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Venture Capital Trusts Statistics

December 2015

Table 8.9



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Section 1: Introduction

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. This release includes the first estimates for 2013-14.

National Statistics are produced to professional standards set out in the Code of Practice for Official Statistics (2009)¹. 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

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

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

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-trusts-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>

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

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. This information will not cover investors making Income Tax relief claims through other systems (e.g. PAYE) or not making any claims.

Table 8.9 presents annual figures for 2011-12 to 2013-14 on:

- The distribution of investors claiming income tax relief on VCT investments;
- The distribution of amounts invested under the VCT scheme.

Section 2 provides a statistical commentary on the figures and recent trends. Section 3 provides background information including a link to an introduction note explaining in more detail the policy background and the key policy changes. This section also covers the data sources and methodology used to derive these statistics. This publication introduces a new annex looking at the figures and trends for the number of investors and amount of investment between 2004-05 and 2013-14. We would welcome any feedback from users on the content and usefulness of this table.

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 other Venture Capital Schemes, the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS):

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

Section 2: Statistics and Commentary

2.1 Key points

- In 2013-14, Venture Capital Trusts (VCTs) investors have claimed Income Tax relief on £408.4m of their investment; this is a £29.0m (8%) increase compared with 2012-13.
- The majority of VCT investors tend to invest smaller amounts into VCT funds. In 2013-14, 44% of investors made a claim for an investment of £10,000 or less and only 6% above £100,000.
- Amounts invested between £150,000 and £200,000 accounted for over a quarter (26%) of the total amount of investment in 2013-14.
- For all years since 2004-05, those investing £10,000 or less have represented the largest group of investors (see Annex A).

2.2 Table 8.9: VCT Income Tax relief, distribution of investors and investment

In 2013-14, VCT investors claimed Income Tax relief on £408.4m of their investment; this is a £29.0m (8%) increase compared with 2012-13. This information will not cover investors making Income Tax relief claims through other systems (e.g. PAYE) or not making any claims.

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 claimed from 2011-12 to 2013-14^P

Numbers: actual; Amounts: £million

Size of investment in year ²		2011-12		2012-13		2013-14 ^P	
(Upper limit) £		Investors	Amount of investment	Investors	Amount of investment	Investors	Amount of investment
1,000	1	915	0.4	850	0.3	865	0.3
2,500	3	1,090	1.9	1,315	2.3	505	0.9
5,000	5	1,810	7.3	2,375	9.7	1,390	6.1
10,000	10	2,585	20.9	3,330	26.6	3,130	26.2
15,000	15	1,280	16.0	1,640	20.9	1,305	17.0
20,000	20	1,015	18.6	1,335	24.3	1,330	25.2
25,000	25	665	15.2	855	19.7	740	17.4
50,000	50	1,490	55.9	2,125	79.1	2,140	81.9
75,000	75	465	28.5	610	37.8	615	38.6
100,000	100	420	39.1	470	42.9	585	54.9
150,000	150	235	29.0	280	34.6	265	33.5
200,000	200	380	74.5	420	81.2	545	106.5
Total	0	12,345	307.2	15,615	379.4	13,420	408.4

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. From 2004-05 the maximum investment eligible for income tax relief under VCT scheme was £200,000 per year.

p. Provisional.

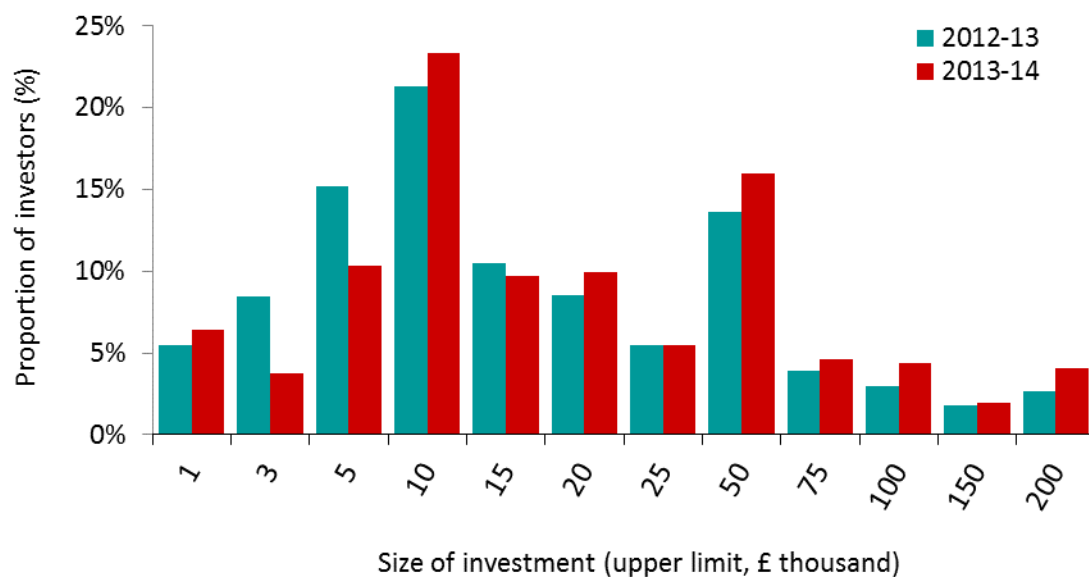
Total figures provided in Table 8.9 on the amount of investment on which Income Tax relief was claimed are not directly comparable with the figures on the amount of investment received by companies in a tax year. Some investors may choose to offset the tax liability against the previous year. Also, a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

2.3 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 2013-14, 44% of VCT investors claimed tax relief under the VCT scheme for an investment of £10,000 or less, the largest group being the £5,000 to £10,000 group (23%). Only 6% of investors made a claim for an investment over £100,000.

In comparison to 2012-13, there has been a higher proportion of large investments and the proportion of investors above £25,000 has grown in every category.

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

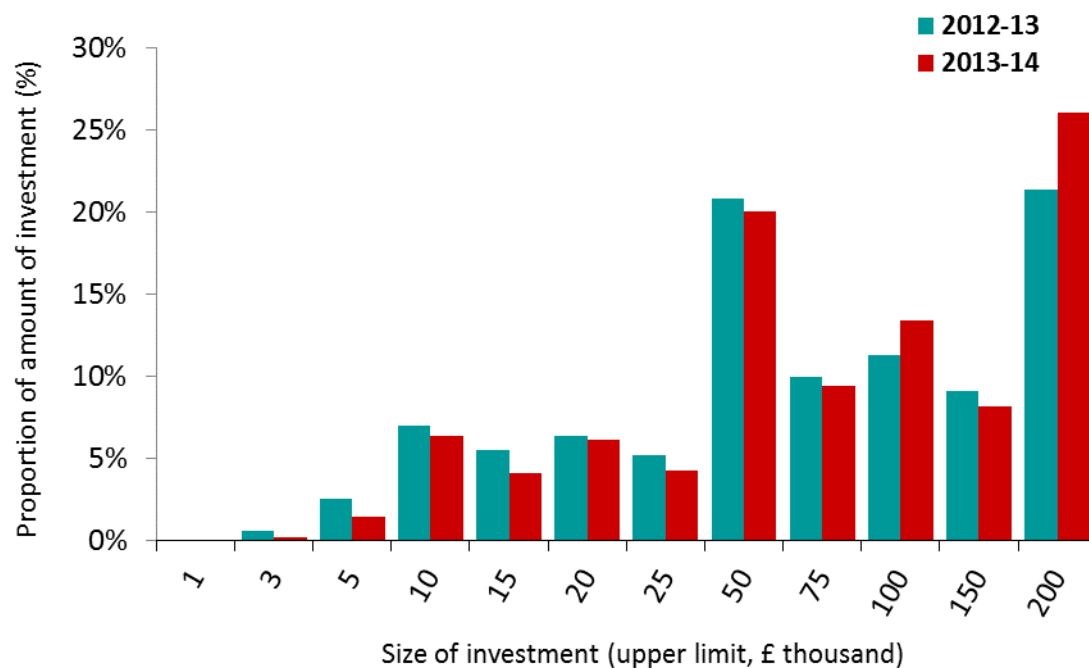


2.4 Distribution of VCT investment by size of investment

The largest category of investment by amount in 2013-14 was investments between £150,000 and £200,000; investment in this category accounts for 26% of the total VCT investment.

Figure 2 shows the distribution of the total amount invested on which Income Tax relief was claimed by the size of individuals' investments.

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



Section 3: Background information

Data sources

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 October 2015.

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 for 2013-14. Prior to 2014 these were published as percentages. VCT investors can claim Income Tax relief up to four years after the end of the tax year (6 April to 5 April the following 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 2013-14.

Planned developments and changes

In December 2014, HMRC announced its intention to make changes to the timing of this publication. The statistics are currently published in the December of the year after the tax year presented; for example, the most recent data used in this publication relates to the period 2013-14. We are continuing to review the timing of the publication and investigating the possibility of a more timely release. We would welcome feedback on the current timing of the publication and any impact that changes to this may have on our users. HMRC will publish an announcement on any changes to the timing of the release.

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.

Contact points

Enquiries about these statistics should be directed to the statisticians responsible for these statistics.

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HM Revenue & Customs
100 Parliament Street
London SW1A 2BQ
Telephone: 03000 589 900/03000 574 402
E-mail: Michael.McDaid@hmrc.gsi.gov.uk or Neil.Wilson@hmrc.gsi.gov.uk

For all detailed enquiries relating to investing in Venture Capital Trusts, please contact:

Local Compliance
Small Company Enterprise Centre Admin Team
SO777 PO Box 3900
Glasgow G70 6AA
Telephone: 03000 588907
E-mail: enterprise.centre@hmrc.gsi.gov.uk

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

Annex A

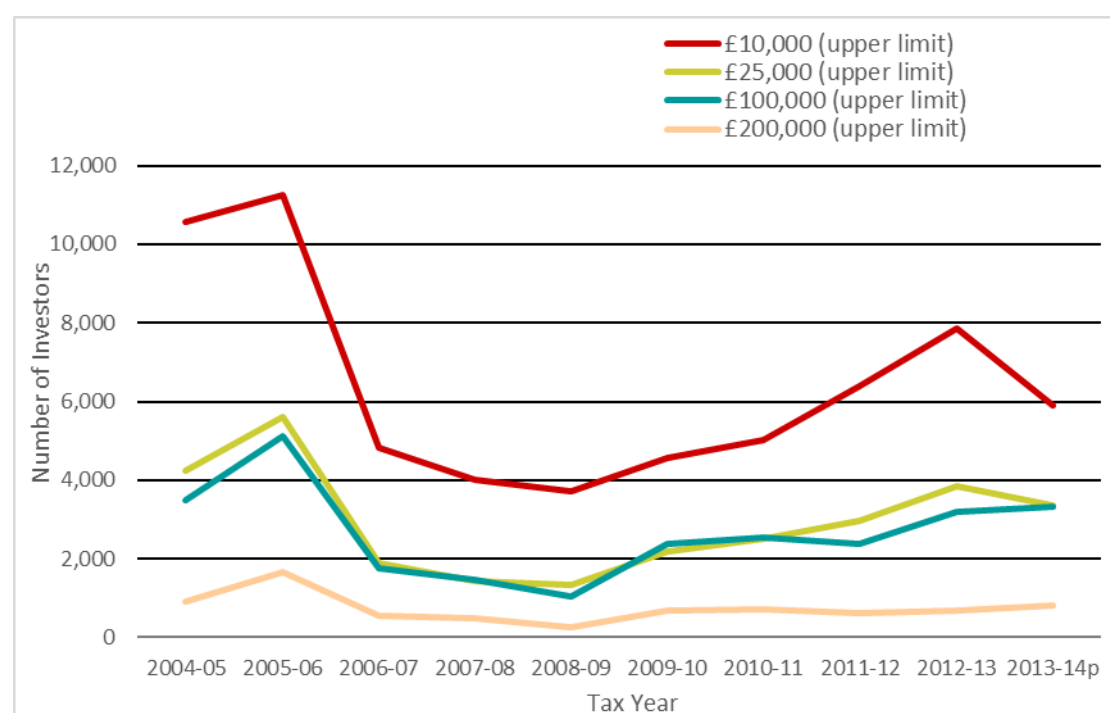
Venture Capital Trusts: Income Tax relief, distribution of investors and investment, 2004-05 to 2013-14

This annex provides a time series presentation of the breakdown of VCT investment by the number of investors and amount of investment. For this analysis, the investment size categories have been grouped into four bands: £0 to £10,000, over £10,000 to £25,000, over £25,000 to £100,000, and over £100,000 to £200,000.

Distribution of investors claiming VCT relief by size of investment

Figure 3 shows the distribution of the number of investors since the upper limits of VCT investment were raised to £200,000 in 2004-05. For all years, those investing £10,000 or less (red line) have represented the largest group of investors, while those investing over £100,000 (yellow line) have been the smallest group. The same trend is evident prior to the increase in the upper limit, with the majority of investors from 2000-01 to 2003-04 investing smaller amounts.

Figure 3: Number of investors claiming VCT relief by size of investment (upper limit).



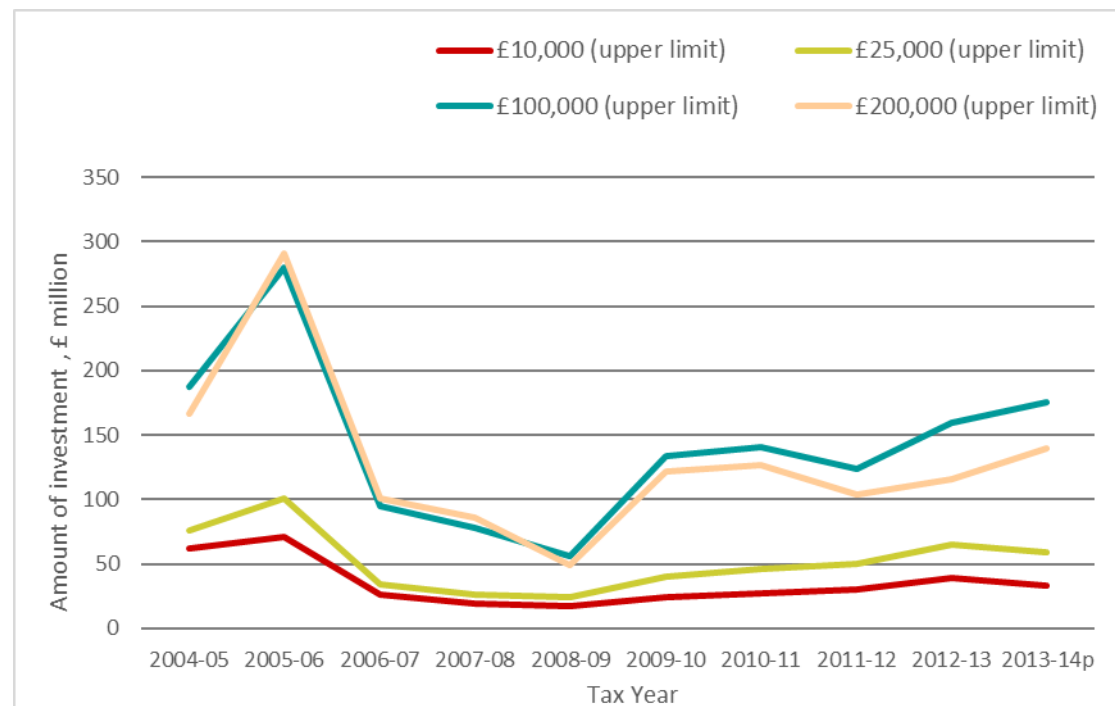
The peak year for all bands, based on the number of investors, was 2005-06. A reduction in the tax relief rate from 40% to 30% in 2006-07 saw a fall in VCT investment across all these investment size bands. Activity continued to fall until 2008-09, which represented a low point for each band. The largest fall was in the number of investors investing over £100,000, which fell from 1665 investors in 2005-06 to 275 in 2008-09 (a reduction of 84%).

Between 2008-09 and 2012-13 there has been growth in all four bands, despite a small dip in the numbers of investors investing up to £100,000 and up to £200,000 in 2011-12. However, between 2012-13 and 2013-14, there was a fall of 25% in the number of investors investing under £10,000, and a fall of 12% for investors investing between £25,000 and £100,000.

Distribution of overall investment for which VCT relief was claimed by size of investment

Figure 4 shows that the largest amount of investment is accounted for by the £100,000 band and this has been the case since 2008-09. Investments of up to £10,000 have made up the smallest proportion of total investment in all years.

Figure 4: Distribution of overall investment for which VCT relief was claimed by size of investment (upper limit).



The amount of investment follows a similar trend to the number of investors, with 2005-06 being the peak year for all groups. The relief rate reduction in 2006-07 from 40% to 30% saw a sharp drop in activity with each band falling to only a third of the 2005-06 amounts. The decline continued, reaching a low in 2008-09 for all bands.

There has since been a rise across all bands in the level of activity since 2008-09, although 2010-11 to 2011-12 saw a fall in the overall amount of investment from those investing over £100,000 (from £125m to £105m) and between £25,000 and £100,000 (£140m to £125m). Between 2012-13 and 2013-14 there was a £5m reduction in the overall investment for investments in both the £10,000 and £10,000-£25,000 bands.