



# SAVING WITH A TAX- EFFICIENT ISA

Time is running out to use your 2023/24 ISA allowance



# MAKING THE MOST OF YOUR ISA ALLOWANCES

Investing in an Individual Savings Account (ISA) is a tax-efficient, flexible method for future planning. One of the most attractive features of an ISA is its tax benefits – it's immune to both Income Tax and Capital Gains Tax on any growth within the fund or on income you withdraw. This makes contributing to an ISA an intelligent decision for those looking to grow their wealth while minimising tax liabilities.

However, remember that if you don't utilise your annual ISA allowance before the end of this tax year on 5 April 2024, it will be lost, resetting on 6 April. Maximising your ISA allowance is crucial to reap the full benefits of this savings tool.

## Spreading your ISA allowance

You can distribute your ISA allowance between multiple types of ISAs, such as a Cash ISA and a Stocks & Shares ISA, this allows you to diversify your investments and potentially spread the risk. They can be with different providers, but your total payments into them can't be more than your £20,000 annual ISA

allowance and currently you can only pay into one of each type per tax year.

Alternatively, you can presently choose to invest the entire £20,000 ISA allowance into one type of ISA, depending on your financial goals and risk tolerance. For married couples, there's an additional advantage. You can combine your ISA allowances, enabling you to put up to £40,000 in ISAs between you. This effectively doubles the amount you can save tax-efficiently annually, significantly boosting your joint financial planning.

## Autumn Statement 2023 ISA rule changes

Significant changes are coming to ISA rules. From 6 April 2024, savers and investors will have more freedom to pay into more than one of each type of ISA annually. Announced during the Autumn Statement 2023, this is considered one of the most considerable shake-ups of ISA rules for many years.

The new rules are designed to provide further flexibility, enabling savers and investors to move between different providers. By allowing multiple subscriptions to

ISAs of the same type every year, the government aims to stimulate competition among providers. This will increase flexibility and choice and support the development of long-term investment products.

## New ISA rules for tax year 2024/25

- The government will allow multiple subscriptions to ISAs of the same type every year starting 6 April 2024.
- Partial transfers of ISA funds are allowed between providers starting 6 April 2024.
- Removal of the requirement to reapply for an existing dormant ISA from 6 April 2024.
- Expanding the Innovative

Finance ISA to include Long-Term Asset Funds – Long-Term Asset Funds to be permitted investments in the Innovative Finance ISA from 6 April 2024.

- Expanding the Innovative Finance ISA to include open-ended property funds with extended notice periods – Open-ended property funds with extended notice periods are to be permitted investments in the Innovative Finance ISA from 6 April 2024.
- Certain fractional shares contracts are to be allowed as eligible ISA investments (the government will engage with stakeholders on implementation).

- Digitalisation of the ISA reporting system to enable the development of digital tools to support investors announced.
- The government will harmonise the account opening age for any adult ISAs to 18 from 6 April 2024.

**Do you want to understand ISAs, their suitability for your financial goals and the variety of available ISA options?**

If you're keen on leveraging your ISA allowance to amass your wealth tax-efficiently, or if you're considering a review of your current ISA plans, please get in touch with us sooner rather than later to take advantage of your 2023/24 ISA allowance.

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