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FIRST-TIME BUYER ISA: CONSULTATION

Response by Association of Taxation Technicians

1 Introduction

1.1 The Association of Taxation Technicians (ATT) is pleased to have the opportunity to respond to the HM Treasury consultation regarding the proposed First-Time Buyer ISA, issued on 29 June 2026.[1]

1.2 The primary charitable objective of the ATT is to promote education and the study of tax administration and practice. We place a strong emphasis on the practicalities of the tax system. Our work in this area draws heavily on the experience of our members who assist thousands of businesses and individuals to comply with their taxation obligations. This response is written with that background.

1.3 As a body whose members primarily work in tax, we have mainly responded to one question in this consultation in order to highlight the differences between the conditions to be a 'first-time buyer' for the proposed First-Time Buyer (FTB) ISA and to be a first-time buyer for Stamp Duty Land Tax (SDLT) purposes in England and Northern Ireland. There is a risk that the differing conditions will cause additional challenges for first-time buyers as in some circumstances they could be considered a first-time buyer for SDLT purposes, but not for ISA purposes - and vice versa.

1.4 Given the Government's policy is to support first-time buyers, we think that the tax reliefs for SDLT as well as financial support via ISA savings should be considered together. Consideration should be given to aligning the price cap for first-time buyers for SDLT with the price cap for the FTB ISA and Lifetime ISA (LISA). While this will not resolve differences for first-time buyers in Scotland (where there is no price cap as such and all first-time buyers secure some relief) and Wales (where first-time buyers do not receive any privileged tax treatment), it could help to reduce confusion for those in England and Northern Ireland.

1.5 Although not specifically a tax issue, we would also like to highlight that the introduction of wider limits on cash savings into ISAs from 6 April 2027 for the under 65s also needs to be considered. This restriction means that purchasers cannot lock in gains or 'de-risk' their savings in their FTB ISA by transferring funds out of stocks and shares and into cash in the run up to a purchase. If funds in a stocks and shares ISA were to fall in the period between having an offer accepted and completion, this could cause purchases to fall through if the individuals do not have the ability to make up any shortfall at the last minute. This risk may discourage savings into stocks and shares FTB ISAs, which runs counter to the Government's policy to encourage more ISA savings outside of cash.

[1] https://www.gov.uk/government/consultations/first-time-buyer-isa-consultation/first-time-buyer-isa-consultation

2 Question 10: What, if any, additional challenges do you foresee from a consumer and provider perspective, for the introduction of a new FTB ISA?

2.1 There are differences between the proposed scope and design of the FTB ISA and existing SDLT and LISA provisions to benefit first-time buyers. These could cause confusion and we encourage the Government to consider closer alignment where possible.

2.2 For purchasers of residential property in England and Northern Ireland, SDLT applies when the property costs more than £125,000. To assist first-time buyers, lower rates are available where certain conditions are met. These include that the individual intends to occupy the property as a main residence. A first-time buyer will pay 0% SDLT on the first £300,000 of the purchase price and 5% thereafter up to a total cost of £500,000. Once the purchase price exceeds £500,000, the relief is withdrawn.

2.3 An individual can use the savings within their LISA to pay for the deposit on a property and benefit from the 25% bonus, provided that the property costs less than £450,000. Subject to meeting the other criteria, an individual purchasing a property between £450,000 and £500,000 may therefore qualify as a first-time buyer for SDLT purposes but not for LISA bonus purposes.

When the FTB ISA is introduced, aligning the "price cap" for both SDLT and the new FTB ISA and any remaining LISAs could reduce confusion and help to focus Government support more clearly.

2.4 **Joint purchasers**

For SDLT purposes, where two individuals purchase a home jointly, both must be first-time buyers for the relief to apply.

For the proposed FTB ISA, we understand that the individual's situations will be considered separately. (This is not made clear within the consultation, but we see that other commentators have taken this to be the case.[2])

This means that it will be possible for a couple where one has previously owned a home and one has not to fail the conditions for first-time buyers' relief for SDLT, but for one of them to benefit from the bonus on their FTB ISA.

It is difficult to align the position here without introducing complexity into the SDLT legislation which could potentially be abused, or restricting benefits to an individual on their FTB ISA, just because their co-purchaser has previously owned an interest in a property somewhere in the world. On balance, we think this difference will have to be retained.

2.5 **Other differences**

One of the conditions to receive the FTB ISA bonus is that the property is being purchased in conjunction with a mortgage, whereas the SDLT relief for first-time buyers is available regardless of need for a mortgage.

A first-time buyer who is purchasing in cash can therefore benefit from the SDLT relief, but not from the LISA bonus or FTB ISA bonus. For consistency, consideration could be given to changing the conditions for the SDLT relief for first-time buyers.

[2] https://www.moneysavingexpert.com/savings/first-time-buyer-isa/

2.6 **Scotland and Wales**

SDLT only applies to purchases in England and Northern Ireland. Scotland and Wales have their own regimes for taxing property purchases. In Scotland, Land and Buildings Transaction Tax (LBTT) does include a first-time buyers' relief. There is no equivalent to first-time buyers' relief in Wales under Land Transaction Tax (LTT), meaning first-time buyers pay standard LTT rates.

2.7 If eligible, first-time buyers in Scotland do not pay LBTT on the first £175,000 of the property's purchase price. This increases the nil-rate threshold from the standard £145,000 to £175,000, resulting in a maximum tax saving of £600. If there is more than one purchaser, all must qualify as first-time buyers to be eligible for the relief and cannot have owned an interest in property anywhere in the world, as for SDLT.

Whilst the definition of a first-time buyer is the same, the application of first-time buyer relief in Scotland is different, as it lacks a cap on the purchase price. However, on average Scottish house prices are lower so the probability of a first-time buyer exceeding the FTB ISA cap is reduced. It would be impossible to align the conditions between the FTB ISA and LBTT without introducing excessive complexity.

2.8 **Other general observations**

2.9 The current proposals will not allow individuals with FTB ISAs in stocks and shares to move the funds into a FTB cash ISA. The consultation notes at 4.9 that it is recognised "that this regime would mean individuals close to a house purchase would not be able to de-risk by transferring funds from a stocks and shares FTB ISA into a cash ISA".

2.10 Given that the value of stocks and shares can change significantly in a short period of time – and that first-time buyers may not necessarily be able to make up any shortfalls at short notice – we consider that this should be reconsidered. A first-time buyer is likely to want to 'lock in' the value of their ISA from the point that an offer is accepted to ensure they have sufficient funds to proceed. Transfers into cash should be allowed at a point prior to completion to provide certainty. Potential transfer points might be at the offer or exchange stage. In order to prevent abuse, either the rules for non-cash FTB ISAs could prevent interest accruing following a transfer, or the proposed 22% charge on any interest arising from cash-like investments in non-cash ISAs (as suggested in wider ISA reforms[3]) could be applied. Buyers should also be able to switch back to investments in stocks and shares in their FTB ISA if the house purchase falls through.

2.11 Alternatively, if the Government decided not to proceed with limiting cash ISA savings for those under 65, there would be no need to prevent transfers into cash at a time that works for the ISA holder.

2.12 Finally, the consultation outlines that the bonus will be paid based on *net* subscriptions into the FTB ISA (so the net of the amounts subscribed less any withdrawals). If the product is transferred to a FTB ISA with a new provider, provision will need to be made to ensure that that information is shared with the new provider. We anticipate providers will comment on the mechanics of this.

3 Contact details

3.1 We would be pleased to join in any discussion relating to this consultation. Should you wish to discuss any aspect of this response, please contact us on atttechnical@att.org.uk.

[3] https://www.gov.uk/government/publications/fiscal-events-2026-factsheets/isa-reform-2027-anti-circumvention-rules-factsheet

The Association of Taxation Technicians

4 Note

4.1 The Association is a charity and the leading professional body for those providing UK tax compliance services. Our primary charitable objective is to promote education and the study of tax administration and practice. One of our key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Drawing on our members' practical experience and knowledge, we contribute to consultations on the development of the UK tax system and seek to ensure that, for the general public, it is workable and as fair as possible.

Our members are qualified by examination and practical experience. They commit to the highest standards of professional conduct and ensure that their tax knowledge is constantly kept up to date. Members may be found in private practice, commerce and industry, government and academia.

The Association has more than 10,000 members and Fellows together with over 7,000 students. Members and Fellows use the practising title of 'Taxation Technician' or ‘Taxation Technician (Fellow)’ and the designatory letters 'ATT' and 'ATT (Fellow)' respectively.