CashCalc Specification Sheets (Client Facing)

Venture Capital Trust (VCT) Tax Calculator

Overview

The Venture Capital Trust (VCT) Tax Calculator is used to show the client their tax relief if they were to invest in a VCT. This calculator takes the value of up to five VCT investments, Net Growth Rate and the number of years of the investment and produces a graph detailing what the Cost to the client before the tax relief is, Tax Relief claimed, cost to client after tax relief and the Growth of the investment.

Assumptions

Below is a list of all assumptions made in order to perform the calculation:

- Figures are rounded up to the nearest penny
- Net Growth Rate has a range between 0.00% and 10.00% (Default: 3.00%)
- The term has a range between 5 and 25 years (Default: 25years)
- If money is not reinvested, it is assumed that the money is not withdrawn at the end of the term

Calculations Breakdown

The calculations require four parameters in order to calculate the given output, these being:

- Amount Invested
- Net Growth Rate %
- Length of Term
- Amount Reinvested?

When someone invests in a VCT, they get an immediate 30% tax relief on their investment. Each investment in a VCT must last for a minimum of 5 years and the client would have the option to reinvest their money at this time. This is selected with the 'Amount Reinvested?' option. Every time that the client reinvests their money, they get their 30% tax relief again.

This calculator estimates the tax relief claimed, cost to the client after tax reliefs and the growth of their investment. These are calculated using the following:

$$\text{Tax Relief Claimed}_{(n+5)} = \text{Tax Relief Claimed}_n + (\text{Amount Invested} \times 0.3)$$

$$\text{Cost To Client after Tax Relief}_{(n)} = \text{Cost To Client}_n - \text{Tax Relief Claimed}_n$$

$$\text{Investment}_{(n+1)} = \text{Investment}_n + (\text{Investment}_n \times \text{Net Growth Rate})$$

A PDF report can be created from this calculator which contains detailed information about the relevant client's details and the outputs of the calculations performed. The data plotted in graphical form is created by using the GoogleChartAPI.