

Withdrawals replaced in any current year ISA example

Mr Andrews subscribes £10,000 to his flexible cash ISA on 6 April 2017. On 12 May he withdraws £2,000. His 'net' current year subscriptions at this point are £8,000 and he can use the balance of his annual subscription limit of £12,000 (£20,000 less £8,000) as he chooses between his cash ISA and any stocks and shares, innovative finance or Lifetime ISA he subscribes to in 2017-18.

Withdrawal over subscription limit example

Mr Peel subscribes £20,000 to his flexible cash ISA on 6 April 2017. On 1 October interest of £200 is credited to the account and on 30 October Mr Peel withdraws £20,200. His 'net' current year subscriptions at this point are £nil and he can use his full annual subscription allowance of £20,000 as he chooses between his cash ISA and any stocks and shares, innovative finance or Lifetime ISA he subscribes to in 2017-18. The withdrawal over and above the amount subscribed of £200 (£20,200 - £20,000) can only be replaced in his cash ISA.

Replacement of flexible ISA previous year funds example

Ms Coates subscribes £20,000 to her flexible stocks and shares ISA on 6 April 2017. On 1 October the value of the investments is £22,000 and she sells investments and withdraws cash of £21,000. Her 'net' current year subscriptions at this point are £nil and she can use her full annual subscription allowance of £20,000 as she chooses between her stocks and shares, any cash, innovative finance or Lifetime ISA she subscribes to in 2017-18. The withdrawal over and above the amount subscribed of £1000 (£21,000 - £20,000) can only be replaced in her stocks and shares ISA.

Replacement of flexible ISA not counted as subscription example

Mr Kennedy has previous year funds of £20,000 in his cash ISA. On 6 April 2017 his ISA manager changes the account terms and conditions to offer flexibility and on 8 April Mr Kennedy makes current year subscriptions of £5,000. On 8 June Mr Kennedy withdraws £12,000. The withdrawals are deemed to be firstly the £5,000 current year

subscriptions, and secondly £7,000 of previous year funds. At this point Mr Kennedy's 'net' current year subscriptions are £nil and he can use his full 2017-18 annual subscription limit of £20,000 between his cash ISA and any stocks and shares, innovative finance or Lifetime ISA he subscribes to in 2017-18. He can replace the £7,000 previous year funds only with his cash ISA manager - at any time before 6 April 2018.

If Mr Kennedy has not made any current year subscriptions, the withdrawal of £12,000 on 8 June would all have been of previous year funds. Mr Kennedy could replace them at any time before 6 April 2018 in this cash ISA. And he could use his 2017-18 year subscription allowance between one cash, one stocks and shares, one innovative finance and one Lifetime ISA as he chooses.

Gap year in continuous application example

Miss Welch subscribes to her cash ISA with manager A in each of the tax years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 under a continuous application. On 6 April 2017, her ISA manager changes the terms and conditions of her ISA to offer flexibility. Miss Welch makes a withdrawal of £12,000 on 7 April 2017, and replaces £10,000 before the tax year end. Her net subscriptions with manager A for the year 2017-18 are £nil. Because replacement subscriptions do not count as subscriptions for the purpose of the 'one of each type' rule, Miss Welch could subscribe to a cash ISA with another manager in 2017-18. If she wants to make fresh subscriptions in 2018-19 with manager A she must make a fresh application as the replacement subscriptions in 2017-18 do not 'frank' a gap year in relation to a continuous application.

ISA transferred to new manager with subscriptions example

Mr Jones subscribes £10,000 to his flexible ISA with manager A on 6 April 2017. On 1 May 2017, he withdraws £3,000, and on 1 June 2017 'replaces' £1000. On 1 July he transfers his flexible ISA to a manager B. Manager A reports to manager B

- 'net' current year subscriptions of £8,000
- the date of the first subscriptions counting towards the subscription limit of 6 April 2017

Manager B can accept subscriptions up to £12,000 (the annual subscription limit minus 'net' subscriptions of £8,000 up to the date of transfer). Manager B must report the date of first subscription on his annual information return as 6 April 2017. This applies whether or not the account with manager B offers flexibility.

ISA transferred to new manager with nil subscriptions example

Mr Tench opens a flexible ISA on 6 April 2017 with a subscription of £5,000. On 30 September £50 interest is credited to the account and Mr Tench withdraws £5,025. On 1 November he transfers his ISA to a non-flexible cash ISA with manager B. Manager A reports to manager B:

- 'net' current year subscriptions of £nil (£5,000 - £5,025)
- the date of the first subscriptions counting towards the subscription limit of 6 April 2017

Manager B can accept subscriptions up to the annual subscription limit and must report a date of first subscription of 6 April 2017 on his annual information return.

ISA transferred to new manager with minus subscriptions example

Mr Smith has a flexible ISA with a balance of £20,000 at 5 April 2017. On 1 May 2017, he withdraws £3,000, and on 1 June 2017 'replaces' £1000. On 1 July he transfers his flexible ISA to a manager B. Manager A reports the Type of ISA to manager B as X (current year subscriptions not being transferred), no current year subscription details, and no date of first subscription.

Replacing current year income withdrawn prior to transfer example

Mr Harris subscribes £20,000 to his flexible cash ISA with manager A on 6 April 2017. On 1 October interest of £200 is credited to the account and on 30 October Mr Harris withdraws £20,150 leaving a balance of £50 in the account. He then transfers his ISA to manager B. His 'net' current year subscriptions at this point are £nil (£20,000 - £20,150) and he can use his full annual subscription allowance of £20,000 as he chooses between his cash ISA with manager B and any stocks and

shares, innovative finance or Lifetime ISA he subscribes to in 2017-18. The income withdrawn and not replaced before the transfer of £150 (£20,200 - £20,000) cannot be replaced without counting towards the annual subscription limit.

Bulk transfer with replacement subscription allowance example

Mr Jones has a flexible ISA with a balance of £30,000 at 5 April 2017. On 1 May 2017, he withdraws £10,000, and on 1 June 2017 'replaces' £1000. On 1 July there is a bulk transfer of ISAs to manager B. Manager A reports to manager B:

- 'net' current year subscriptions of £nil (£1,000 - £10,000)
- no date of the first subscription (as the £1,000 replacement subscriptions do not count towards the subscription limit)
- that 'previous years' funds of £10,000 have been withdrawn in the current year, of which £1,000 have been replaced

Manager B can accept replacement subscriptions of £9,000, plus subscriptions up to the full annual subscription limit.

Replaced less than withdrawn over two tax years example

Mr Smith has a flexible ISA with a balance of £20,000 at 5 April 2017. On 1 May 2017, he withdraws £3,000, and on 1 June 2017 'replaces' £1000. At the year-end the provider would report net subscriptions of £nil (£1,000 minus £3,000), no date of first subscription (as the replacement subscription does not count towards the subscription limit), and flag the account as a flexible ISA.

Replaced less than withdrawn over one tax year example

Miss Townsend opens a flexible ISA on 6 April 2017 with a subscription of £10,000. On 1 October interest of £100 is added to the account, and on 1 November, Miss Townsend withdraws £10,050. On 1 December 2017 she 'replaces' £25. At the year-end the provider would report net subscriptions of £nil (£10,025 minus £10,050), a date of first subscription of 6 April 2017, and flag the account as a flexible ISA.

One subscription in the tax year example

Mr Bethel subscribes £15,000 to a flexible ISA on 12 April 2017. He makes no other subscriptions and makes no withdrawals in the tax year. At the year-end the provider would report subscriptions of £15,000 a date of first subscription of 12 April 2017, and flag the account as a flexible ISA.

Help to buy ISA example

Miss Cafferty subscribes £200 per month to her Help to Buy: ISA in 2017/18. By January 2018 she has made 10 monthly payments, and has remaining current year subscription headroom of £18,000 (£20,000 minus £2000). If she withdraws £1,000 from her Help to Buy: ISA in January 2018, she can still pay in only £200 per month in February and March 2018. After making these two payments, her available current year subscription headroom to be used in other types of ISA will be £18,600 (£20,000 less 'net' subscriptions to the Help to Buy: ISA of £1,400 (£200 x 12 minus withdrawal of £1,000)).