

A. Individuals Savings Accounts

1. 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, the ISA could include three components: cash, stocks and shares and life insurance. However, the life insurance component was abolished in April 2005.
2. Following a comprehensive review, changes to the ISA scheme were announced in July 2007. From April 2008 the main features of ISAs are as follows :
 - There are two types of ISA - cash ISAs and stocks and shares ISAs.
 - In each tax year individuals may subscribe to one cash ISA and one stocks and shares ISA.
 - The annual subscription limit is £7,200, of which up to £3,600 can be deposited in a cash 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

B. Enquiries and Further Information

1. Enquiries about statistics on PEPs and ISAs should be addressed to Alistair Morton, HM Revenue and Customs, 2/69, 100 Parliament Street, London SW1A 2BQ, telephone 0207 147 2922 / 2939.