A "Bed and ISA" is a way to move investments held outside an ISA (Individual Savings Account) into an ISA, typically involving selling the investments and then repurchasing them within the ISA. This process allows investors to utilize their annual ISA allowance and protect future investment gains from capital gains tax (CGT).

Here's a breakdown of the key aspects and rules:

* + **What it is:**

Bed and ISA involves selling investments held outside an ISA (like in a General Investment Account or GIA) and then using the proceeds to buy the same or similar investments within an ISA.

* + **Purpose:**

The main goal is to shield future investment gains from capital gains tax. Once investments are within an ISA, any profits (dividends, interest, or capital gains) are tax-free.

* + **Eligibility:**

Not all investments are eligible for Bed and ISA. Typically, UK-listed shares, ETFs, and bonds traded in sterling are eligible, but investment funds (OEICs and unit trusts) are usually not.

* + **Capital Gains Tax:**

Selling investments outside an ISA can trigger a capital gains tax liability on any gains above the annual CGT allowance (currently £3,000).

* + **ISA Allowance:**

Bed and ISA transactions count towards your annual ISA allowance, which is currently £20,000 for the 2025/2026 tax year.

* + **One Dealing Charge (Usually):**

While you only pay one dealing charge for the combined sale and purchase within a Bed and ISA transaction, stamp duty (on most UK shares) and potential foreign exchange charges may still apply.

* + **Timing:**

The sale and repurchase are usually done quickly, but there can be a delay, and the value of your investments might fluctuate during this time.

* + **Tax Year Limit:**

You can only move up to £20,000 (your annual ISA allowance) into your ISA through Bed and ISA within a single tax year.

* + **Important Note:**

Before making any Bed and ISA transactions, it's crucial to understand the potential costs (including CGT, stamp duty, and FX charges), the impact on your ISA allowance, and the potential fluctuations in investment value during the process.

* + Bed and ISA - ii - Interactive Investor

Bed and ISA rules ... You can use a Bed and ISA to move investments that are UK-listed and traded in Sterling. It includes UK-list...



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* + Capital gains: how do the 'Bed and ISA' rules work? - Fidelity International

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