

Roll up, roll up invest in your ISA's before the 6th April!! Yes ISA season is upon us again and I was asked recently why was April 5th the end of the tax year and not say 31st December or any other arbitrary date.

It goes back as far as the Magna Carta. (1215) In those times English courts had quarter sessions, and the quarter dates were Lady Day 25th March, Midsummer Day June 24th, Michaelmas 29th September and Christmas Day 25th December.

On these dates rents were paid and debts settled and there was a principle in English Justice that "debts and unresolved conflicts must not be allowed to linger on" past these quarter sessions. Lady Day 25th March, was also known as New Years day so a year's taxes were calculated from that day.

However in 1582 Pope Gregory ordered a change to the Julian calendar, which had been in use since 42BC, but the English ignored this and almost 200 years later in 1752 we were 11 days adrift from the date in Europe and so Parliament ordered that these days be cancelled and ordered Wednesday 2nd September 1752 be followed by Thursday 14th September 1752; missing 11 days. People rioted apparently over losing 11 days of their lives!

So as not to lose 11 days tax however, the Revenue added 11 days to the tax year and hence 25th March became 5th April. Another day was added in 1800, (which was not a leap year in the new dating system,) and hence to avoid the revenue losing another day's tax, the Tax year was changed to start on the 6th April and it has been that date ever since.

Income tax was introduced in 1799 (temporarily!) to fight Napoleon, it was under 1% compared to today's top rate of 50%.

This makes avoiding income tax almost essential and thus one should invest in ISA's (Individual Savings Accounts) every year, which offer tax free (to you) savings.

This year's limit is £5,100 for cash, deposit accounts, and £5,100 for share based ISA's, which offer exemption from capital gains tax with no further liability to either 20, 40 or even 50% income tax, 10% income tax is paid at source on dividends cannot be recovered in any event. It is possible to do both every tax year.

The best cash ISA's at the moment, with access, offer around 3% interest. The best share ISA over the last 12 months produced over 76% return.

If you have savings you should do an ISA but which one? You know the answer, yes see an IFA and get properly organised before the 5th April, it's unlikely they will change the date again!