Case Study: The Power of Recycling

VCTs offer 20% income tax relief regardless of the investors marginal rate. After five years, investors can claim additional relief on their investment, increasing the impact of this benefit over time.

While VCTs offer up to 20% income tax relief, the ability to sell shares and reinvest means it's possible to claim additional relief over time

An investor with a 15-year plus time horizon could claim up to 60% income tax relief on their VCT investment

1

Year 1

Client makes **initial investment** in a VCT

Claims
20%
Income Tax relief

2

Year 5

Client **sells** VCT shares

Reinvests in a 2nd VCT

Claims additional
20%
Income Tax relief
(40% total)

3

Year 10

Client **sells** VCT shares

Reinvests in a 3rd VCT

Claims additional
20%
Income Tax relief
(60% total)

4

Year 15

Client **exits the VCT** having enjoyed a total of

60%
Income Tax relief on their original investment

Warnings: It may not be possible to realise your investment on the precise date required. Exits may be subject to a discount of the net asset value that would reduce returns. VCTs are high risk assets and values may fall as well as rise. Reinvestment must be into an alternative VCT or six months after exit. . Tax treatment is subject to change and depends on individual circumstances. Tax year 2026/27.

For further information, please contact your Business Development Manager or the Sales Team

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Important Information

This document has been approved by Foresight Group LLP ("Foresight") as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 ("FSMA"). Foresight Group LLP is authorised and regulated by the Financial Conduct Authority, under firm reference number 198020. This document should only be read in conjunction with the Foresight Guide to VCTs for the Tax Year 2026/27.

The opportunities described in this document are NOT suitable for all investors. Key risks are explained in the Information Memoranda/Investor Guides and should be carefully considered before submitting an application to invest.

Foresight cannot provide legal, tax, financial or investment advice. Foresight has taken all reasonable care to ensure that all the facts stated in this document are true and accurate in all material respects. Assumptions, estimates and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice. Any forward-looking statements or projections are based on a number or assumptions as to market conditions and there can be no guarantee that any projected results will be achieved.

Tax reliefs are dependent on the VCT maintaining its qualifying status and on investors' individual circumstances. If a VCT loses its qualifying status, tax advantages will be withdrawn from that point. VCTs usually trade at a discount to their net asset value. It may be difficult to exit VCTs and they should be considered as long-term investments.

Investments will be made in small unquoted companies, which carry a higher risk than many other forms of investment. The VCT investments are likely to be illiquid and difficult to realise. The value of shares and income from them may go down as well as up, and past performance is not a reliable indicator of future performance and may not be repeated. Your capital is at risk and you may lose all the money you invest.

If you are in any doubt about the content of this document and/or what action you should take, you should seek advice from an independent financial adviser authorised under FSMA who specialises in advising on opportunities of this type.