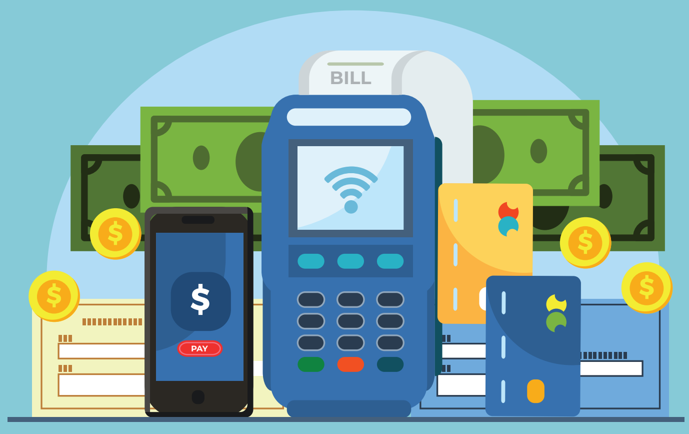
EIS

bridges the gap between private investors and growth orientated, entrepreneurial businesses. There is clear evidence that young and innovative companies contribute substantially to economic growth and job creation. However, because of their early stage of development, the risk of failure is higher. The UK Government therefore provides investors with tax reliefs to incentivise investment and de-risk investment into startup and scaleup businesses.



Since EIS was launched in **1994, 27,905** individual companies have received investment through the scheme, and **£18 billion** of funds have been raised

In **2016-17, 3,470** companies raised a total of **£1,797 million** of funds under the EIS scheme

THE TAX RELIEFS

EIS Income Tax Relief

Up to 30% of the value of your investment (up to a maximum of £1M every year) in the form of income tax relief.

EIS Loss Relief:

Up to 45% loss relief available if the business performs poorly and you lose money on your investment.

EIS Inheritance Tax Relief:

You can generally claim Inheritance Tax relief of 100% after two years of holding the EIS shares.

EIS Capital Gains Tax Relief

Disposal Relief: Any gains accrued on share that are held for three years may be exempt from Capital Gains Tax when you come to sell them.

Deferral Relief: No Capital Gains Tax to pay until a later date if you dispose of an asset (any asset) and use the gain you made on that asset to invest in shares in a company that qualifies for EIS.

THE INVESTMENT

The average deal size when an EIS funds invests is **£800,000.**
Each fund targets an average of **6 companies** for its portfolio.

EIS investment in 2019 was made into the following sectors:

- **3.39%** Pharmaceuticals & Biotechnology
- **8.47%** Media & Entertainment
- **37.29%** General Enterprise
- **44.07%** Technology

HMRC insist the company you invest in :

- must use your money for growth and development
- ensure all your investment is at risk of being lost.
- Is not trading on a recognised stock exchange
- Has gross assets less than £15M
- Employs less than 250 employees
- **Doesn't trade in:** farming or market gardening, leasing activities, legal or financial services, property development, running a hotel or nursing home, generation of energy, banking, insurance, debt or financing services.

THE RETURNS

If you had invested **£10,000** into a cohort of **519 EIS** qualifying companies in **2011, by 2017** you would have seen (Syndicate Room study March 2018):

- Portfolio increase in value to: **£63,848**
- Returns from investment: **£24,086**
- Capital still at work **£38,394**
- Net cash returns: **£22,719** without EIS or **£23,745** with EIS
- Capital lost through failed businesses: **£1,367** (£341 with EIS tax and loss relief)

Gemma Godfrey – Moo.la –

"Securing external investment was essential to getting the business off the ground and SEIS and EIS was the natural choice for many of my investors because the tax reliefs and incentives SEIS and EIS provide mean the risks and cost of investment are reduced.
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."

Wais Shaifta – CEO Push Doctor –

"EIS qualification was very, very important in the early stages of the business" Wais tells me "It was one of the key components helped us to grow, to scale, and to get the brand out there and visible".