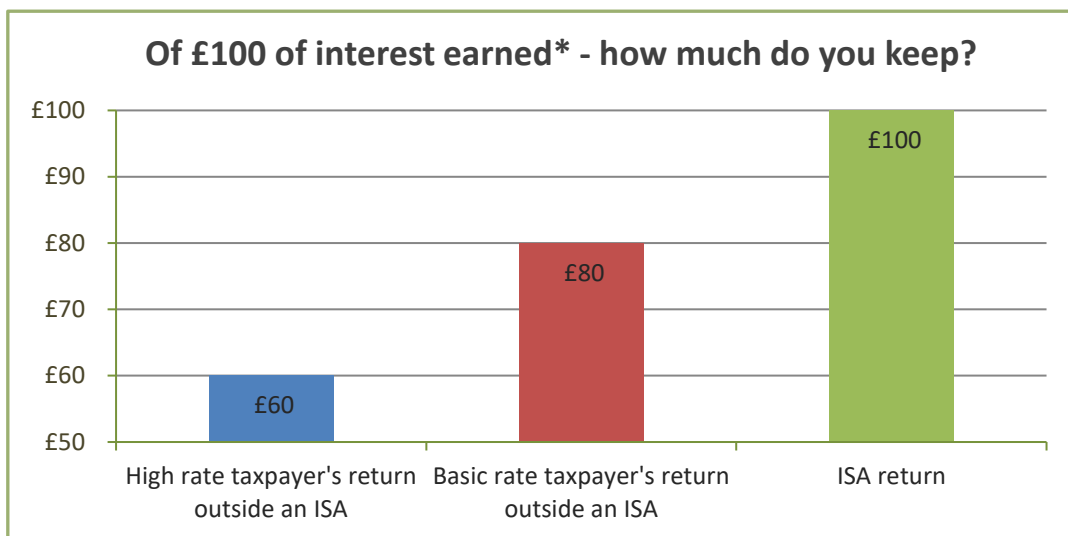
the deceased's ISA into their own ISA via a one-off allowance in addition to their normal annual ISA limit for the tax year. This does not have to be the actual assets held within the deceased's ISA – the surviving spouse can make contributions up to their new allowance from any assets. Note this is only available to couples who are married or in a civil partnership.

Put your savings where the Taxman can't touch it

Investing in an ISA means you have the benefit of not having to pay tax on your investment returns, both capital growth and/or income. You could therefore build up a substantial sum over the years by investing in cash, equities or corporate bonds to provide growth or income, which you can withdraw whenever you wish.

Bonds and Cash

Interest from bonds and cash held within an ISA are not subject to income tax. Where interest is generated outside of an ISA, amounts above the new Personal Savings Allowance for a basic rate taxpayer would normally be subject to tax at 20% and higher rate taxpayers would normally be subject to 40% tax on the gross interest amount.

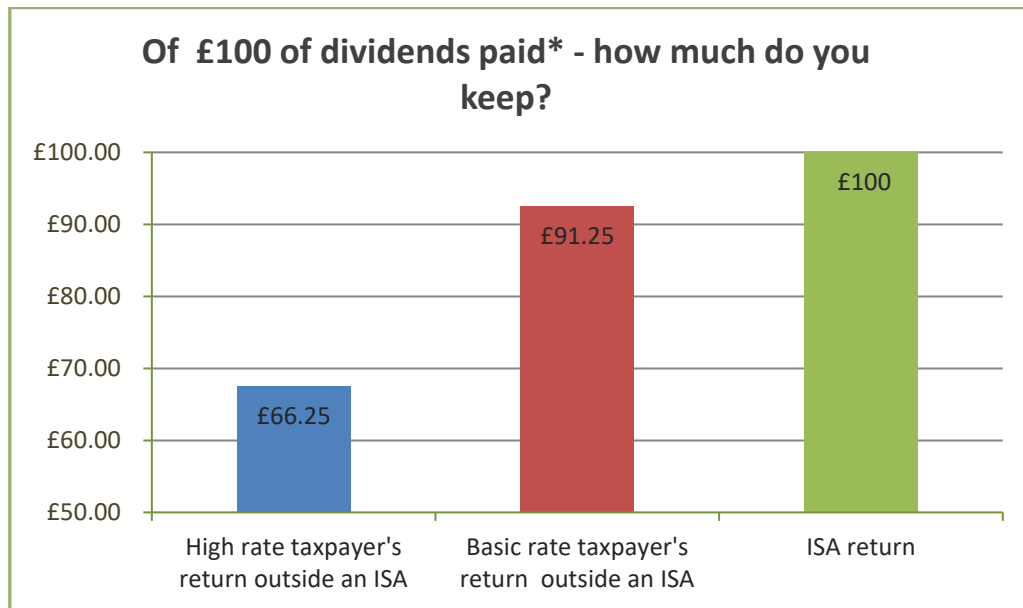


* above the Personal Savings Allowance

Income from Share Dividends

If you are a basic rate taxpayer, dividend income received that exceeds the Dividend Allowance (£1,000 for 2023/2024) will be taxed at 8.75%. You have no further personal income tax to pay on dividend income held inside or outside of an ISA.

However, if you are a higher rate taxpayer you would normally be subject to a 33.75% tax on dividend income that exceeds the new Dividend Allowance.



* above the Dividend Allowance

Capital Gains

All returns from your ISA are completely free from CGT. Any gains you make from investments that are outside an ISA, over and above the annual CGT allowance, are subject to 10% tax for Basic Rate payers and 20% for Higher Rate tax payers.

ISA Investment Conditions

Anyone aged 18 or over and who is a UK resident can invest in a Stocks and Shares ISA.

As 'individual' accounts, money that is to be invested in an ISA must belong to the person making the application.

A married couple can each have their own ISA and shelter up to £40,000 between them.

If utilised year on year, it's easy to see how you could build a substantial tax efficient portfolio over a relatively short period of time.

Tax

All figures reflect our understanding of current legislation and available data. The guidance contained is subject to the UK regulatory and taxation regime and is aimed at consumers who are based in the UK.

Notes

The value of investments can go down as well as up and you may get back less than you invested. The value of tax savings (and eligibility to invest in an ISA) will depend on individual circumstances.

Tax rules may change in the future. Before taking any decisions, we suggest you seek advice from a professional financial adviser. Jackson Jeffrey Independent Financial Services is a trading name of Jackson Jeffrey Financial Services Ltd. Jackson Jeffrey Financial Services Ltd is a limited company registered in England and Wales. Registered number: 6916339. Registered office: Leofric House, Binley Road, Coventry, CV3 1JN.