



Tax Advantaged Forum

The case for investing in EIS

THE CASE FOR INVESTING IN EIS

Venture capital companies do different activities from quoted companies

- ▶ Create MVP / find product market fit / start scaling
- ▶ But exits depend on wealth of buyers

=> venture capital has **diversification benefits** in a portfolio

Holistic asset allocation

- ▶ Adding venture capital can improve expected returns without changing risk
- ▶ Adjust other assets to balance

For average / above average risk investor maths suggests low-mid teens proportion

THE TAX RELIEFS

The benefits for individuals of investing through EIS and SEIS

EIS



30% initial income tax relief

Actual net cash outlay of 70p in the £



CGT freedom

No Capital Gains Tax to pay



CGT deferral relief

Potential unlimited and indefinite deferral of an existing CGT bill



Loss relief

Maximum exposure of 38.5p in the £ for a 45% income tax payer



Inheritance tax relief

Potential saving of up to 40p in the £

SEIS



50% initial income tax relief

Actual net cash outlay of 50p in the £



CGT freedom

No Capital Gains Tax to pay



CGT relief

Potential exemption of 50% of an existing CGT bill



Loss relief

Maximum exposure of 27.5p in the £ for a 45% income tax payer



Inheritance tax relief

Potential saving of up to 40p in the £

Source: EIS Association

BUDGET CHANGES

Increased investment limits

- Companies can have larger gross assets (£30m instead of £15m)
- Annual limit doubled from £10m to £20m (£10m to £20m for Knowledge Intensive companies)
- Lifetime limits doubled from £12m to £24m (£20m to £40m for KI companies)

Proposed Business Relief limit raised to £2.5m from £1m from 6/4/26

VCT income tax relief reduced to 20% from 6/4/26

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