

WALKERCRIPS

# Stocks & shares ISA guide



# An introduction to stocks & shares ISAs

A stocks & shares ISA is a tax-efficient investment account, allowing you to invest in the stock market without having to pay income tax or capital gains tax on the money you earn from your investments. “ISA” stands for Individual Savings Account, and each UK resident over the age of 18 has an annual allowance (the maximum limit) which they are permitted to invest within an ISA ‘wrapper’.

A stocks & shares ISA allows you to invest in a wide range of shares, funds, investment trusts and bonds.

In this guide we provide an overview of the different types of ISA which are currently available, before focusing on stocks & shares ISAs and what you need to know if you are considering investing in one. Walker Crips offers both stocks & shares ISAs and Junior ISAs (or “JISAs”) but this guide will focus predominantly on the former.

Walker Crips Investment Management Limited does not provide tax advice and you should seek independent professional tax advice or, for further guidance, visit HMRC’s website: [hmrc.gov.uk](https://www.hmrc.gov.uk).

**Any tax advantages mentioned in this guide are based on personal circumstances and current legislation which is subject to change in the future.**

When investing through a stocks & shares ISA it is important to remember that the value of investments can fall as well as rise and you may get back less than you invest.

# What different types of ISA are currently available?

The table below is for information purposes and provides a summary of all the types of ISA available in the current tax year. We at Walker Crips offer stocks and shares ISAs and Junior ISAs. For all other ISAs please seek independent advice.

<b>Stocks &amp; shares ISA</b>	<ul style="list-style-type: none"><li>- Used to invest in a wide selection of eligible investments on the stock market;</li><li>- Investment selections can be made on your behalf by an investment manager via a <i>discretionary</i> service;</li><li>- You may seek the advice of an investment manager to help you select your investments through an <i>advisory</i> service;</li><li>- You can make your own investment decisions without any advice or guidance through an <i>execution-only</i> service, where your ISA provider simply executes the trades you instruct them to make;</li><li>- Although stock market investments have the potential to outperform cash, stocks and shares also carry the risk of losing some or all of your value if prices fall or the companies you have invested in fail.</li></ul>
<b>Cash ISA</b>	<ul style="list-style-type: none"><li>- Lets you earn interest on your cash savings without paying tax on it;</li><li>- Widely offered by banks and building societies as savings accounts;</li><li>- Easy access if you need to withdraw funds quickly;</li><li>- Risk of losing value in real terms, if interest rates stay below inflation.</li></ul>
<b>Junior ISA</b>	<ul style="list-style-type: none"><li>- An ISA for the under-18s where parents or guardians with parental responsibility, manage the account on behalf of the child;</li><li>- Child can take control of the account when they reach the age of 16, but cannot withdraw the money until they turn 18, or convert the JISA into an adult ISA to maintain the same tax advantages;</li><li>- For the current tax year the annual Junior ISA allowance is £9,000;</li><li>- Available as either cash or stocks &amp; shares ISA accounts.</li></ul>
<b>Lifetime ISA</b>	<ul style="list-style-type: none"><li>- Designed to assist 18-39 year olds in saving for their first home, or later life;</li><li>- Currently allow you to invest up to £4,000 per year, with a further 25 % (up to £1,000 per year) government bonus;</li><li>- If you withdraw money before your 60th birthday or for any reason other than buying your first home, or terminal ill health, you will be penalised with a government withdrawal charge of 25 % on the amount withdrawn; effectively deducting the government bonus applied to the funds when they were invested.</li></ul>
<b>Innovative Finance ISA</b>	<ul style="list-style-type: none"><li>- Lets you save by investing money with peer-to-peer lenders;</li><li>- Enables investment in companies via crowdfunding;</li><li>- <b>Higher risk:</b> If the borrower defaults or the provider ceases to operate, your money isn't covered by the Financial Services Compensation Scheme (FSCS).</li></ul>

# Why invest through a stocks & shares ISA?

A stocks & shares ISA is effectively a 'tax wrapper' that can be used to invest in a wide range of different types of investments in a tax-efficient way. Any investment growth or interest earned within a stocks & shares ISA is tax-free.

Investments that pay interest, such as government and corporate bonds, provide 100 % tax-free income if held within an ISA.

All individuals are eligible for a £2,000 tax-free dividend allowance, which is in addition to your personal allowance (the amount you can earn each tax year before you have to start paying tax). Dividends received by pension funds or on shares within an ISA are tax-free and won't impact your dividend allowance.

Any profit you make when selling investments in your stocks & shares ISA is free of Capital Gains Tax (CGT). However, any losses made on your investments in your stocks & shares ISA cannot be used to offset any capital gains liability on your other non-ISA investments. You should always be mindful that the tax benefits of investing through an ISA may change in the future.



# What can you invest in through a stocks & shares ISA?

The different types of investments that can be held in an ISA include:

- Individual stocks and shares;
- Investment trusts;
- Unit trusts;
- Exchange-traded funds (ETFs);
- Corporate and government bonds;
- Open-ended investment companies (OEICs).

## How much can you invest into an ISA?

In the current tax year, the annual allowance that can be invested (or subscribed) into an ISA is £20,000. This £20,000 annual subscription limit has remained unchanged since the 2017/18 tax year. This allowance can be split between one of each of the main types of adult ISA, although the Lifetime ISA has a smaller annual allowance limit of £4,000.

It is not possible to roll over any unused ISA allowance from one year into the next. If you haven't made use of an annual allowance by the last day of the tax year (5th April), you will lose it.

## Requirements to open a stocks & shares ISA

- You must be at least 18 years old (if you are under 18, your parent/guardian may be able to establish a Junior ISA on your behalf);
- You must be resident in the UK (excluding the Channel Islands or Isle of Man)\*;
- You can only subscribe to one of each main type of ISA each tax year, up to a total subscription value of £20,000 (for the current tax year).

\*If you are unsure of your residency status, you can contact your tax office for confirmation or telephone the HMRC helpline on 0300 200 3300.



## What happens to any income from a stocks & shares ISA?

Any income made on investments in a stocks & shares ISA can either be withdrawn, reinvested back into the investment it has come from, or held as cash in your account. Some investment types, such as certain funds, may only allow you to reinvest your income.

## How easily can you access the money invested in a stocks & shares ISA?

Although a stocks & shares ISA should be regarded as a medium to long-term investment (to be held for 5+ years), unlike with a pension, if your circumstances change unexpectedly, it is possible to sell the investments within your ISA and withdraw the proceeds at any time.

However, it should be noted that as investments can fall as well as rise, it might not be an ideal time to sell a particular investment when you need to withdraw funds. If the share is trading below the price you paid for it when you invested, you will make a loss by selling it.

You should also bear in mind that withdrawals from a stocks & shares ISA are not subtracted from your annual ISA allowance. For example, if you had invested £20,000 into your ISA account during the tax year and withdrew £5,000 in cash, you would not be permitted to invest any further sums into the ISA until the next tax year - as you would have already used your full £20,000 annual allowance. Similarly, if you had invested £10,000 during the tax year and withdrew £5,000, you would only be able to pay £10,000 back in as your total annual allowance is £20,000 and doesn't take into account any withdrawals you may make during the tax year.

# Transferring a stocks & shares ISA

It is possible to transfer existing stocks & shares ISAs you may hold elsewhere to Walker Crips. A transferred stocks & shares ISA maintains all the same tax benefits when transferred to the new provider and any investments transferred across do not count as new subscriptions in the current tax year.

## Next steps...

If you would like to find out more about opening a stocks & shares ISA account with Walker Crips please contact our team on 020 3100 8235 or [compass.rose@wcgplc.co.uk](mailto:compass.rose@wcgplc.co.uk).

Further information about our services can also be found at [walkercrips.co.uk/compassrose](https://walkercrips.co.uk/compassrose).





# About Walker Crips

Walker Crips' predecessors first bought and sold shares for clients on the London Stock Exchange in 1914, making it one of the City of London's oldest independent companies.

Today, Walker Crips Investment Management's parent company, Walker Crips Group PLC, is listed on the London Stock Exchange. After more than a century, our core value remains unchanged; to serve our clients and to deliver good customer outcomes.

Walker Crips offers a wide range of services where you can choose your level of involvement in managing your investments. You can make all the investment decisions yourself and simply instruct us when you are ready to do so, you can access our expert advice before making your investment decisions, or you can entrust our investment team to make the investment decisions in accordance with your investment aims and risk appetite.

## Our investment managers

Our investment management team specialise in assisting individual clients and companies with multiple aspects of their wealth; from individual share trading and discretionary portfolio management.

## Get in touch

Speak to us to find out how we can help you.

**Phone** 020 3100 8235

**Email** [compass.rose@wcgplc.co.uk](mailto:compass.rose@wcgplc.co.uk)

# The team



**Mark Entwistle, CFA**  
Investment Director

Mark has been in the investment industry since being hired by Barclays Wealth in 2008. After working as part of the lending team in Barclays Private Bank's Monaco office, Mark later joined the Equity Advisory Dealing desk in London. He is a holder of the CFA Charter and has a decade of experience advising private clients on investing into a range of securities, specialising in individual equities and bonds.



**Steven Moss, Chartered FCSI**  
Investment Director

With over 25 years investment experience, Steven is well regarded within the financial services industry. Having started his career at Barclays and worked within various divisions such as Barclays Stockbrokers, Private Bank and Barclays Wealth, Steven has gained valuable knowledge and expertise essential to help guide investors through financial markets.



**Bill Newton, Chartered FCSI**  
Investment Director

Bill has worked within the investment management industry for the last seventeen years, covering US, European and UK markets. Prior to Walker Crips, he worked within Barclays Wealth for seven years as a Vice President and senior member of the Equity Advisory Dealing Desk in their London headquarters. Bill has been helping clients with Tier 1 portfolios for nearly a decade now and is a Chartered Member of the Chartered Institute for Securities & Investments.

## Important information

**The value of investments and the income arising is not guaranteed and can fall as well as rise, so that you may not get back the amount you originally invested. Past performance is not a reliable indicator of future results.**

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