

### **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)).