

Client Planning Scenario



Offsetting income tax with recurring VCT investments

Building deeper connections with your clients.

For illustrative purposes only

Our Venture Capital Trust planning scenarios are based on situations advisers often encounter, making them a great starting point for discussions with your own clients.

Some clients may have recurring income tax liabilities that are hard to offset through pension payments alone, particularly those affected by tapered pension allowances. While upfront VCT income tax relief can only be claimed in the year of investment, a VCT can still become a key part of annual tax planning, helping clients to reduce their income tax bill year after year.

Meet Jenna

In this client planning example, Jenna invested £100,000 in a VCT at the beginning of the first tax year (year 1). If Jenna makes the same investment into a VCT for the next four tax years (years 2-5), the total amount invested into VCTs would be £500,000. Jenna would have been able to claim 30% upfront income tax relief (£30,000) on her VCT investment each year, which would offset some of her income tax bill. In subsequent years, Jenna could look to arrange to sell her VCT shares from year 1 and use the proceeds to make a new VCT investment. Jenna could then look to sell her year 2 VCT shares in the following year, and so on.

Please note: this client planning scenario depends on the VCT investor being able to sell their shares via a broker or a share buyback arranged through the VCT. All buybacks are subject to Board approval, so while many VCTs aim to offer them, they is at the discretion of the Board and cannot be guaranteed.

While the total amount Jenna invests stays at £500,000, she can claim income tax relief on the purchase of new VCT shares each year, while also continuing to benefit from tax-free growth and regular tax-free dividend payments. Page two shows how recurring VCT investments can help a client's capital work harder.

“Investing in a VCT doesn't have to be a 'one-off' event. Clients looking to claim income tax relief yearly can 'recycle' their VCT investments over multiple years, while also earning a steady stream of tax-free dividends and benefitting from potential investment growth.”

Jack Rose, Triple Point Head of Distribution

VCT Investing

	Year 1	Year 6	Year 2	Year 7	Year 3	Year 8	Year 4	Year 9	Year 5	Year 10
VCT investment	£100k									
Cumulative investment	£100k	£500k	£200k	£500k	£300k	£500k	£400k	£500k	£500k	£500k
30% Income tax rebate	£30k									
Cumulative income tax rebate	£30k	£180k	£60k	£210k	£90k	£240k	£120k	£270k	£150k	£300k
Dividends @ 5% from the VCT portfolio	£5k	£25k	£10k	£25k	£15k	£25k	£20k	£25k	£25k	£25k
Annual 'income' (annual income rebate + dividends)	£35k	£55k	£40k	£55k	£45k	£55k	£50k	£55k	£55k	£55k

Visit [Triple our website](#) to explore more client planning scenarios.

Investor's capital is at risk. This illustration does not take into account investment growth or charges for the investment. It is based on tax rules and personal allowances at April 2025, which could be subject to change and depend on individual circumstances. Tax reliefs depend on a VCT maintaining its qualifying status and target returns may not be guaranteed.

Contact your Business Development Manager:

📞 020 7201 8990

✉️ contact@triplepoint.co.uk

Triple Point
1 King William Street
London EC4N 7AF

Triple Point.