

# EIS and SEIS tax efficient investments

A summary for companies and investors



Making a difference

# What are EIS and SEIS?

**The Enterprise Investment Scheme (EIS) and the Seed Enterprise Investment Scheme (SEIS) are government sponsored initiatives designed to help smaller businesses raise funds by offering individual investors tax relief when subscribing for shares in these companies.**

## **Which companies qualify?**

SEIS is targeted at companies which are within the first few years of trading, while EIS is aimed at more established companies.

For a company to qualify for SEIS or EIS it must meet the following criteria:

- The company or a qualifying subsidiary must be carrying out a qualifying trade.
- The company must have a permanent establishment in the UK.
- The company must not be trading on a recognised stock exchange at the time of the share issue.
- The subscriptions collected from the issue of the shares must be used for the purposes of trade.



# Investing under EIS/SEIS

## Why invest under EIS/SEIS?

The schemes have material benefits for businesses and investors, which include:

- They attract start-up investment into smaller companies.
- EIS normally allows individuals to invest annually up to £1 million by receiving a 30% income tax break.
- SEIS allows investments from 6 April 2023 of up to £200,000 annually while receiving a 50% tax break.
- As long as shareholders hold shares for a minimum of three years, they will pay no capital gains tax when the shares are sold.
- Investors benefit from CGT deferral relief for EIS shares and reinvestment relief for SEIS.

## How can we help you?

We are able to provide advice on these schemes both in relation to a company funding its business or for an investor hoping to access the reliefs.

We can:

- Assist with applications to HMRC for advanced assurance of qualification.
- Complete companies' compliance statements for companies to confirm that investors can claim the income tax and CGT relief.
- Our corporate finance team can also help your company seek out potential investors as well as deal with all cosec and share structure issues.
- In addition, we can provide a client monies facility to ensure that investment tranches and share issues are handled systematically.



# What our clients say

The tax team at Knill James has considerable experience and expertise in advising companies in relation to SEIS and venture capital schemes.

Such experience is essential when plotting a course through the complexities of the reliefs, as the most minor detour from the papertrail application protocols can result in the HMRC denying a claim.

'Mike Chapman and his team at Knill James have been amazing in helping our shareholders obtain the tax breaks for their investment through the Venture Capital SEIS and EIS schemes.

As well as dealing with the complex HMRC compliance regime associated with the reliefs, they also managed all the company secretarial and investor money functions as part of a coordinated offering.

We especially appreciated the timely manner in which all our requests for support have been handled. I would recommend Mike and the team to any start-up looking to raise tax-efficient funding.'

**Sami Nur – Director and Founder of Opto Health Limited**





# Understanding our clients' needs first

**We work hard to get to know you so we can deliver timely, customised advice on how to manage your business's tax exposure and support you with claiming relevant tax reliefs.**

As a talented team of financial experts, our starting point is always the same: to understand our clients' needs first. We pride ourselves on our personalised client care, providing tailor-made advice to help you and your business thrive.

Our vision is to provide valued advice and results that make a difference to our clients, our teams and our communities.



# The Team



**Mike Chapman FCA, CTA**  
Tax Partner

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Mike heads the tax function at Knill James and has extensive experience in implementing tax planning at all stages of a company's lifecycle. This includes the effective use of SEIS and EIS reliefs while seeking to mitigate the risks inherent in Venture Capital schemes.



**Jamie Bird CTA**  
Personal Tax Director

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An expert in EIS/SEIS projects, Jamie can advise you on the Income Tax and Capital Gains Tax benefits of making venture capital investments, including any compliance obligations and record keeping as well as ensuring that the maximum tax reliefs are claimed.



**Zelie Byrne CTA**  
Corporate Tax Manager

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Zelie has over 15 years' experience as a tax adviser and specialises in advising clients on the company qualifying conditions for EIS and SEIS reliefs, as well as other corporation tax advisory matters and compliance services.



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