

## **Stocks and shares ISAs can include:**

- shares and corporate bonds issued by companies officially listed on a recognized stock exchange anywhere in the world
- gilt edged securities ('gilts'), issued by the UK government, similar securities issued by governments of other countries in the European Economic Area and 'strips' of all these securities
- units or shares in funds authorized by the Financial Services Authority (unit trusts or Open Ended Investment Companies (OEICs))
- units or shares in non-UCITS retail schemes authorized by the Financial Services Authority for sale to retail investors in the UK
- shares and securities in investment trusts
- units or shares in Undertakings for Collective Investment in Transferable Securities (UCITS) funds based elsewhere in the European Union (these are similar to unit trusts and OEICs authorized by the Financial Services Authority)
- any shares which have been transferred from an HMRC approved SAYE share option scheme or Share Incentive Plan
- life insurance policies
- stakeholder medium-term products

## **Holding cash in the stocks and shares component**

Cash may only be held in a stocks and shares ISA to invest in qualifying investments. This includes cash subscriptions, interest and dividends, and proceeds from disposals of qualifying investments that have not yet been reinvested.

The ISA manager may pay interest on this cash while it is held in the account. There is no income tax to pay on this interest, but the manager by law must deduct a flat rate 20% charge before crediting it to the account. You do not have to declare this interest on a tax return.