

Individuals Savings Accounts

Individual savings accounts (ISAs) were introduced on 6 April 1999. They provide a tax efficient environment for savings, building upon the experience of TESSAs and PEPs.

Originally ISAs could include three components: cash, stocks and shares and life insurance. However the life insurance component was abolished in April 2005.

Following a comprehensive review, changes to the ISAs were announced in July 2007 and from April 2008 the main features of ISAs are as follows:

- There are two types of ISAs - cash ISAs and stocks and shares ISAs.
- In each tax year individuals may subscribe to one cash ISA and one stocks and shares ISA.
- There is no income tax to pay on the income received from ISA savings and investments, nor is there any tax to be paid on capital gains arising from ISA investments.
- Individuals have the right to access their money at any time; there are no statutory lock-in periods.
- Funds invested in a stocks and shares ISA can only be transferred to another stocks and shares ISA; however funds invested in a cash ISA can be transferred either to a stocks and shares ISA or another cash ISA.
- All personal Equity Plans (PEPs) became stocks and shares ISAs at April 2008.
- The annual subscription limit was £7,200, of which up to £3,600 can be invested in a cash ISA.

From October 2009 for those aged 50 or over and from April 2010 for all ages the ISA subscription limit is:

- £10,200, of which up to £5,100 can be invested in a cash ISA.

From April 2011 the ISA limits will increase annually with inflation.

Enquiries and Further Information

Enquiries about statistics on ISAs and PEPs should be made to the person listed under the appropriate heading on our contacts list : -

http://www.hmrc.gov.uk/stats/update_calendar/enquiry_2.htm at the following address: Savings statistical enquiries, HM Revenue and Customs, Room 2/69, 100 Parliament Street, London SW1A 2BQ. A telephone number for the contact person is also given at the above link.