

YOUR GUIDE TO

How to claim your VCT tax relief



PUMA
INVESTMENTS

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Investing in VCTs attracts valuable tax benefits¹. There is no capital gains tax to pay if you sell your VCT shares and there is no tax payable on dividend payments.

You are also entitled to claim income tax relief up to 30% on the amount you invest, as long as you hold your VCT shares for a minimum of five years. Additionally, VCT income tax relief can be applied upfront.

We will now look at each of these methods in more detail – as well as what to do if you do not regularly file a tax return.

¹ Tax reliefs are not guaranteed, depend on individuals' personal circumstances and a five-year minimum holding period.

Please note, that this is only intended to provide information – it should not be interpreted as tax advice. While it reflects our current understanding of the tax relief benefits of VCTs and how you might be able to claim these tax reliefs, this might change in the future or may not apply to you given your personal circumstances. Tax reliefs depend on the individual investor's circumstances and may be subject to change. If you are in any doubt or need further advice or guidance about your personal circumstances, contact an independent financial or tax adviser.

1

COMPLETE AN ONLINE SELF-ASSESSMENT FORM

- If you fill in your tax return online, you need to confirm how much you have invested in VCTs. There are two key sections on the self-assessment form to complete:
 - **Section 3: "Tailor your return"**
Choose "Yes" to the question: "Do you want to claim other tax reliefs and deductions, for example, community investment tax relief, venture capital trust shares, maintenance/alimony payments"
 - **Section 4: "Fill in your return"**
Under "Other tax reliefs and deductions (page 2)", fill in the total amount of the VCT investments you want to claim tax relief on.
- You do not need to send your VCT tax certificates to claim income tax relief, but you should keep these in a safe place as HMRC may request proof of ownership. If you have already paid too much income tax, HMRC will refund any excess either by cheque or directly into your bank account.

2

SEND A PAPER TAX RETURN

- This works in a similar way to submitting your tax return online. The details of your investment in VCTs should be included in your return. If you have paid too much income tax for the year, HMRC will refund any excess either by cheque or directly into your bank account.

The process for completing a paper tax return:

- Enclose form SA101, "Additional information", with your return. You can find the form on the HMRC website.
- Fill out the "Other tax reliefs" section on page Ai 2 of the form, then enter the total VCT subscriptions you want to claim tax relief on in box 1 "Subscriptions for Venture Capital Trust shares".

- Although HMRC does not require you to send your VCT tax certificates as evidence, it may ask you to produce these on request.

3

ASK HMRC TO ADJUST YOUR TAX CODE

- If you work and pay tax under the PAYE system, you can ask HMRC to reduce the tax you pay each month. Claiming tax relief this way, means you will not overpay tax during the year, and do not have to wait until you file your tax return to receive a refund.
- To claim your income tax relief this way, write to HMRC and ask for your tax code to be adjusted. You will need to include your National Insurance number, your latest P60 (the form that shows how much tax and National Insurance contributions you have paid in the previous year), and a copy of your VCT tax certificate for each VCT you are claiming relief against. Do not be concerned if there is not an immediate change to your tax code. It can often take a month or more for the change to take effect.

4

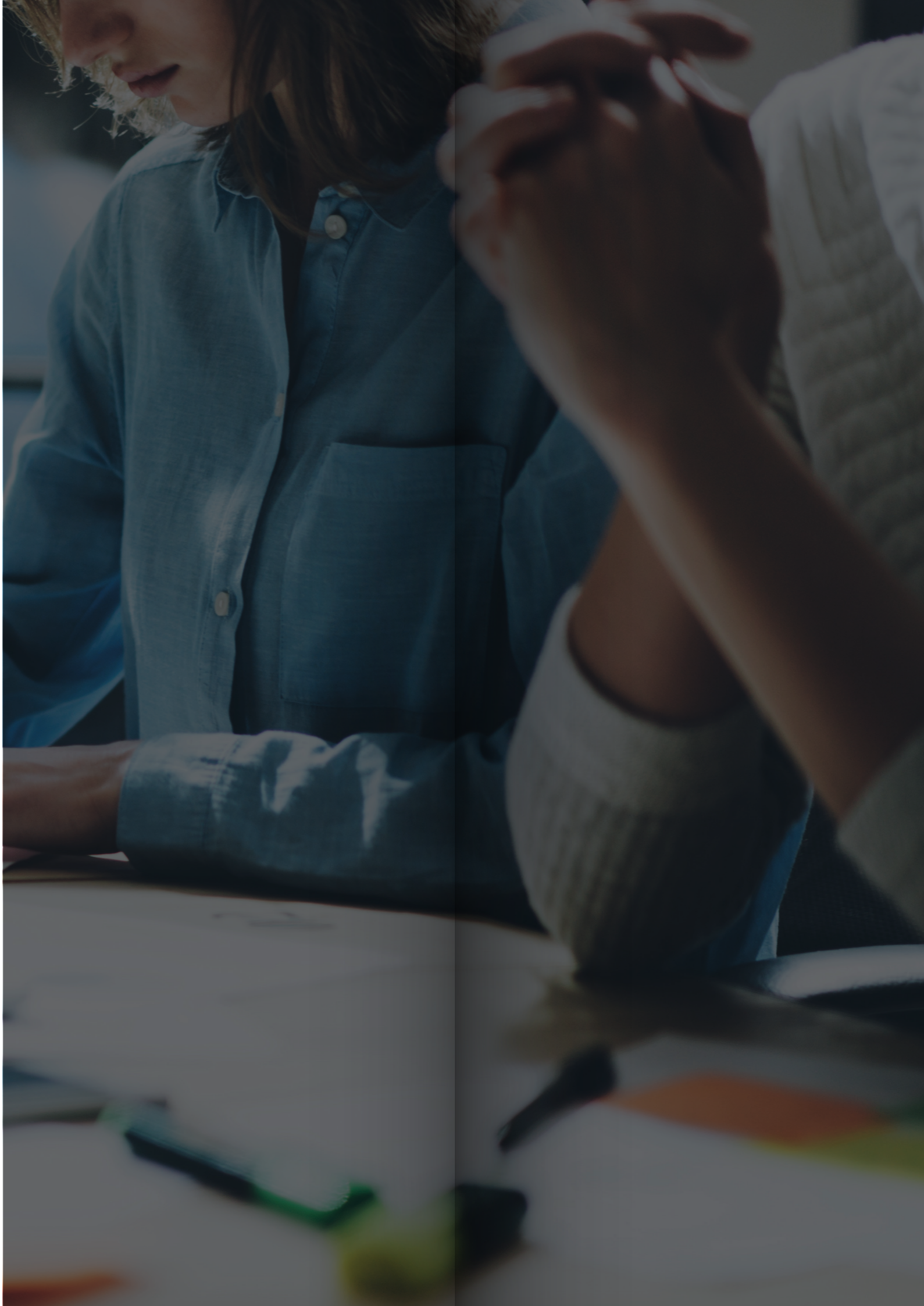
REDUCE YOUR MONTHLY PAYMENTS IF YOU ARE SELF-EMPLOYED

- If you are self-employed, the tax relief due on your VCT investments could reduce your payments, on account. To lower your payments this way, you should complete form SA303. This can be found on the HMRC website.
- It is important to make sure you calculate the tax relief you are due, and its impact on your payments correctly. If you end up paying less than required, you will be charged interest. If you are in any doubt, contact your Financial Adviser or Accountant.

How to claim your VCT tax relief if you do not file a tax return

If you do not regularly file a tax return, you could receive tax relief through a tax refund, or if you are employed, through a change in your PAYE code.

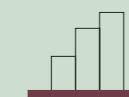
To find out if this applies to you, send a copy of your VCT tax certificate, together with a copy of your P60, to your local tax office. Alternatively, you can contact them by phone.



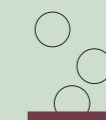
Other considerations



Tax reliefs depend on both you holding VCT shares for at least five years and on the VCT maintaining its qualifying status over this period.



While you can invest more than £200,000 in VCTs, you will not get tax relief on any excess over £200,000.



You cannot claim more in tax relief than the tax you owe in the year the relief is claimed. There are no provisions to allow you to carry forward to future tax years any unused tax relief.

Get in touch

We're here to help

We recommend you speak to a Financial Adviser in the first instance, as we cannot offer investment or tax advice.

Adviser enquiries: **020 7408 4070**
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Investor enquiries: **020 7408 4100**
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For further information, please visit
www.pumainvestments.co.uk

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