

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 2019/20 TAX YEAR**

COMPANIES FUNDED	4,215	2,090
INVESTORS CLAIMING RELIEF	36,950	8,665
INVESTMENT RAISED	£1,905 million	£170 million

*There are higher limits for 'knowledge intensive' companies.

** Provisional numbers, May 2021, these generally increase by ~5% for companies funded & investment raised and ~14% for number of investors.

All data sourced from HMRC.

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