



## Help to Buy: ISA

## About TISA

TISA is a not-for-profit membership association operating within the financial services industry. The focus of our recommendations and actions is improved outcomes for consumers and UK plc with this approach leading to a stronger UK financial services industry.

## Scheme Name

It is a requirement to refer to the scheme fully as **Help to Buy: ISA**

The only acceptable exception for social media with limited text is **HtB: ISA**

Within any non-prescriptive customer facing document, **Help to Buy: ISA** must be used at least once fully with an abbreviation following in brackets. The abbreviated version may then be used within text. The full text however must be used in headers.

### Design - Scheme

The Help to Buy: ISA is a cash ISA

Existing cash ISA rules will apply but there are some additional requirements to a cash ISA

- Only available to first time buyers
- Only 1 Help to Buy: ISA can be held at any time

Help to Buy: ISAs can only be opened for 4 years from 1<sup>st</sup> December 2015

There is no limit on how long the account can remain open

### Design - Savings

Interest received is tax free

A monthly maximum saving limit of £200 applies

An additional £1,000 can be deposited when the account is first opened

Investors cannot open another cash ISA

Any savings over £200 per month must be outside of the cash ISA environment

### Design - Bonus

The government will provide a tax free bonus for every saver who uses the scheme

The government bonus will represent 25% of the amount saved in the Help to Buy: ISA, this includes any interest earned in the Help to Buy: ISA

The minimum bonus is £400

The maximum bonus is £3,000

## Design – House Purchase

The government bonus will only be paid at the point the first home is purchased

The government bonus can only be used towards a property the saver (first time buyer) intends to live in

The government bonus can only be put towards a first home that is in the UK

- Maximum purchase price in London is £450,000
- Maximum purchase price outside of London is £250,000
- Savers (first time buyers) buying a first property together can each receive a bonus

## Offering a Help to Buy: ISA

ISA managers must follow a prescribed on-boarding process to participate in the Help to Buy: ISA scheme

### Opening a Help to Buy: ISA

Investors must complete a cash ISA application form and an Eligible Customer Declaration

A National Insurance Number (NINO) must be provided

Only 1 Help to Buy: ISA may be held at any time

If an investor has previously closed a Help to Buy: ISA and not claimed a bonus they can open a new Help to Buy: ISA

### Payment Limits

- A monthly maximum saving limit of £200 is in place
- An additional £1,000 can be deposited in the month the account is first opened

Any unused payment limits cannot be carried forward

There are no minimum payment limits

All payments made are within the investor's annual ISA allowance (not in addition to the allowance)

*Month for this purpose means a whole calendar month (from the first to the last day of that month)*

## One-ISA-Of-Each-Type-Per-Tax-Year Rule

Subscriptions made to a Help to Buy: ISA are a cash ISA subscription and an investor cannot subscribe to more than one cash ISA in any tax year

ISA managers may choose to offer a 'portfolio ISA' or 'wrapper' containing a Help to Buy: ISA product which maintains one cash ISA and allows for multiple products to be held under that wrapper

## ISA Transfers

There are three types of transfer involving a Help to Buy: ISA

- Transfers between Help to Buy: ISAs
  - Allowing investors to move between Help to Buy: ISAs
- Transfer from a Non Help to Buy: ISA into a Help to Buy: ISA
  - Allowing investors to use existing ISA monies to deposit into a Help to Buy: ISA
  - The transfer value of any transfers from a Non Help to Buy: ISA are subject to the opening and monthly allowance
  - Current year ISAs can only be transferred in full (monies may need to be withdrawn first)
  - Previous year ISAs are not reported as a subscription (no new ISA monies are being subscribed)
- Transfers Out of a Help to Buy: ISA
  - Treated as a closure where transferring to a Non Help to Buy: ISA

### ISA Closure for Bonus Claim

To claim a Bonus an investor must close their Help to Buy: ISA

The ISA manager will provide the investor with closing documents containing specific information

The investor must make a bonus claim through a conveyancer participating in the scheme within 12 months of the date the Help to Buy: ISA was closed

### Bonus Claim Amount

The below table shows indicative bonus amounts that can be claimed based on the ISA balance at closure

<i>ISA Balance</i>	<i>Bonus amount</i>	<i>Notes</i>
<i>Less than £1,600</i>	£0	The minimum bonus is £400
<i>£1,600</i>	£400	
<i>£5,000</i>	£1,250	
<i>£12,000</i>	£3,000	
<i>More than £12,000</i>	£3,000	The maximum bonus is £3,000

### ISA Reinstatement

If the property purchase falls through the investor can reinstate the Help to Buy: ISA monies into a Help to Buy: ISA with their original ISA manager or into any other ISA

The conveyancer will provide proof to the investor which must be to be provided to the ISA manager by the investor with their reinstated funds

Any bonus claimed will be returned to HMT by the conveyancer

The investor can make a future claim on any monies reinstated to a Help to Buy: ISA

### Key Dates

- 1 December 2015  
The Scheme Commencement Date when eligible ISA Managers can make their product offering available
- 30 November 2019  
The last date on which a Help to Buy: ISA can be opened
- 1 December 2030  
Last date that an investor can save into a Help to Buy: ISA  
The final date by which an investor can make a claim for a bonus related to their Help to Buy: ISA

### For more information – please contact

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