

The logo for Foresight group, featuring the word "Foresight" in a large, bold, sans-serif font, with the word "group" in a smaller, lowercase, sans-serif font directly beneath it.

Foresight
group

THE FORESIGHT GUIDE:

**CLAIMING
TAX RELIEF**

2019/20



How to claim Tax Relief?

You've made your investment into a tax-efficient product and your shares have been allocated, but what next?

Many people find the process of claiming tax relief on their investment complicated and a little daunting, whether it's relief against Income Tax, Capital Gains Tax or Inheritance Tax. This booklet will give you a step-by-step guide to claiming your tax reliefs.

Claiming tax relief on your VCT Investment:

After you have invested into a VCT you will receive a tax certificate confirming the sum invested.

Qualifying VCTs offer:

- 30% income tax relief on investments up to £200,000 in any single tax year
- Capital Gains Tax-free growth
- Tax-free dividend income

1.

Completing a Self-Assessment return

When claiming tax relief on a VCT investment you can apply by completing the Additional Information (SA101) form issued by HMRC along with the standard Self-Assessment form (SA100). This form will require the details of your VCT investment to supplement the details of your other earnings outlined on the SA100. You can find these forms at www.hmrc.gov.uk.

Enter the total amount invested into a VCT (including the monetary value of any re-invested dividends) in Box 1 of SA101 in the section titled 'Other tax reliefs'.

Claiming your tax relief this way will reduce the amount of tax that you will need to pay when your tax is due. If you have paid too much, the excess can be repaid directly into your bank or building society account by entering the details in the relevant section of the form.

2.

Claiming through a PAYE code change

If you've made an investment in the current tax year, you can write to HMRC and ask them to change your tax code. Your income tax will be reduced on a monthly basis until your income tax relief is used up.

You will need to include your national insurance number, a P60 form and a copy of your VCT tax certificate.

3.

An alternative to Self-Assessment forms

Send details of your tax certificate to your local tax office with a letter regarding the need to amend your tax code.

Your tax relief will then be processed through a tax refund if you have missed the deadline for a code change.

Note: Do NOT send your original certificate as this can be costly to replace if lost.

Claiming tax relief on your IHT investment:

Qualifying trading companies offer:

- Inheritance tax (IHT) exemption on Business Property Relief (BPR) qualifying companies
- An investment's qualifying status for tax relief will be re-evaluated at the time of the investor's death

1.

Completing an Inheritance Tax account form:

When a person dies it is necessary for the executor(s) of their estate to complete an Inheritance Tax account form (IHT400). This details the estate of the deceased including gifts, assets and properties and provides information as to forms for further details on investments or holdings. If the deceased held an asset that qualified for BPR it is necessary to complete a Business and Partnership Interests and Assets

(IHT412) form to declare the asset as a qualifying business.

If instructed to do so Foresight can sell down the investment and pay the proceeds directly to HMRC to part/fully cover IHT liability. The estate will need to provide Foresight with the unique inheritance tax reference number of the deceased.

Excerpt from IHT 400 form

<p>40 Business Relief, business and partnership interests and assets</p> <p>Do you want to deduct Business Relief from any business interests and assets owned by the deceased or a partnership in which they were a partner?</p> <p>No <input type="checkbox"/> Yes <input type="checkbox"/> Use Schedule IHT413</p>	<p>47 National Heritage assets</p> <p>Is any asset already exempt or is exemption now being claimed, on the grounds of national, scientific, historic, artistic, scenic or architectural interest? Or does any such asset benefit from an Approved Maintenance Fund for the upkeep and preservation of National Heritage assets?</p> <p>No <input type="checkbox"/> Yes <input type="checkbox"/> Use Schedule IHT420</p> <p>If you answered Yes to any of questions 29 to 47, please fill in the schedule for that asset. The schedule number is shown at the end of each question.</p>
<p>41 Farms, farmhouses and farmland</p> <p>Do you want to deduct Agricultural Relief from any farmhouses, farms or farmland owned by the deceased?</p> <p>No <input type="checkbox"/> Yes <input type="checkbox"/> Use Schedule IHT414</p>	<p>48 Do you have all of the schedules you need?</p> <p>No <input type="checkbox"/> • download the schedules from</p>

Claiming tax relief on your IHT investment:

Continued

Excerpt from IHT412 form



Unlisted stocks and shares, and control holdings

Schedule IHT412

When to use this form

Fill in this form to tell us about any stocks and shares owned by the deceased that are:

- listed on the Alternative Investment Market (AIM) or traded on OFEX
- held in a private limited company, Business Expansion Scheme (BES) or Business Start-up Scheme (BSS)
- listed on a recognised stock exchange and the deceased had control of the company.

All other holdings of stocks and shares should be listed on Schedule 411 *Listed stocks and shares*.

You need to tell us about any dividends and interest on the stocks and shares that were due at the date of death but have

Name of deceased	<input type="text"/>
Date of death DD/MM/YYYY	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
IHT reference number (if known)	<input type="text"/>

This is an example of the HMRC form you will need to complete in order to receive the tax relief on your IHT investment.

Claiming tax relief on your EIS Investment:

Qualifying EISs offer:

- 30% income tax relief
- Capital Gains Tax exemption
- Loss relief
- Capital Gains Tax deferral on investments

Subject to the investment being held for three years from the date of investment or the commencement of trading if later.

1. To claim any of the reliefs listed above, investors must first obtain EIS3 certificates (the manager of your fund will apply for these for you). Applications to HMRC for EIS3 certificates can only be submitted by the qualifying company once the investment into that company has been made and the company receiving the investment has been trading for a minimum of 4 months. As illustrated below, there may

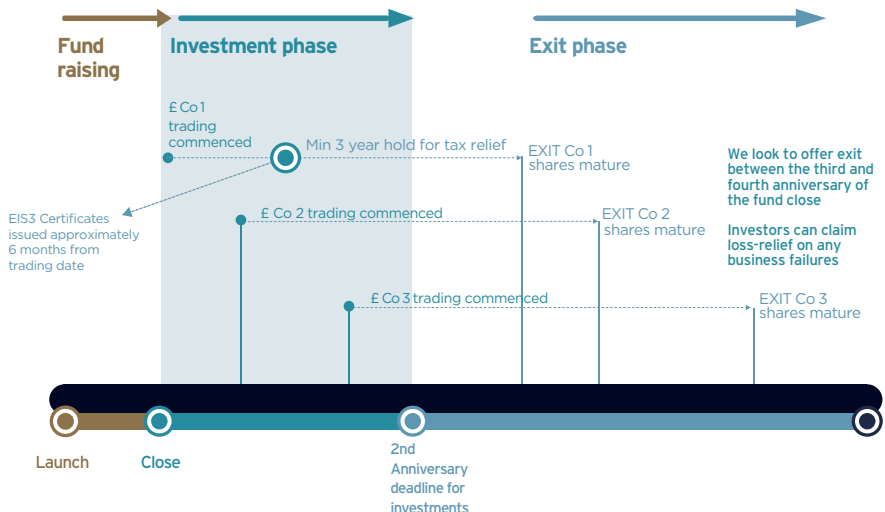
be a delay in investment into the qualifying companies and each company must qualify and issue a certificate in its own right, EIS3 certificates can often take several months to obtain and arrive in stages.

Once EIS3 certificates are obtained, these must be completed and sent to HMRC before the relevant relief(s) will be available.

Note that tax relief for an EIS investment may not be claimed as a lump sum immediately as with reliefs for a VCT investment.

Tax relief can be claimed for amounts invested by the fund in underlying companies and on receiving the corresponding EIS3 certificates.

See below for an example.



Excerpt from EIS3 certificate



HM Revenue & Customs

These instructions are for the company completing the compliance certificate.

You cannot issue this certificate to a subscriber unless you've received authority from HM Revenue and Customs (HMRC).

You need to have completed form 'Enterprise Investment Scheme: compliance statement (EIS1)' first, with details of the subscription, to get authorisation from HMRC.

Enterprise Investment Scheme Compliance certificate

This certificate should be signed by the company secretary or any person authorised by the company, or in the case of a company in liquidation, by the liquidator.

You are liable to a penalty if you issue a certificate fraudulently, or negligently, or issue a certificate without our authority. The penalty can be up to £3,000.

Separate certificates must be used for eligible shares issued on different dates or shares of different classes issued on the same day.

Full name and address of the person who subscribed for eligible shares

Name Mrs Sarah Jones

Address 123 High Street

London

Postcode SW3 4FR

The following eligible shares in the company named below were subscribed for by you and issued to you (or as directed by you).

Description of shares

Ordinary

Termination date for these shares DD MM YYYY

0 1 0 3 2 0 2 2

Nominal value of each share

£2.50

You have received value from the company or a connected person amounting to

£0.00

Number of shares issued

1,000

Unique investment reference (UIR) number

10001234

Amount subscribed

£2,500.00

Knowledge-intensive company at the time of the share issue

Put 'X' in one box

Yes No

Date of issue of the shares DD MM YYYY

0 1 0 3 2 0 1 9

I certify that the conditions of the scheme, other than those which you as an investor have to satisfy, are for the time being met for these shares.

Name of company representative

John Smith

Company name

Foresight Group

Capacity in which signed

Director

Registered office address

Address The Shard, 32 London Bridge Street

London

Signature

Postcode SE1 9SG

Date DD MM YYYY

2 9 0 3 2 0 1 9

This is an example of the HMRC form that needs to be completed in order to receive the tax relief on your EIS investment. Your fund manager will apply for these and send them to you when available.

Other Guides from Foresight:

- Foresight Guide to **BPR**
- Foresight Guide to **EIS**
- Foresight Guide to **IHT**
- Foresight Guide to **VCTs**
- Foresight Guide to **Tax**

Contact Us

Foresight Group LLP
+44 (0)20 3667 8199
sales@foresightgroup.eu

The Shard, 32 London Bridge
Street, London SE1 9SG

foresightgroup.eu

Important notice

Investments in EIS, VCT or BPR products will place investors' capital at risk and you may not get back the full amount invested. The investments listed are in unlisted companies which are likely to be harder to value and sell than quoted shares. Please note that the availability of EIS, VCT or BPR tax relief is dependent on each investor's circumstances. Tax reliefs are also subject to change, and rely on the company in question meeting EIS, VCT or BPR qualifying criteria. Foresight does not provide investment or tax advice, and therefore potential investors should seek specialist independent tax and financial advice before investing. Past performance should not be taken as a reliable indicator of future results and forecasted returns are not guaranteed. This is a long term investment and you may not be able to get your money back out before the end of the investment term. Please see the offer document for full details.