

## Date of subscription example

- Mr Philips submits a direct debit authorisation to his ISA manager in March 2017. The ISA manager is authorised to draw £100 on the 10th of each month as a subscription to Mr Philip's ISA, starting on 10 April 2017. Despite the authorisation being received in the tax year 2016 to 2017, the ISA subscriptions are made in 2017 to 2018.
- on 1 April 2018 Mr Philips sends another direct debit authorisation to his ISA manager for a single lump sum subscription of £3,000, to be drawn on 1st April 2018. The ISA manager only receives this on 7th April 2018, and so the subscription cannot be made for 2017 to 2018.

## Direct debit indemnity scheme example

Mrs Wright subscribes to a stocks and shares ISA by direct debit in 2016 to 2017. When she examines her bank statement for May 2017 she realises that a further debit has been taken out by the ISA manager by mistake. This means that she has subscribed to the stocks and shares ISA for 2017 to 2018. She successfully claims a refund of the amount debited under the indemnity scheme. She is therefore regarded as never having subscribed to the stocks and shares ISA for 2017 to 2018 and is not restricted in her choice of ISA for that tax year.

## Bed and ISAing example

Mr. Patel holds 1,000 ord. shares in ABC plc outside his ISA. He instructs his ISA manager to sell the shares, and buy them back in his ISA (Bed and ISAing). The ISA manager sells the shares on the stock market on 15 July 2016, and uses the proceeds to buy shares in the same company. The subscription to the ISA takes place on 15 July 2017 (but could be alternative possible dates).

If Mr Patel had waited until, say, 3 April 2018 to make the transaction, the Share Exchange could still be a 2017 to 2018 subscription as the subscription date is the date on which the shares were sold (3 April 2018). If the settlement day falls in the tax year 2018 to 2019 this would also allow the transaction to be treated as a 2018 to 2019 subscription.

## External shares sold to purchase new ISA shares example

Mr Jones holds 1000 ordinary shares in XYZ plc outside his ISA. On 5 April 2018, he instructs his ISA manager to sell the shares, and buy shares in DEF plc in his ISA (not a Bed and ISA). He has also completed (and his manager has accepted) an ISA application for 2017 to 2018. The ISA manager sells the XYZ shares on the stock market on 5 April 2018, but is unable to buy the DEF shares until the following day (6 April 2018). The subscription to the ISA could take place on 5 April 2018. However as above the subscription date can be the date on which the investor's units or shares are sold, the settlement date for the purchase or any date in between that the investor chooses, provided the funds generated by the disposal of the investor's shares are available to meet the purchase on settlement day.

If Mr Jones ISA application had been for 2018 to 2019, the subscription date could be in the new tax year.