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I have this morning [published the next in my series of proposals](#) that will together make up the Taxing Wealth Report 2024. In this note, I suggest that a lifetime limit on ISA contributions of £100,000 be set and that ISA tax relief now be withdrawn from those who have more than £200,000 in such accounts. This suggestion is intended to prevent abuse as much as to raise revenue. The total tax raised might be £100 million a year, or £0.1 billion.



The [summary of this report](#) says:

Brief Summary

This note proposes that:

- * The current limits on ISA contributions are not working and are creating opportunity for some to accumulate considerable wealth in the UK in a tax-free environment when that was never the intention with regard to these accounts.
- * That the contribution limit to ISA accounts should now be stated as a lifetime limit of £100,000. Transfers between ISA accounts would be ignored for this purpose. Withdrawals would not, however, reset the limit. Those who have now contributed this sum would not be able to make further contributions to ISA accounts.
- * That any income or gains on ISA accounts where aggregate balances now exceed £200,000 should be subject to income tax and capital gains tax. If sums held in ISA accounts are not reduced below this level in a reasonable time period then exemption on all such accounts should be lost by the person owning them.
- * Given that ISAs were always meant to encourage those with limited means to save

more these changes are entirely consistent with the original intention of those who introduced these accounts. The significant increase in contribution limits in recent years has subverted the supposed economic reasons for the existence of these accounts, which are now a simple subsidy to those with wealth and considerable sums to save.

* This recommendation might save £100 million in ISA tax reliefs a year.

Discussion

ISAs now have an established role within the UK savings environment, but no one ever intended that they become a tool for tax planning for the wealthy, which is what they have become.

This proposal is intended to limit the use of ISAs by the very wealthy. It will have little impact on anyone else: the majority of ISA accounts have balances well below the suggested levels in this proposal.

For that reason the revenue-raising potential of this proposal is limited, but that is not the purpose for making it. Tax is as much about policy delivery as it is about revenue, and in this case ISA abuse is undermining the policy reason for these accounts. As a consequence, the rules with regard to them need to be changed.

Cumulative value of recommendations made

The seven recommendations now made as part of the Taxing Wealth Report 2024 would, taking this latest proposal into account, raise total additional tax revenues of approximately £70.3 billion per annum.