



5 January 2009

ISAs may be affected by savings tax changes from the Conservative Party says fund supermarket Interactive Investor

The abolition of income tax on savings for everyone on the basic rate of tax is among the economic policy proposals announced today by the Conservative Party. Fund supermarket Interactive Investor (www.iii.co.uk) believes that if introduced the change may encourage more consumers to use an ISA for stocks and shares investment purposes rather than just cash.

Rebecca O’Keeffe, head of investment at Interactive Investor, said:

“Any moves to encourage savings and investment are to be welcomed. We will need to see further detail about the proposals but it would seem this may have a small impact on cash ISAs. ISAs currently offer protection from tax on savings income. However, income from stock market or fund investment is treated differently from that on cash savings. The result of the proposed changes could be that basic rate consumers choose to use more of their ISA allowance in stocks and shares rather than cash. This could help to encourage a greater long term investment culture in the UK.

“But what would help even more is if the Government was to increase the ISA allowance to £10,000. The annual ISA allowance is a highly valuable tax break and everyone should explore their options. ISAs remain a key tool for consumers to save efficiently and avoid tax.”

- ends -

About Interactive Investor

Interactive Investor is the UK’s leading personal finance and investment website (www.iii.co.uk). From share dealing to savings, and from ISAs to mortgages, Interactive Investor provides independent tools and information to enable consumers to address all their investment and personal finance needs. Interactive Investor has 1.7 million registered account holders and 600,000 regular monthly users. Interactive Investor Trading Limited, trading as “Interactive Investor”, is authorised and regulated by the Financial Services Authority.

For further information:

Tony Cox, Priya Shah or Simon Maule at Linstock Communications
Tel: 020 7089 2080