

# New tax year, new ISA allowance

## A tax-efficient way to help you minimise the tax you pay

No one knew back in 1999 how popular Individual Savings Accounts (ISAs) would become but with £443 billion<sup>[1]</sup> now held in ISAs, they've established themselves as a core option for saving and investing in a tax-efficient way to help minimise the tax you pay on the proceeds.

### A NISA way to save or invest

Alongside the major reforms announced in Budget 2014, from 1 July 2014 ISAs will be reformed into a simpler product, the 'New ISA' (NISA), with an overall limit of £15,000 per tax year. The Government is also abolishing the rule that says only half can be saved in cash.

The limits for Junior ISAs and Child Trust Funds are also to be raised from £3,720 to £4,000.

### NISA limits

- From 1 July 2014, the overall New ISA (NISA) limit for 2014/15 will be £15,000, up from the current £11,880
- The NISA will also offer you the option to save your whole NISA allowance of £15,000 in cash, stocks and shares, or any combination of the two

### For example, from 1 July you could choose to save or invest:

- £15,000 to a Cash NISA and nothing to a Stocks & Shares NISA
- £15,000 to a Stocks & Shares NISA and nothing to a Cash NISA
- £5,000 to a Cash NISA and £10,000 to a Stocks & Shares NISA
- £10,000 to a Cash NISA and £5,000 to a Stocks & Shares NISA – under the new rules you will be able to split the NISA allowance as you wish between a New Cash ISA and New Stocks & Shares ISA

### Transferring existing savings from a Stocks & Shares NISA to a Cash NISA

From 1 July 2014, any money you have in a Stocks & Shares NISA can be transferred to a Cash NISA. You should not withdraw sums from your Stocks & Shares NISA in order to deposit it into a Cash NISA yourself. If you do, any amount that you pay in will count as a fresh payment against the overall NISA limit of £15,000.

Different transfer rules will apply, depending upon when you paid into your Stocks & Shares

account but if you put money into your Stocks & Shares account between April and July 2014, this sum must be transferred as a whole.

Other amounts from previous years may be transferred as a whole or in parts, as you wish; however, not all ISA providers will allow part transfers. ■

Source data: [1] [www.hmrc.gov.uk/statistics/isas/statistics.pdf](http://www.hmrc.gov.uk/statistics/isas/statistics.pdf)

*The value of investments can go down as well as up and you may not get back the amount invested. The value of tax savings in an ISA depends on individual circumstances.*

*Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of and reliefs from taxation are subject to change.*

*Junior ISAs are only available to UK resident children under 18 who do not have a Child Trust Fund (CTF).*

*Please note that if your child was born between 1 September 2002 and 2 January 2011 the Government would have automatically opened a CTF on your behalf, so your child will not be eligible for a Junior ISA. The investment is locked away until the child reaches 18 years old.*

*The Financial Conduct Authority does not regulate Tax Advice and Cash ISAs.*

### DID YOU KNOW?

You are able to open one Cash NISA and one Stocks & Shares NISA each tax year. However, once open, you can transfer your Cash or Stocks & Shares NISA between providers as many times as you wish. Annual NISA allowances are aligned with the tax year, from 6 April to 5 April.

### WHY PAY TAX ON YOUR SAVINGS AND INVESTMENTS IF YOU DON'T NEED TO?

Whether you're new to ISAs or looking to grow your ISA portfolio, we can help. Please note that amounts invested between 6 April and 30 June will count towards your increased £15,000 allowance for the 2014/15 tax year which will be introduced on 1 July. To discuss the options available, please contact us.

