
INDIVIDUAL SAVINGS ACCOUNTS (ISAs): INCREASING ISA LIMITS FOR PEOPLE AGED 50 AND OVER AND INCREASING ISA LIMITS FOR ALL

Who is likely to be affected?

1. People aged 50 and over and all individuals who invest in Individual Savings Accounts (ISAs).

General Description of the measure

2. The ISA limit will be raised to £10,200, up to £5,100 of which can be saved in cash. The new limits will apply to people aged 50 and over in 2009-10 and for all ISA investors from 2010-11 onwards.

Operative date

3. Raising the ISA limits for people aged 50 and over for 2009-10 will have effect on and after 6 October 2009, and raising the ISA limit to the same level for all ISA investors will have effect on and after 6 April 2010.

Current law and proposed revisions

4. Under the powers in section 694 of the Income Tax (Trading and Other Income) Act 2005 (ITTOIA), The Individual Savings Account Regulations 1998 (Statutory Instrument 1998/No 1870 as amended) provide the rules and regulations for the ISA scheme.
5. The existing ISA regulations stipulate that the overall annual subscription limit for an ISA is £7,200 of which up to £3,600 can be saved in a cash ISA with one provider. The remainder can be invested in stocks and shares with either the same or another provider.
6. There are two different commencement dates for this measure. From 6 October 2009, the ISA limit will increase to £10,200, up to £5,100 of which can be saved in cash for people aged 50 or over. From 6 October, those aged 50 and over will therefore be able to deposit £10,200 into their 2009-10 ISA, up to £5,100 of which can be in cash.

7. From 6 April 2010, the ISA limit will increase to £10,200, up to £5,100 of which can be saved in cash for all ISA investors. From 6 April 2010, all savers will therefore be able to deposit £10,200 into their 2010-11 ISA, up to £5,100 of which can be saved in cash.
8. The ISA regulations will be amended by Statutory Instrument to reflect these changes. From 6 October 2009 the ISA limits for people aged 50 and over will be raised to £10,200, up to £5,100 of which can be saved in cash in the tax year ending on 5 April 2010. The ISA limits will be raised for all ISA investors to the same level from 6 April 2010.

Further advice

9. If you have any questions about this change, please contact Stephen Lig on 020 7147 2827 (email: steve.lig@hmrc.gsi.gov.uk). Information about Budget measures is available on the HM Revenue & Customs website at www.hmrc.gov.uk