

# ISA ROUNDUP



## TISA'S ISA NEWSLETTER

Welcome to the first edition of ISA Roundup. We hope you find it useful, please do give us your feedback and let us know if you have colleagues who would benefit from receiving a copy.

### ISA Statistics 2016/17

The annual ISA statistics were issued by HMRC on 31 August 2017. These statistics identify the number of accounts subscribed to, the total amounts subscribed and the average subscription to each type of ISA and Junior ISA (JISA). The statistics can be accessed here on the TISA website.

For stocks & shares ISAs, in comparison to 2015/16, there was a small increase in the number of accounts subscribed to, the total amount subscribed and the average subscription to each account whereas for cash ISAs, there was a noticeable reduction in both the average subscription to each account and the number of accounts subscribed to and a significant reduction in the overall amount subscribed during the tax year, falling from approximately £59 billion in 2015/16 to £39 billion in 2016/17. The obvious reasons to explain such reductions include the continuation of record low interest rates and the introduction of the Personal Savings Allowance (PSA) in April 2016.

The 2016/17 tax year saw the introduction of the new innovative finance ISA and this first year of statistics shows that the take up was relatively low with just 2000 accounts being subscribed to and a total amount subscribed circa £17 million. It is however, early days for these new ISAs and there are currently many new HMRC authorised innovative finance ISA managers preparing to join the party so I think we can probably expect to see a significant increase to these statistics for the 2017/18 tax year. For JISAs, around 794,000 and Junior ISA accounts were subscribed to in the fifth full financial year (2016/17) since the scheme was launched, up from 738,000 in 2015/16 although there was a small fall in the total amounts subscribed and the average subscription per account.

### Tax Status of ISAs after death – new rules!

April 2018 will see a change to the treatment of ISAs after the date of death. In summary, ISAs will maintain their tax efficient status until such time that the administration of the deceased's estate is finalised and the former ISA (to be called the 'continuing deceased account') is closed by the ISA manager. These changes will impact on the current additional permitted subscription (APS) ISA rules and will permit, in certain circumstances, a surviving spouse to receive a potentially higher APS allowance if the value of the former ISA assets have increased since the date of death up until the point of the account closure.

### TISA's First ISA Spring Conference

TISA is holding an interactive ISA conference in February 2018 with dates in London and Edinburgh. This full day event will focus solely on the ISA and attendees will hear current views from HMT, from industry on their experiences of the recent ISA changes and what customers and statistics are telling us, key developments in ISAs over the last 18 years in both structure and service delivery and where next for the ISA.

There will be an interactive element to the day where attendees will be asked their views on the biggest obstacle to ISA customers and the biggest obstacle to ISA managers. Breakout sessions will explore the key themes raised to identify pathways to explore and address those issues.

This provides a unique opportunity for ISA managers to feed into a combined view of how best to address current issues and ensure popularity of the ISA continues. For further details please see [here](#).

### Lifetime ISA Update

The Lifetime ISA became part of the ISA family on 6 April 2017. There are currently 7 managers authorised to offer the Lifetime ISA plus a small number of managers who have recently been approved. HMRC believe that they are still on track to achieve their planned number of investors by April 2018.

One of the key differences with the Lifetime ISA, in comparison to other ISA types, is the new digital reporting that managers are required to install and implement prior to acquiring HMRC authorisation and launching their Lifetime ISA. The system for

2018 onwards is being developed and from 2018/19, the system will operate digitally enabling monthly bonus claims and withdrawals to be reported to HMRC. Other types of ISA will continue to require an annual return of information submitted after the end of each tax year. HMRC have recently been working in what they refer to as the discovery stage for Phase 2 which covers withdrawal charges, monthly bonus claims and first time residential property purchases ready for 2018/19. They will be liaising with the Law Society and other conveyancing bodies to discuss the property purchase process in further detail in the coming weeks.

They are still accepting private beta registration requests from managers who are planning to offer the Lifetime ISA in the near future.

We will watch with interest to see how the Lifetime ISA develops and how many more ISA managers decide to take the plunge and offer a Lifetime ISA. TISA will be running some further updated Lifetime ISA workshops in November and December.

### New HMRC ISA Team

HMRC is happy to receive queries from ISA managers through TISA, or directly from any ISA manager. Email queries will be quickly redirected to the appropriate person to answer if they are sent to:

[savings.audit@hmrc.gsi.gov.uk](mailto:savings.audit@hmrc.gsi.gov.uk)

HMRC's Savings Technical team visited the TISA office in September and discussed a range of issues. The Savings Technical team in Bootle is now headed by Andrew Kayley who joined the team in early July. He has swapped Charities & Gift Aid for Banks, Building Societies & ISAs.

ISA managers who have queries about ISAs & Child Trust Funds should contact HMRC at:

[savings.audit@hmrc.gsi.gov.uk](mailto:savings.audit@hmrc.gsi.gov.uk)

### ISA Guidance Notes – Change in format

TISA was informed several months ago that there was likely to be a change in the way the HMRC Guidance Notes for ISA managers can be accessed on GOV.UK. There is currently a PDF version available which member firms appear to find extremely effective and helpful however, we are informed that this method will no longer be used going forward. TISA has asked HMRC whether any alternative options may be available to retain the Guidance Notes in their current format.

HMRC have, to date, informed us that they are looking at improving their Guidance Notes for ISA managers & Child Trust Fund Guidance Notes for providers in 2018. The improvements will make it easier to find the relevant section of guidance that ISA managers need to refer to and will make the Guidance Notes more digital. Sections of the Guidance Notes will be more readily accessed directly from GOV.UK without having to print out the full 300+ pages of guidance.

TISA will contact member firms if, and when, any changes come into force.

### Upcoming ISA Training Dates

26 October – ISA Repairs/Voids – Edinburgh

7 November – Lifetime ISAs – Edinburgh

9 November – ISA Key Facts – London

23 November – ISA APS – London

30 November – ISA Transfers – Edinburgh

7 December – Lifetime ISAs – London

Further details can be found on the TISA website [here](#). Details will be uploaded shortly for dates and sessions in 2018.

### TISA's Cash & Investment Savings Technical Committee

TISA has expanded the remit of the Cash and Investment Savings Technical Committee to cover Policy matters while still retaining the focus on the technical matters and output that are key to our membership.

The new Cash and Investment Savings Policy Council will consider, advise and lead industry initiatives that improve the cash and investment savings landscape in the UK for consumers and will act as a focal point and conduit for TISA on cash and investment saving matters pertaining to retail financial services in the UK.

If you are a TISA member and would like to get involved in the new Council, please email:

[engagement@tisa.uk.com](mailto:engagement@tisa.uk.com).