

Stocks and Shares Individual Savings Account (ISA)

What is an ISA?

An Individual Savings Account (ISA) is a tax wrapper that allows you to save, either in cash or stocks and shares, without paying any tax on the money in the wrapper. This includes any returns/growth is tax-free. At MoneyShe/SCM Direct, we only offer a Stocks & Shares ISAs, not Cash ISAs.

The Government tends to review and often increases the annual ISA allowance each year. For the 2024/2025 tax year, the allowance is £20,000.



Cash v Stocks & Shares ISAs

A common question is “what are the differences between a Cash ISA and a Stocks & Shares ISA?” The table below illustrates these:

Cash ISA	Stocks & Shares ISA
<ul style="list-style-type: none">• Similar to normal savings account• Annual tax-free allowance of £20,000• No tax paid on interest• Low-risk• Low return (<2% on average)• Money protected by FSCS up to £85,000 if ISA set up with regulated provider	<ul style="list-style-type: none">• Annual tax-free allowance of £9,000• No tax paid on capital growth or dividends• Recommended for minimum 5-year investment• Riskier depending on investment portfolio chosen• Potential for higher returns and to beat inflation• Money protected by FSCS up to £85,000 if ISA set up with regulated provider



A Stocks and Shares ISA could be for you if:

- You would like tax-free savings, including not paying tax on any capital gains and income (tax from dividend income is deducted at source and cannot be reclaimed)
- You are looking to invest for at least five years
- You haven't used up your full ISA allowance for the current tax year
- You are over the age of 18, living in the UK with a UK bank account or building society
- It is worth noting that the long-term annualised real return (i.e. the return after inflation) from investing in a mix of bonds, equities, and cash has shown it produces higher returns than cash savings accounts or Cash ISAs
- Note: Higher returns tends to be accompanied by higher risk



What are the tax benefits of an ISA?

You pay no tax on any of the returns/growth you receive from your investments held in an ISA. This includes dividends, interest and bonuses, but an ISA investor cannot claim the tax credit, which is attached to a dividend.

You pay no tax on capital gains arising on your ISA investments (losses on ISA investments cannot be used for Capital Gains Tax purposes against capital gains outside your ISA).

You do not have to declare income and capital gains from ISA savings and investments or even tell your tax office that you have an ISA.

Opening an ISA

It takes only 10 minutes to open an ISA account.

- MoneyShe's minimum investment is £10,000 and you must be:
- Aged 18 and over
- Living in the UK with a UK bank or building society account
- A UK resident for tax purposes

Transferring an ISA

If you have an existing ISA with another provider, you can transfer your ISA to an MoneyShe stocks and shares ISA whenever you wish. We accept partial transfers of an ISA (subject to our £10,000 minimum investment level).

You cannot transfer your ISA by closing it and opening a new stock and shares ISA with us. Your existing ISA manager cannot stop you transferring, but they may make you pay an exit charge, or make a charge for selling your existing ISA investments; as MoneyShe only accepts cash transfers (you may want to consider this before transferring your ISA).

The ISA rules allow you to transfer between stocks and shares ISA and cash ISAs as you wish.

However, if you want to transfer the money you have put into your ISA in the current tax year, you must transfer all of it.

You can also transfer all or some of the money you have been putting into your ISA in previous years if you wish.



To open or transfer a ISA please [click here](#)

If you have any questions about a new or existing ISA, please do not hesitate to contact us at enquiries@moneyshe.com


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Important Information: Capital at Risk

The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

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