

EIS

What can it do for your business?

Mark Brownridge
Director General of the EIS Association

Economy

Investors

Start and Scale Ups

EIS Tax Reliefs

Income tax relief	30% upfront income tax relief (up to a maximum investment of £1 million in the current tax year, plus the ability to carry back to the previous tax year)
Capital gains exemption	Any capital gain is tax free (provided income tax relief has been given and not withdrawn) after a minimum holding period of three years
Capital gains deferral relief	Unlimited capital gains tax deferral for life of the investment
IHT relief	100% inheritance tax relief after two years (provided the investments are held at time of death)
Loss relief	Any loss (calculated after deducting the income tax relief) may be offset against taxable income or capital gains
Dividends payable are taxable	

“The government’s long term economic plan is to back business, by improving access to finance and providing support to new and growing businesses, which are the lifeblood of our economy.

The policies we have put in place – such as the Seed Enterprise Investment Scheme and Enterprise Investment Scheme, show that a well-targeted tax intervention can have a significant impact on motivating private investment into specific areas of the economy.”

David Gauke – 2012 Chief Secretary to the Treasury



EIS in numbers

1994 & 2012

£18bn 27,620

£1.79bn £188M

£186,000

60% / 85%

Who qualifies and how much investment could you receive?

- Excluded trades include:
 - legal or accountancy activities,
 - land,
 - coal / steel production,
 - farming,
 - managing hotels or care homes
 - since 2014 solar and other power generation
- Companies must be unquoted and not be controlled by another company
- Maximum Investment from EIS
 - Overall total - £12m (£20m for knowledge based companies)
 - £5m in any one year
- Permanent UK establishment
- Gross Assets – not more than £15m pre funding or £16m post
- Fewer than 250 full time employees

Who qualifies?



Who invests in small companies?

- Private Investors – Friends & Family, Business Angels, HNWIs
- Crowd Funding platforms – large numbers of small investors
- EIS Funds run by professional fund managers who source and manage the investments

Companies seeking Finance



Am I able to create a detailed business plan with realistic projections about how the business could grow with the help of external funding?



Does the business have a proven product or service that could appeal to a wider, perhaps national or international, market?



Does the business have a USP, fill a niche or satisfy a previously unmet or unrealised market demand?



Does the business have high growth potential?



Who are my main competitors and how can/will my company stay ahead of them?

Gemma Godfrey - CEO – moo.la



“EIS and SEIS are win-win for everyone. Because investors can offset some of their risks through tax relief, businesses like mine can more easily get the funding they need to grow, become profitable and successful, and reward their investors. The government wins too – through the employment, tax revenues and other economic benefits derived from a thriving private sector.”

<http://www.eisa.org.uk/>