

Client Planning Scenario



Making property rental income tax-efficient

Building deeper connections with your clients.



For illustrative purposes only

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

The tax landscape for landlords has become increasingly demanding in the last decade, making it harder to run a property portfolio tax-efficiently. Money earned from renting properties is treated as taxable income by HMRC, and rental income from property cannot usually be paid directly into a pension. Clients in this position may welcome a tax-efficient investment that can offset their income tax burden and potentially provide them with a tax-free income stream.

Meet Emma

In this client planning example, Emma owns a portfolio of buy-to-let properties that currently generates an annual income of around £60,000 (after any allowances and deductions). Her property portfolio is her only source of income. At present, Emma's income from her property portfolio is taxed as follows:

- She can claim a £1,000 tax-free property allowance
- She pays income tax on the remaining £59,000 of income
- This leaves Emma with an annual income tax bill of £11,032

Using a VCT to offset income tax

Emma's financial adviser suggests she consider the tax incentives available through a VCT. After talking through the benefits and the risks, her adviser explains that if she invested £20,000 from her savings in a VCT, she could claim up to 30% upfront income tax relief on her investment, which equates to £6,000, provided she holds her VCT shares for the minimum of five years.

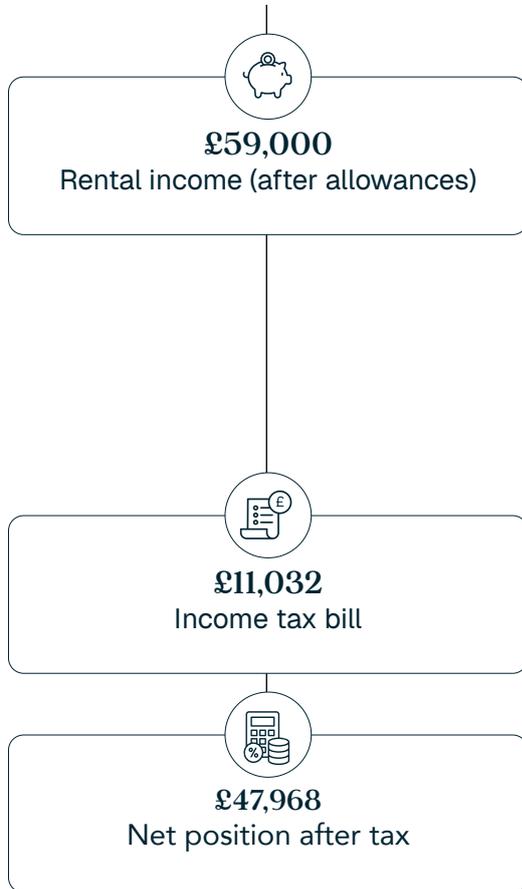
Through her VCT investment, Emma can reduce her income tax liability from £11,032 to just £5,032. As most VCTs target a dividend, Emma can also expect to receive an annual tax-free income from her investment. VCT dividends are completely tax-free and there's no HMRC requirement to declare them on her tax returns.

“Many landlords don't know they can offset the income tax on rental income through a VCT. This can be a great way to help clients reduce their tax burden while also creating a valuable tax-free income stream.”

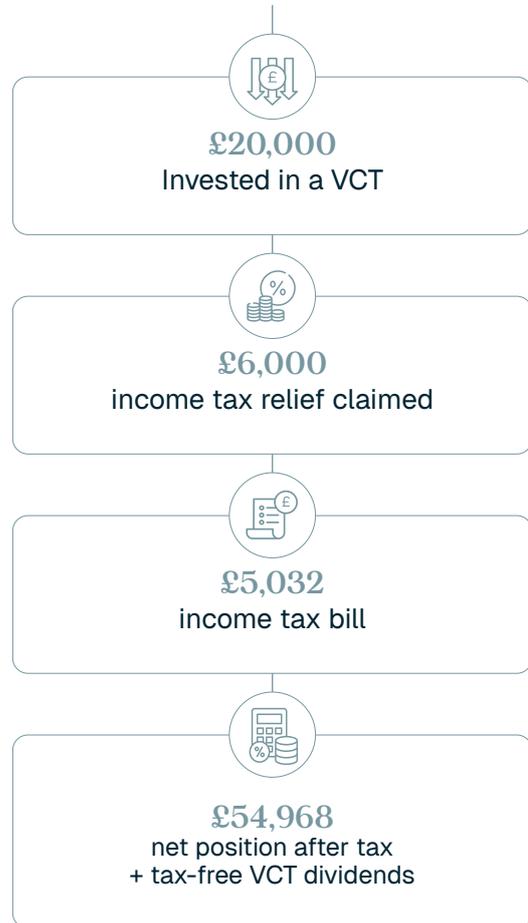
Jack Rose, Triple Point Head of Distribution

VCT Investing

Without VCT



With VCT



Visit [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.

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