

London Capital & Finance Plc - In Administration (“LCF”)

This email is intended for holders of **ISA products of LCF only**. The following is a statement prepared and issued today, on behalf of HM Revenue & Customs (“HMRC”).

All enquiries regarding the statement should be addressed to HMRC, using the contact details provided in the statement. A copy of this statement will be placed on the LCF website.

Please read carefully, as you may need to take appropriate action before the end of the tax, being 5 April 2019.



IPD - Technical (Savings)
HM Revenue and Customs

19 March 2019

Voiding of London Capital & Finance Innovative Finance ISAs

HM Revenue & Customs (HMRC) has decided that the Innovative Finance ISAs offered to investors by London Capital & Finance Plc (LCF) did not comply with the requirements of the ISA regulations. The mini-bonds offered by LCF were not qualifying ISA investments because they were not a transferable security.

HMRC has today informed Smith & Williamson representatives (the Administrators of LCF) that all of LCF's ISA accounts have been voided for the 2018/19 tax year, and the previous tax year if opened before 6 April 2018.

This means that,

1. Any subscription that you made into your LCF ISA since 6 April 2018 was not a valid ISA subscription.
2. Funds that you transferred into your LCF ISA from another ISA that you had are no longer held within an ISA wrapper.
3. You can subscribe to another Innovative Finance ISA, or a Cash or Stocks & Shares ISA, subject to the normal rules; the money that you subscribed to the LCF ISA during this tax year will not count towards your £20,000 ISA allowance.
4. Any interest or growth that was paid by LCF on your investment was not paid to you within an ISA wrapper.
5. Interest or growth received from an LCF ISA may be liable to tax depending on your circumstances, and your entitlement to tax reliefs and allowances.

Questions that you might have now that your LCF ISA has been voided by HMRC

Will I have to pay tax on the interest I received while the funds were in the ISA?

Any interest or growth you received from funds invested in the account is savings income and may be liable to tax. This will depend on your total income, how much of that is savings income and whether you are entitled to tax reliefs such as the [Personal Savings Allowance](#).

Wherever possible HMRC will use the information it receives from account providers to calculate any tax due and, if necessary, adjust your PAYE tax code. However, anyone in receipt of income which is not covered by deduction at source, reliefs or allowances is required to notify HMRC. Details of who may need to complete a tax return can be found at: www.hmrc.gov.uk/sa/need-tax-return.htm.

Can I open a new Innovative Finance ISA and subscribe to it before 5 April 2019?

Yes, your LCF ISA has been voided by HMRC and is treated as if it had never been an ISA. So you can subscribe to another Innovative Finance ISA this year.

Can I subscribe the balance of my £20,000 ISA allowance in a Cash, Stocks & shares ISA and/or Lifetime ISA before the 5 April 2019?

Yes, your LCF ISA has been voided by HMRC so your subscriptions to it do not count towards your £20,000 ISA allowance and you can invest it in a Cash, Stocks & Shares ISA or Lifetime ISA (subject to the Lifetime ISA annual limit and age restrictions).

If I receive any cash from LCF's administrators will I be able to place all of it into another ISA account without it counting towards the ISA limits?

No. Any money that you may subsequently receive from the administrators and pay into an ISA will count towards your £20,000 annual ISA allowance in the year in which you receive it. Your ISA with LCF has been voided and any funds within it, or received from the administrators, do not benefit from the ISA rules.

Contact Information;

ISA account holders can contact HM Revenue & Customs by e-mail at savings.audit@hmrc.gsi.gov.uk with questions relating to the ISA rules.