Stocks & Shares ISA Guide

For the Tax Year 2025/26

TACIT

A Stocks & Shares Individual Savings Account (ISA) is a powerful, tax-efficient vehicle that enables you to invest in a wide range of assets while shielding your returns from UK tax. Whether you are saving for retirement, a major purchase, or simply to grow your wealth, a Stocks & Shares ISA offers flexibility, control, and significant tax advantages.

What are Stocks & Shares ISAs?

A Stocks & Shares ISA is a government-approved tax wrapper designed to help UK residents save and invest over the medium to long term. It allows you to invest in a broad spectrum of assets-including shares, funds, investment trusts, and bonds-without paying UK Income Tax or Capital Gains Tax (CGT) on the returns you receive.

Unlike a Cash ISA, which functions much like a traditional savings account, a Stocks & Shares ISA gives you the opportunity to benefit from the growth potential of the financial markets. All investments held within the ISA belong to you, and you retain full control over how your money is invested and when you access it

What type of ISAs are available?

There are several types of ISAs available to UK residents, but the main options for adults are:

- **Stocks & Shares ISA** – Invest in equities, funds, investment trusts, bonds, and other eligible securities. All capital growth, interest, and dividends are free from UK tax.
- **Cash ISA** – A savings account where interest is paid tax-free.

You can split your annual allowance between different ISA types (except Lifetime ISA, which has its own sub-limit), but you can only open one of each type per tax year.

What is the annual allowance?

The government sets an annual ISA subscription limit, which is the maximum you can pay into ISAs each tax year. For 2025/26, the total ISA allowance is £20,000.

You can allocate this allowance across one or more ISAs (e.g., part in a Stocks & Shares ISA, part in a Cash ISA), but you cannot exceed the total annual limit.

If you do not use your full allowance within the tax year, it cannot be carried forward, and the annual allowance will be lost.

Who is eligible?

You can open a Stocks & Shares ISA if you:

- Are aged 18 or over.
- Are a UK resident for tax purposes (or a Crown servant, or their spouse/civil partner, if posted overseas).

You cannot open or contribute to a Stocks & Shares ISA if you are not a UK resident, except in the circumstances above.

You may only subscribe to one Stocks & Shares ISA per tax year, though you can transfer ISAs between providers at any time.

Who can open a Stocks & Shares ISA?

Only the individual investor can open and manage a Stocks & Shares ISA. If you lack mental capacity, an attorney or deputy can manage the account on your behalf.

You can transfer your ISA between providers without losing tax benefits. Transfers can be made in full or in part, subject to provider rules.

Paying money into a Stocks & Shares ISA

All contributions are considered irrevocable gifts to yourself and cannot be reclaimed or returned once made. Contributions must be made in cash (including electronic transfers and cheques) rather than direct asset transfers.

Contributions can be made as a one-off payment or through regular deposits at any time, subject to the minimum and maximum limit.

What can you invest in?

A Stocks & Shares ISA offers access to a wide range of investments, including:

- UK and international shares
- Investment funds (unit trusts, OEICs, ETFs)
- Corporate and government bonds
- Investment trusts
- Certain alternative investments (subject to HMRC rules)

Why choose a Stocks & Shares ISA?

A Stocks & Shares ISA is a core component of holistic wealth planning, supporting retirement, property purchase, or other major life goals, offering a tax-efficient way to save and invest for your future.

They provide a generous tax-advantaged wrapper, shielding all investment gains from both income and capital gains tax, ensuring every pound of growth remains fully invested and working toward your future prosperity.

Early investment creates significant potential, as even modest regular contributions can accumulate substantial value, when investing in equities and other assets which offer the potential for higher returns than cash savings over the long term.

What are the tax benefits of ISAs?

A Stocks & Shares ISA offers compelling tax efficiencies that significantly enhance long-term wealth accumulation.

- **Complete Tax Exemption** - All investment growth, dividend income, interest earnings, and capital gains within a Stocks & Shares ISA are entirely free from UK taxation, allowing every pound of return to remain fully invested and compound over time.
- **Generous Contribution Allowance** – The current £20,000 annual allowance (2025/26) provides substantial scope for tax-privileged investing, whether through initial lump sums, regular monthly contributions or flexible top-ups.
- **No Reporting Requirements** - You do not need to declare ISA income or gains on your tax return.
- **Inheritance Tax** - While ISAs are not exempt from inheritance tax, they can be transferred between spouses on death, retaining their tax benefits.

This combination of tax benefits creates a powerful long-term savings environment, maximising the potential for significant wealth creation.

What happens if you want to withdraw or transfer funds?

You can withdraw funds at any time. However, unless your provider offers a "flexible ISA," withdrawn amounts cannot be replaced without counting towards your annual allowance.

You can transfer your ISA to another provider at any time, retaining all tax benefits. Transfers must be conducted via the receiving provider to avoid losing ISA status.

On death, your ISA becomes part of your estate, but your spouse/civil partner can inherit the tax benefits through an "Additional Permitted Subscription" (APS).

What is a Flexible ISA?

A Flexible Stocks & Shares ISA offers the same tax benefits as a standard Stocks & Shares ISA but with added flexibility around withdrawals and replacements.

With a flexible ISA, you can withdraw money and then replace it within the same tax year without the replacement counting towards your annual ISA allowance. This means you can access your funds if needed and still make full use of your £20,000 subscription limit for the year.

Flexible ISAs are suitable if you want the ability to access your investments temporarily without losing your annual allowance.

Why a Stocks & Shares ISA may not be suitable?

While Stocks & Shares ISAs provide compelling tax advantages and growth potential, discerning investors should carefully evaluate whether this vehicle aligns with their family's broader wealth objectives.

Here are some key considerations:

- **Investment Risk Profile** – The market-based nature of Stocks & Shares ISAs inherently exposes capital to volatility and potential depreciation. For those prioritising capital preservation or seeking assured returns, a Cash ISA or other low-risk savings options may better complement your risk management approach.
- **Contribution Limits -** The annual £20,000 allowance may not be sufficient for those with larger sums to invest or complex wealth transfer needs.
- **No Additional Tax Relief -** Unlike pensions, ISAs do not benefit from tax relief on contributions.

- **No Control After Death -** ISAs form part of your estate for inheritance tax purposes
- **Liquidity -** While you can access your money at any time, selling investments may take several days, and market conditions may affect the value.

Before opening a Stocks & Shares ISA, it is important to assess whether it aligns with your financial goals, risk tolerance, and investment timeframe.

What happens at death?

When the ISA holder dies, the tax benefits of their Stocks & Shares ISA continue to apply for a period known as the "administration period." This period usually lasts up to two years from the date of death, allowing the estate's executors or administrators to manage the ISA investments without losing the tax advantages.

During this time, the ISA can remain invested and continue to grow free from UK Income Tax and Capital Gains Tax.

Withdrawals can be made to help settle the estate's liabilities or distribute assets to beneficiaries.

No further subscriptions can be made to the ISA after death.

After the administration period ends, the ISA will lose its tax-efficient status, and any further growth or income will be subject to normal taxation rules.

Additional Permitted Subscription (APS)

If the deceased was married or in a civil partnership, their spouse or civil partner may be eligible to make an Additional Permitted Subscription (APS).

This allows the surviving spouse to invest an amount up to the value of the deceased's ISA holdings at death, on top of their own annual ISA allowance, preserving the tax benefits.

Are there minimum amounts that can be invested?

For existing Tacit clients there are no minimum amounts required to open a Stocks & Shares ISA.

Will I be charged a fee?

If you are an existing client, your Stocks & Shares ISA will be managed under your existing service agreement and fee structure, alongside your main investment portfolio.

What type of ISA is available with Tacit?

At Tacit, we focus exclusively on Flexible Stocks & Shares ISAs rather than Cash ISAs, a deliberate strategic choice that reflects our core expertise in investment management and our commitment to delivering superior long-term value for your family.

If you're uncertain whether a Stocks & Shares ISA aligns with your specific situation, your dedicated Tacit relationship manager can arrange a consultation with one of our experienced Financial Planners.

They can provide comprehensive guidance on whether a Cash ISA or alternative savings structure might better serve your financial future based on your particular objectives and risk considerations.

Who is the ISA Plan Manager?

We have strategically chosen to partner with AJ Bell Securities Ltd, a specialist Custodian and ISA plan manager, to administer the regulatory and operational aspects of our ISA offering.

This deliberate separation of responsibilities offers several distinct advantages:

- **Enhanced Security** - Your assets benefit from the robust safeguarding protocols of a dedicated custodian, with assets held separately from our firm's balance sheet.
- **Specialised Expertise -** Our custodian brings focused regulatory expertise in ISA administration, ensuring continuous compliance with evolving tax legislation.
- **Investment Focus -** This partnership allows our investment professionals to concentrate exclusively on portfolio management.

AJ Bell Securities Limited are one of the largest providers of investment platforms and stockbroker services in the UK, and is a member of the London Stock Exchange, authorised by HMRC to act as an ISA manager and authorised and regulated by the Financial Conduct Authority.

This guide is not personal advice. If you're at all unsure of the suitability of an investment for your circumstances, please ask your usual Tacit contact for advice.

Important things to remember

All the solutions we offer involve some form of investment risk and you should be aware that the value of investments can fall in value, so you could get back less than the original capital you invested, and you should regard ISAs as long-term investments.

Whilst the ISA and tax rules we refer to are those that currently apply, they can change over time and their value and how you are taxed will depend on your personal circumstances, and ISA and tax rules at the time.

You have sole responsibility for the management of your tax and legal affairs including all applicable tax filings and payments and for complying with the applicable laws and regulations.

We may provide guidance on using tax-efficient structures such as making use of tax allowances. We are not specialist tax advisers and will not provide you with tax or legal advice and recommend that you obtain your own independent tax and legal advice, tailored to your individual circumstances.

Contact us

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