

Tax Relief Overview - EIS vs SEIS

Investing in startups and small businesses can be a risky business, which is why there are generous incentives in the form of tax reliefs available. Ensuring that your company qualifies under EIS or SEIS will give your investors access to some of the most generous tax incentives around.

EIS - Enterprise Investment Scheme

The Enterprise Investment Scheme was designed to help small, high-risk companies raise finance by offering tax relief to investors who purchase new shares in companies that qualify. For the investor, it's a tax mitigation incentive to acquire shares in ambitious young companies whose risk profile may otherwise deter investment. When purchasing shares in EIS qualifying companies investors, including directors, can receive income tax relief of 30% on investments and Capital Gains Tax exemption for any gains on the EIS shares held for over three years.

SEIS - Seed Enterprise Investment Scheme

SEIS was created in April 2012 as an extension to the EIS regime, increasing the reliefs available for companies in the start-up phase where their risk profile is even greater, and bank finance is that much harder to find. When purchasing shares in SEIS qualifying companies investors, including directors, can receive income tax relief of a massive 50% on investments up to £100,000 and Capital Gains Tax exemption for any gains on the SEIS shares held for over three years.

Does my company qualify?

If you want to find out whether your company qualifies and could be a more attractive investment prospect, please contact one of our highly experienced experts using the details below. They will be able to discuss with you the rules of qualification and detail the benefits and reliefs of EIS and SEIS investment.



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Please see the reverse for a brief comparison of the reliefs available under both schemes.

Comparative Overview EIS/SEIS Relief

	EIS Relief	SEIS Relief
Income tax	Income tax relief is applied at 30% of the amount invested in new shares (maximum annually is £1 million per investor)	Income tax relief is applied at 50% of the amount invested in new shares (maximum annually is £100,000 per investor)
Capital gains tax (CGT) relief	An EIS investor is entitled to exemption from CGT on a disposal of EIS shares, provided he has held them for three years. Therefore, any growth in value is tax free	An SEIS investor is entitled to exemption from CGT on a disposal of SEIS shares, provided he has held them for three years. Therefore, any growth in value is tax free
Relief for capital losses on disposals	Relief is given for allowable losses arising on the disposal of the shares by offsetting against taxable income	Relief is given for allowable losses arising on the disposal of the shares by offsetting against taxable income
Business property relief	Investment in shares in EIS companies held for a minimum of two years will normally qualify for 100% business property relief for Inheritance Tax purposes	Investment in shares in SEIS companies held for a minimum of two years will normally qualify for 100% business property relief for Inheritance Tax purposes

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