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## Venture Capital Trusts

Commentary note

Table 8.9



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## **About these statistics**

This is a National Statistics publication produced by HM Revenue & Customs (HMRC). It provides statistics on the number of investors and amount of investment claimed under the Venture Capital Trust (VCT) scheme through Self Assessment forms.

National Statistics are produced to professional standards set out in the Code of Practice for Official Statistics (2009)<sup>1</sup>. They undergo regular Quality Assurance reviews and HMRC seek to engage users in their refinement and development to ensure they meet customers' needs.

For more information on Official and National Statistics and the governance of statistics produced by public bodies, please see the UK Statistics Authority website:

[www.statisticsauthority.gov.uk](http://www.statisticsauthority.gov.uk)

HMRC Official and National Statistics can be found on the gov.uk website:

<https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics>

## **New and updated statistics in this release**

This release includes the first Venture Capital Trusts estimates for the tax year 2012-13. In this release, the number of investors and the amount claimed through Self-Assessment in VCT Table 8.9 are published in value terms. In previous publications, these were shown as percentages.

For more information please see section 4.

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<sup>1</sup> <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/>

## **Section 1: Introduction**

### **What does this publication tell me?**

This publication provides statistics on the distribution of the amounts invested under the Venture Capital Trust (VCT) scheme by investors claiming income tax relief. It also provides figures on the total amount invested under the scheme broken down by the size of investors' investments.

Section 2 summarises the key statistical figures of this publication. Section 3 introduces Table 8.9 and provides a statistical commentary on the figures and recent trends. Section 4 provides background information including a link to an introduction note explaining in more detail the policy background and the key policy changes. Section 4 also covers the data sources and methodology used to derive these statistics.

### **Planned developments and changes**

HMRC intends to make changes to the timing of this publication. This is being investigated and is likely to be in place for the next edition of this publication. The statistics are currently published in the December of the year after the most recent financial year presented; for example, the most recent data used in this publication relates to the period 2012-13. We are reviewing the timing of the publication and investigating the possibility of a more timely release. As part of this we will consider the quality of the estimates and the potential effect on the scale of revisions between the provisional and revised datasets. We would welcome feedback on the current timing of the publication and any impacts that changes to this may have on our users.

### **Who might be interested in these statistics?**

This publication is likely to be of interest to policy makers in government, academics, research organisations, the media, Venture Capital associations and VCTs themselves. It will be of particular interest to investors investing in VCTs.

People interested in this publication may also be interested in the National Statistics publication on another Venture Capital Scheme, the Enterprise Investment Scheme (EIS):

<https://www.gov.uk/government/collections/venture-capital-schemes>

### **What do the published tables show?**

The Table 8.9 presents annual figures for 2010-11 to 2012-13 on the distribution of investors claiming Income Tax Relief under the VCT scheme and the amount of their investment. Figures for 2012-13 are provisional.

## Section 2: Key points

- In 2012-13, Venture Capital Trusts (VCTs) investors have claimed Income Tax relief on £377.5m of their investment; this is a £70.4m (23%) increase compared with 2011-12.
- The majority of VCT investors tend to invest smaller amounts into VCT funds. In 2012-13, 50% of investors made a claim for an investment of £10,000 or less and only 5% above £100,000.
- The majority of the investment in 2012-13 was comprised of investments between £50,000 and £75,000 (21%) and between £150,000 and £200,000 (21%).

## Section 3: Statistics and commentary

This section includes VCT Table 8.9 showing the distribution of investors claiming income tax relief under the VCT scheme and their amount of investment (in percentages). This section also provides a short commentary on the main figures in this table.

**Table 8.9 VCT income tax relief, distribution of investors and investment**

Table 8.9 presents the distribution of investors claiming income tax relief under the VCT scheme and their amount of investment.

### Venture Capital Trusts

**Table 8.9: Income tax relief, distribution of investors and amount of investment on which relief was claimed from 2010-11<sup>1</sup> to 2012-13<sup>p</sup>**

Numbers: actual; Amounts: £million

Size of investment in year <sup>2</sup> (Upper limit) £	2010-11		2011-12		2012-13 <sup>p</sup>	
	Investors	Amount of investment	Investors	Amount of investment	Investors	Amount of investment
500	620	0.1	520	0.1	545	0.1
1,000	235	0.2	395	0.3	300	0.2
2,500	410	0.7	1,090	1.9	1,305	2.3
5,000	1,585	6.8	1,810	7.3	2,370	9.7
10,000	2,165	19.0	2,585	20.9	3,320	26.5
15,000	915	12.2	1,280	16.0	1,630	20.7
20,000	1,005	19.3	1,015	18.6	1,330	24.3
25,000	600	14.3	665	15.2	850	19.5
50,000	1,625	63.8	1,490	55.9	2,110	78.7
75,000	390	25.1	465	28.5	610	37.7
100,000	540	51.5	420	39.0	475	43.1
150,000	225	28.5	235	29.0	280	34.5
200,000	500	98.0	380	74.5	415	80.2
<b>Total</b>	<b>10,805</b>	<b>339.5</b>	<b>12,345</b>	<b>307.1</b>	<b>15,540</b>	<b>377.5</b>

Source: Self Assessment Returns

Numbers are rounded to the nearest 5 and amounts are rounded to the nearest £0.1m. Totals may not sum due to rounding.

Total figures provided in this table are not directly comparable with the amount of investment companies receive through VCT scheme each tax year.

1. Tax year ending 5 April.

2. The maximum total investment eligible for income tax relief is £200,000.

p. Provisional.



Total figures provided in Table 8.9 on the amount of investment on which Income Tax relief was claimed are not directly comparable with the figures on the amount of investment received by companies in a tax year. Some investors may choose to offset the tax liability against the previous year. Also, a small amount of relief would be claimed through PAYE system.

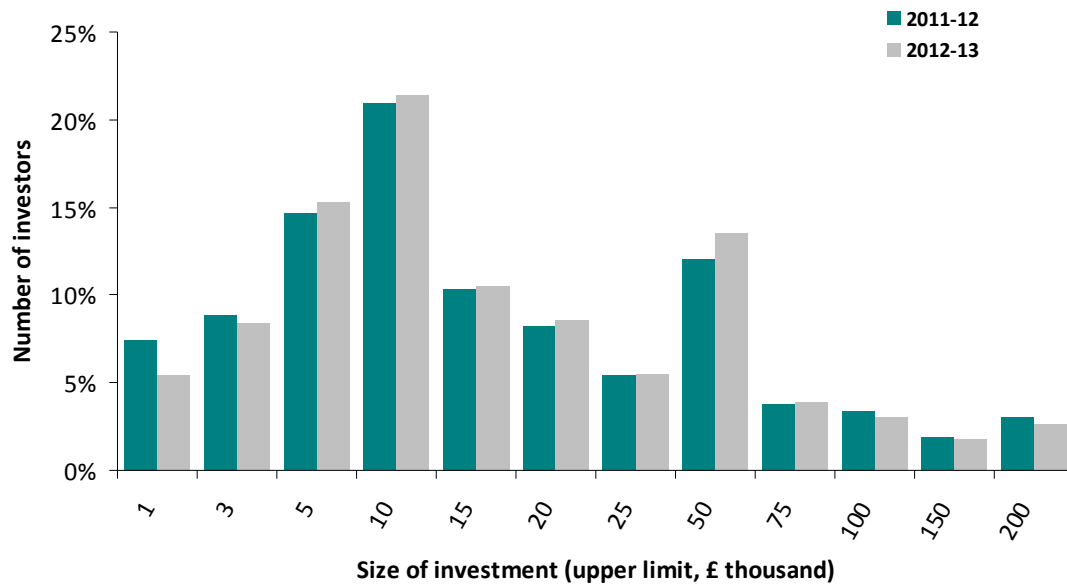
In 2012-13, VCT investors claimed Income Tax relief on £377.5m of their investment; this is a £70.4m (23%) increase compared with 2011-12.

## Proportion of investors claiming VCT relief by size of investment

The majority of investors tend to invest smaller amounts of money into VCT funds. Figure 1 shows that, in 2012-13, half of VCT investors (50%) claimed tax relief under the VCT scheme for an investment of less than £10,000. Only 5% of investors made a claim for an investment over £100,000.

In 2012-13, a smaller proportion of investors invested very small amounts (under £3,000) and high amounts (over £75,000) than in 2011-12. A higher proportion invested amounts between £3,000 and £75,000.

**Figure 1:** Distribution of proportion of investors claiming VCT relief by size of investment (upper limit).

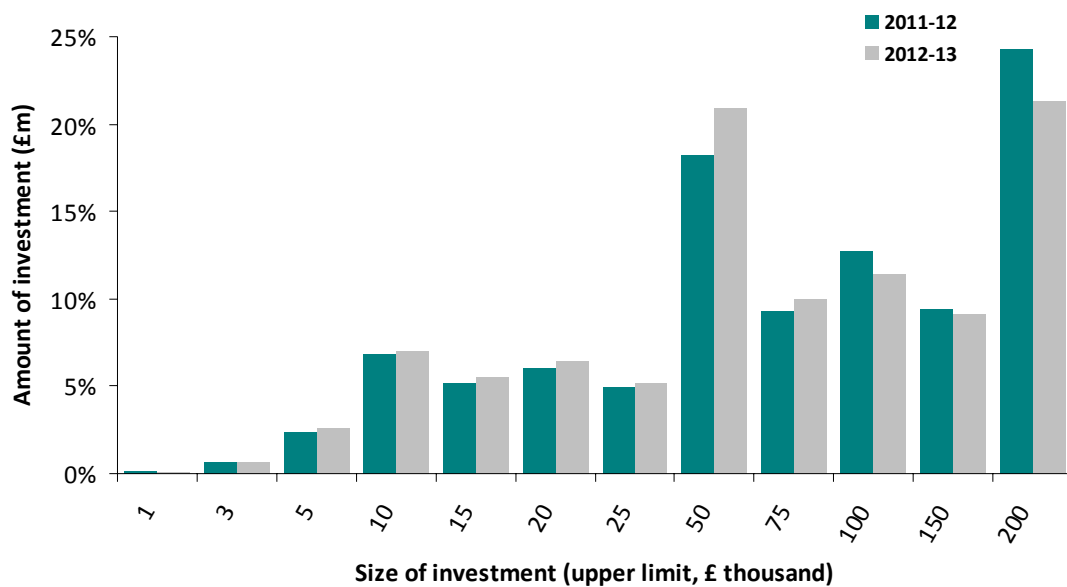


## Distribution of total investment for which VCT relief was claimed by size of investment

Figure 2 shows the distribution of the total amount invested on which income tax was claimed by the size of individuals' investments.

The majority of the investment in both 2011-12 and 2012-13 was made of investments between £50,000 and £75,000 and between £150,000 and £200,000 (investment from each band accounts for 21% of the total VCT investment).

**Figure 2:** Distribution of proportion of investment for which VCT relief was claimed by size of investment (upper limit).





## **Section 4: Background information**

### **Policy background**

The Venture Capital Trust (VCT) scheme, introduced in 1995, is one of three tax-based Venture Capital Schemes, the others being the Enterprise Investment Scheme and the Seed Enterprise Investment Scheme. Follow the link below for information on the policy background and key policy changes in VCT schemes:

<https://www.gov.uk/government/statistics/venture-capital-trust-statistics-introductory-note>

The National Statistics for the Enterprise Investment and Seed Enterprise Investment Schemes can be found here:

<https://www.gov.uk/government/collections/venture-capital-schemes>

### **Data sources**

The Self Assessment (SA) returns are used to collect VCT investor-level information. This information will not cover investors making Income Tax relief claims through other systems (e.g. PAYE) or not making any claims.

All figures in this release are based on data extracted in November 2014.

### **Methodology**

The figures presented in this bulletin are based on data from SA returns. As no sampling is necessary, sampling error is not an issue.

### **Revisions to previously published tables**

This release provides the first estimates of the number of investors and the amount claimed through Self-Assessment in value terms. Previously, these were published as percentages. VCT investors can claim Income Tax relief up to four years after the end of the tax year in which the investment was made. Therefore, in the next publication, a small number of late claims could result in minor revisions to the provisional figures for 2012-13.

### **Planned developments and changes**

HMRC intends to make changes to the timing of this publication. The statistics are currently published in the December of the year after the financial year presented; for example, the most recent data used in this publication relates to the period 2012-13. We are reviewing the timing of the publication and investigating the possibility of a more timely release. Data sources include investors' Self Assessment returns; these returns come in throughout the year and eventually form a complete picture of the Income Tax relief claims.

We are intending to investigate the Self Assessment returns to consider at what stage there is a sufficient amount and quality of data available to produce the National Statistics within this publication. As part of this we will consider the quality of the estimates and the potential effect on the scale of revisions between the provisional and revised datasets. We would welcome feedback on the current timing of the publication and any impact that changes to this may have on our users.

### **User engagement**

HMRC is committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so that we can improve our National Statistics and identify gaps in the statistics that we produce. Please see the following link for HMRC Statistics "Continuous User Engagement Strategy":

<https://www.gov.uk/government/statistics/hmrc-statistics-continuous-user-engagement-strategy>

If you would like to comment on these statistics or have any enquiries, please use the statistical contacts named at the end of this section or on the cover page. Alternatively, we would welcome any views or comments you have via the HMRC statistics blog:

<https://hmrcstatistics.blog.gov.uk/>

Specifically, if you would like to be involved in future consultations about Corporation Tax National Statistics, please go to the survey at the following link, where you will be able to enter your contact details:

<https://www.surveymonkey.com/s/dbtsurvey1>

### **UKSA Assessment**

These statistics have been assessed for compliance with the Code of Practice for Official Statistics by the UK Statistics Authority (UKSA). The assessment report is available on the UKSA website:

<http://statisticsauthority.gov.uk/assessment/assessment/assessment-reports/index.html>

UKSA is an independent body directly accountable to Parliament with the overall objective to promote and safeguard the production and publication of official statistics. It is also required to promote and safeguard the quality and comprehensiveness of official statistics and good practice in relation to official statistics.

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Media enquiries should be directed to the HMRC Press Office contacts listed on the front page of this release.