

# VENTURE CAPITAL TRUSTS (VCT)

## CONTENT BREAKDOWN

### 1. Background to Venture Capital Trusts (15 min)

- Purpose
- Types of VCT
- History and main developments
- Autumn Budget 2017
- Knowledge check

### 2. Introducing Some of the Risks (15 min)

- Introduction
- Investment risks
- Liquidity
- Tax risks
- Comparison of risks with EIS
- Knowledge check

### 3. Suitability (15 min)

- Tax capacity
- Attitude to risk
- Capacity for loss
- Liquidity and investment horizon
- Knowledge and experience
- Portfolio balance and diversification
- Asking questions
- Knowledge check

### 4. The Tax Reliefs (20 min)

- VCT tax reliefs in summary
- The permitted maximum
- Income Tax Relief
- Tax free dividends
- Tax free growth (Disposal Relief)
- Tax reliefs summary table
- Loss of VCT approval
- Comparison to EIS tax reliefs
- Knowledge check

### 5. Interaction with Pensions and Other Wrappers (10 min)

- VCT Income Tax relief and interaction with other investments
- VCTs and ISAs
- VCTs and pensions
- Wrapper options summary
- Knowledge check

### 6. Process for Claiming Reliefs (10 min)

- Process for claiming Income Tax Relief
- Tax free dividends

- Tax free growth (Disposal Relief)
- Knowledge check

### 7. Assessment, Research and Due Diligence (15 min)

- Reviewing different types of VCT
- Assessing VCTs
- Further help and advice
- Knowledge check

### 8. Case Studies (45 min)

- Tax efficient extraction of pension
- Clients looking to take advantage of Income Tax Relief
- Clients who are additional rate tax payers
- Clients looking to extract money from a business tax efficiently
- A married couple with regular income and assets
- VCT dividend reinvestment
- Knowledge check

### 9. Rules for VCTs (15 min)

- Structure of VCTs
- Fundraising
- Timing of deployment
- Rules governing portfolio construction
- Returning capital to shareholders
- Knowledge check

### 10. Rules for Companies that Qualify for VCT Investment (30 min)

- Rules governing the size and type of company
- Rules governing the raising and spending of funds
- Knowledge-intensive companies
- Qualifying trades and excluded trades
- The growth and development test
- New 'Risk-to-Capital' principals
- Summary of the rules and recent changes
- Knowledge check

### 11. VCT Fee, Charges and Practicalities (15 min)

- Typical fees and charges
- Minimum subscriptions
- Performance information
- Legal and regulatory status
- Knowledge check

### 12. Final Assessment (30 min)

- 20 questions with 80% pass mark