

The Enterprise Investment Scheme (EIS) & Seed Enterprise Investment Scheme (SEIS) have been designed and supported by successive governments to encourage investment in small, high growth businesses – and therefore support innovation, employment & growth of the UK economy. Both schemes offer attractive tax reliefs to investors, to mitigate the risk of investing in a high-risk/high-returns class of equity.

Get interactive at www.eiscalculator.co.uk

TAX RELIEFS FOR THE INVESTOR

| | | EIS | SEIS |
|---|---|---|---|
| Reduce tax liability immediately for current or previous tax year |  INCOME TAX | 30% of the investment is reclaimed from income tax owing or paid | 50% of the investment is reclaimed from income tax owing or paid |
| |  CAPITAL GAINS TAX | 100% DEFERRAL RELIEF deferred on gains up to the value of the investment, for the life of the investment | 50% REINVESTMENT RELIEF directly reduce a CGT bill by half - usually worth 10% of the investment |
| Reduce future tax exposure |  INHERITANCE TAX | 100% exempt, provided investments are held for two years | |
| Further reliefs dependent on the performance of the investment |  CAPITAL GAINS | All profit on the investment 100% exempt from capital gains tax after being held for 3 years | |
| |  LOSS RELIEF | If a company fails, the net investment (total less reliefs already claimed) reduces income tax further | |

COMPANY CRITERIA

| | | |
|-------------------------------------|--|---|
| FUNDING ALLOWED maximum per company | £12 million over life* £5 million per year* | £150,000 |
| EMPLOYEES max full time equivalents | 250 | 25 |
| ASSETS maximum gross pre-funding | £15 million | £200,000 |
| MATURITY | Trading, unlisted, less than 7 years old* | From pre-trading to maximum 2 years trading |

INVESTOR CRITERIA

| | | |
|---|--|-----------------|
| INVESTMENT ALLOWANCE maximum per tax year | £1 million* each spouse or civil partner has their own limit, unaggregated | £100,000 |
| CARRY BACK | Investors are permitted to carry back their investment to make use of any allowance remaining from a previous year | |

ACTIVITY IN 2016/17 TAX YEAR

| | | |
|---------------------------|-----------------------|---------------------|
| COMPANIES FUNDED | 3,470 | 2,260 |
| INVESTORS CLAIMING RELIEF | 29,860 | 7,855 |
| INVESTMENT RAISED | £1,797 million | £175 million |

*There are higher limits for 'knowledge intensive' companies, currently & additionally from 2018/19.

All data sourced from HMRC.

Investors are encouraged to seek advice from a qualified professional before investing in seed, high risk companies.