

An Octopus VCT guide



Claiming income tax relief on your VCT shares

Important information

For UK investors only.

The information in this document was captured on 31 March 2026 and therefore may not be current. We do not offer investment or tax advice. The information we've provided in this guide is for illustrative purposes only. We recommend that you contact HMRC directly if you're unsure of your tax liabilities or require further information on your personal tax circumstances. We recommend investors seek professional advice before deciding to invest.

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Claiming income tax relief

You've invested in new Venture Capital Trust (VCT) shares, but how do you claim the upfront income tax relief available? This guide takes you through the steps to make your claim.

You're now entitled to claim income tax relief of up to 20% on the amount you've invested. If you dispose of the shares within five years of the date of issue, you will have to let HM Revenue and Customs (HMRC) know and you will have to repay any upfront tax relief claimed.

This income tax relief can be used to reduce or offset any income tax liability you have for the tax year¹ in which your VCT shares are allotted. It doesn't matter whether you're a higher or basic rate taxpayer.

Please remember that you cannot claim more income tax relief than the amount of income tax you owe in any tax year. Please also remember that you can only claim tax relief on the first £200,000 you invest in any single tax year.

After your shares are allotted, you'll be issued with separate tax and share certificates. If you've invested in a VCT ISA, your shares will be held electronically using a nominee account so you won't receive a share certificate.

1

The image shows an 'Income Tax Relief Certificate' from Octopus Investments. It includes a barcode, a warning to keep the certificate safe, and a table with the following data: Certificate No. 12345678, Date of Issue of Shares 15/01/2022, Amount Paid £10,000, Date Amount Paid 15/01/2022, and Number of Shares 100. The certificate is issued to Mr A Sample, The Pavilions, Bridgewater Road, Bristol, BS99 2JF.

A tax certificate, which you'll need before you claim your income tax relief.

2

The image shows a 'Share Certificate' from Octopus Investments. It includes a barcode, company details (Octopus Titan VCT plc), shareholder details (Mr A Sample), and the number of shares (17,000). The certificate is dated 27 September 2022.

A share certificate, which confirms the number of shares you hold in the VCT. You'll need this when you want to sell your shares. Not applicable for VCT ISA investors.

¹ The tax year begins on 6 April and ends on 5 April the following year.

Two ways to claim

1. Online Self Assessment

If you complete a self assessment tax return, you can claim your income tax relief through your online HMRC account.

To do this:

- Log in to your HMRC self assessment account.
- In your return, select **'Tailor your return'** and tick **'Other tax reliefs'**.
- Continue to **'Other tax reliefs and deductions'**.
- Find **'Subscriptions for Venture Capital Trust shares'** and enter the amount you invested, as shown on your tax certificate.

You do not need to enter the 20% tax relief amount — HMRC will calculate this automatically.

Any tax relief claimed through self assessment will reduce the amount of income tax you will need to pay. If this means you have already paid too much income tax, HMRC will repay the excess by cheque or pay it directly into your bank account.

2. Reducing your monthly tax bill through PAYE

If you've invested towards the start of the tax year, you can call or write to HMRC asking them to adjust your tax code. This means the amount of income tax you pay will be reduced on a month-by-month basis until your income tax relief is used up. You'll need to include your national insurance number, a P60 form if you have one and a photocopy of your VCT tax certificate.

Send the letter to:

HM Revenue and Customs
Pay As You Earn and Self Assessment
HM Revenue and Customs

For more information on claiming income tax relief on your VCT, you can contact HMRC directly on **0300 200 3300**, making sure you have your national insurance number to hand.

Reminder of the benefits and risks of VCTs

Key tax benefits

- Up to 20% income tax relief on the amount invested as long as the shares are held for at least five years. The income tax relief claimed cannot exceed the amount of tax due.
- When the VCT pays dividends, there's no tax to pay, and you don't have to declare them on your tax return.
- Tax-free capital gains on the sale of the shares: If the value of the shares increases, you won't be liable for capital gains tax when you sell them; any growth is tax free.

Key investor risks

- The value of an investment, and any income from it, could fall or rise. You may not get back the full amount you invest.
- Tax treatment depends on your circumstances and may change in the future. Tax reliefs depend on the VCT maintaining its VCT-qualifying status.
- VCT shares could fall or rise in value more than other shares listed on the main market of the London Stock Exchange. They may also be harder to sell.



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