

An Octopus VCT guide



# Claiming income tax relief on your VCT shares

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**octopus**investments

A brighter way

## **Important information**

**For UK investors only.**

The information in this document was captured on 30 April 2020 and therefore may not be current. We do not offer investment or tax advice. The information we've provided in this guide is for illustrative purposes only. We recommend that you contact HMRC directly if you're unsure of your tax liabilities or require further information on your personal tax circumstances. We recommend investors seek professional advice before deciding to invest.

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# Claiming income tax relief

You've invested in new Venture Capital Trust (VCT) shares, but how do you claim the upfront income tax relief available? This guide takes you through the steps to make your claim.

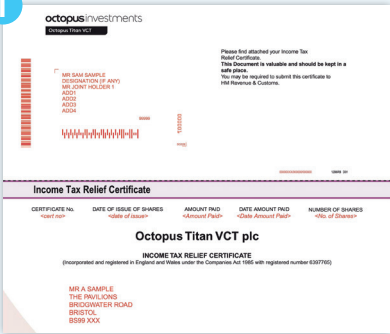
You're now entitled to claim income tax relief of up to 30% on the amount you've invested. If you dispose of the shares within 5 years of the date of issue, you will have to let HM Revenue and Customs (HMRC) know and you will have to repay any upfront tax relief claimed.

This income tax relief can be used to reduce or offset any income tax liability you have for the tax year<sup>1</sup> in which your VCT shares are allotted. It doesn't matter whether you're a higher or basic rate taxpayer.

Please remember that you cannot claim more income tax relief than the amount of income tax you owe in any tax year. Please also remember that you can only claim tax relief on the first £200,000 you invest in any single tax year.

After your shares are allotted, you'll be issued with separate tax and share certificates. If you've invested in a VCT ISA, your shares will be held electronically using a nominee account so you won't receive a share certificate.

**1**

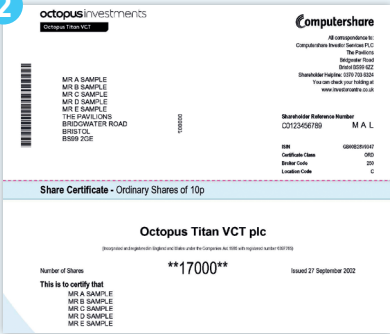


**Income Tax Relief Certificate**

CERTIFICATE No.	DATE OF ISSUE OF SHARES	AMOUNT PAID	DATE AMOUNT PAID	NUMBER OF SHARES
<cert no>	<date of issue>	<Amount Paid>	<Date Amount Paid>	<No of Shares>
<b>Octopus Titan VCT plc</b>				
<b>INCOME TAX RELIEF CERTIFICATE</b>				
<small>(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 0347765)</small>				
MR A SAMPLE THE PRIFLINGS BRIDCWATER ROAD BRISTOL BS59 2GE				

**A tax certificate, which you'll need before you claim your income tax relief.**

**2**



**Share Certificate - Ordinary Shares of 10p**

**Octopus Titan VCT plc**

(Incorporated in England and Wales under the Companies Act 1985 with registered number 0347765)

Number of Shares: **\*\*17000\*\*** Issued 27 September 2022

**This is to certify that**

MR A SAMPLE  
MR B SAMPLE  
MR C SAMPLE  
MR D SAMPLE  
MR E SAMPLE

**A share certificate, which confirms the number of shares you hold in the VCT. You'll need this when you want to sell your shares. Not applicable for VCT ISA investors.**

<sup>1</sup>The tax year begins on 6 April and ends on 5 April the following year.

# Two ways to claim

## 1 Using a Self Assessment Form

If you complete a self assessment tax return, you can apply for your VCT tax relief by completing the SA101 additional information form. To do this, enter the total value of your VCT investment in the appropriate section of the form, as shown below.

### Other tax reliefs

1 Subscriptions for Venture Capital Trust shares  
- the amount on which relief is claimed

£           .

If you are self-employed and make payments on account, contact HMRC who can talk you through the process to reduce your payments.

Tax relief claimed through self assessment will reduce the amount of tax that you will have to pay. If that means you have already paid too much income tax, the excess can either be repaid by cheque or directly into your bank account by completing the relevant part of the self assessment form. If you do not receive a self assessment form automatically, you can download one from [hmrc.gov.uk](https://www.hmrc.gov.uk) or ask HMRC to send you one.

## 2 Reducing your monthly tax bill through PAYE

If you've invested towards the start of the tax year, you can call or write to HMRC asking them to adjust your tax code. This means the amount of income tax you pay will be reduced on a month-by-month basis until your income tax relief is used up. You'll need to include your national insurance number, a P60 form if you have one and a photocopy of your VCT tax certificate.

### Send the letter to:

**HM Revenue and Customs**  
Pay As You Earn and Self Assessment  
HM Revenue and Customs  
BX9 1AS, United Kingdom

For more information on claiming income tax relief on your VCT, you can contact HMRC directly on **0300 200 3300**, making sure you have your national insurance number to hand.

# Reminder of the benefits and risks of VCTs

## Key tax benefits

- Up to 30% income tax relief on the amount invested as long as the shares are held for at least five years. The income tax relief claimed cannot exceed the amount of tax due.
- When the VCT pays dividends, there's no tax to pay, and you don't have to declare them on your tax return.
- Tax-free capital gains on the sale of the shares: If the value of the shares increases, you won't be liable for capital gains tax when you sell them; any growth is tax free.

## Key investor risks

- The value of an investment, and any income from it, could fall or rise. You may not get back the full amount you invest.
- Tax treatment depends on your circumstances and may change in the future. Tax reliefs depend on the VCT maintaining its VCT-qualifying status.
- VCT shares could fall or rise in value more than other shares listed on the main market of the London Stock Exchange. They may also be harder to sell.



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