

Venture Capital Trusts (VCTs)

A Venture Capital Trust (VCT) is an investment company broadly similar to an investment trust. It will be quoted on the stock market and will have to invest at least 70% of its assets in companies that would qualify under the EIS, and must distribute most of its income by way of dividends. It must be able to demonstrate a spread of investments: none can account for more than 15% of the value of its portfolio.

Individuals who subscribe for new ordinary shares in VCTs up to £200,000 per tax year, qualify for 30% income tax relief, provided the shares are held for at least five years. In addition, any dividend received by individuals aged at least eighteen in respect of ordinary shares in a VCT is exempt from income tax.

Gains accruing to individuals aged at least eighteen on the disposal of ordinary shares in VCTs are not chargeable gains, but equally, no capital gains tax relief is available for losses.

Do call us if you would like more information on this subject.