

## Why EIS or SEIS

Enterprise Investment Schemes (EIS) and Seed Enterprise Investment Schemes (SEIS) are tax efficient investment schemes designed by the Government to encourage private investment into small high risk trading companies by offering a range of tax incentives.

### Why EIS:

- > **Growth Investing:** EIS support the growth of small companies that offer the potential for excellent investment returns.
- > **Pension Supplement:** With the recent reductions in pension allowances, EIS offer an ideal supplement to pensions as they can provide long-term tax efficient growth.
- > **Tax Planning:** EIS products offer many tax benefits for investors and are supported by the Government as the acceptable face of tax planning.
- > **30% Initial Income Tax Relief** – The Enterprise Investment Scheme comes with a personal income tax relief of 30% of the cost of the shares purchased in an eligible EIS scheme. This income tax relief can be applied to the existing tax year or to one-year prior income tax liability. With up to £1 million available for investment, this could mean a £300,000 income tax offset. You can only take relief up to your total tax liability in one given year; extra relief will be lost if applied to a year that cannot use all the relief.
- > **100% Inheritance Tax Relief** – Once your Contributions have been invested in EIS shares for two years they're likely to be 100% free of IHT. This is because, in most cases, EIS Shares should qualify as "relevant business property" for Business Property Relief purposes. When the Shares are sold the cash proceeds will cease to qualify for BPR, however if you reinvest the proceeds from the EIS Shares they should then qualify for Replacement Property Relief which means that the two year

holding period is applied to the combined holdings. Please note that these reliefs from IHT only apply if the shares are still held at your death and that they still meet the qualifying rules.

The relief will not apply if you hold the shares for two years and then sell them for cash. However, if you die in the two-year period and your spouse inherits the EIS Shares, the holding periods of both you and your spouse are combined in order to determine whether the two year holding period condition has been satisfied on the subsequent death of your spouse

- > **Capital Gains Tax Deferral Relief** – This refers to the deferral of capital gains on another investment by investing the proceeds into an EIS. There is no minimum or maximum amount for CGT deferrals, although the maximum investment in an EIS in any given year is limited to £1 million for income tax relief, there is no limit to the amount of Capital Gains Tax Deferral that you can claim. The gain can be from any asset, but must be invested the year prior to the gain, up to 3 years after the gain to get the CGT deferral. This allows up to a 4-year window for making the decision.
- > **Tax Free Growth** – You receive exemption from capital gains tax on the disposal of EIS Shares, provided you have held them for at least three full years from investment, or from when the Investee Company started trading, if later. If no claim to income tax is made, then any subsequent disposal of the shares will not qualify for exemption from CGT



VENTURES  
**Kuber**  
Opening the door to EIS investment

### Contact

Kuber Ventures Limited  
North West House  
119 Marylebone Road  
Marylebone  
London, NW1 5PU

Telephone 020 7952 6685  
Email [info@kuberventures.com](mailto:info@kuberventures.com)  
Visit [www.kuberventures.com](http://www.kuberventures.com)

# Why EIS or SEIS

- > **Tax Relief from Investment Losses** – If you take a loss on any shares in an EIS, that loss minus any Income Tax Relief received can further be applied against your income for that year or the previous year, lowering your overall income and providing further income tax relief. If you bought shares at £10,000, received £3,000 Income Tax Relief but they became worthless as the company failed, you would be eligible for a £7,000 deduction against your income
- > **100% Inheritance Tax Relief** – Providing that the shares of the SEIS investment has been held for at least 2 years at the time of death, all SEIS investment are shielded from Inheritance tax; which currently stands at 40%. If your investment grew substantially it can be a significant relief.
- > **50% Capital Gains Tax Re-Investment Relief** – When you realise a Capital Gain and reinvest the proceeds into an SEIS, 50% of what is reinvested is eligible for a CGT Re-investment relief allowing you to write off 50% of the gain. You can elect to have this applied to gains in the previous tax year which is known as Carry Back.

## Why SEIS:

- > **Growth Investing:** SEIS support the growth of small companies that offer the potential for excellent investment returns.
- > **Pension Supplement:** With the recent reductions in pension allowances, SEIS offer an ideal supplement to pensions as they can provide long-term tax efficient growth.
- > **Tax Planning:** EIS products offer many tax benefits for investors and are supported by the Government as the acceptable face of tax planning.
- > **50% Initial Income Tax Relief** – The Seed Enterprise Investment Scheme comes with a personal income tax relief of 50% of the cost of the shares purchased in an eligible SEIS scheme. This income tax relief can be applied to the existing tax year or to one-year prior income tax liability. With up to £100,000 available for investment, this could mean a £50,000 income tax offset. You can only take relief up to your total tax liability in one given year; extra relief will be lost if applied to a year that cannot use all the relief.
- > **Tax Free Growth** – While the investment grows within the SEIS, it is shielded from capital gains taxes providing you have received some income tax relief on the investment.
- > **Tax Relief from Investment Losses** – If you take a loss on any shares in an SEIS, that loss minus any Income Tax Relief received can further be applied against your income for that year or the previous year, lowering your overall income and providing further income tax relief. If you bought shares at £10,000, received £5,000 Income Tax Relief but they became worthless as the company failed, you would be eligible for a £5,000 deduction against your income

---

## Important Notice

Please read the following information carefully as a professional adviser.

The information contained in this flyer is for discussion purposes only for professional advisers and their clients, it is not for Retail Clients. The example provided in this flyer is for illustrative purposes only and should not be relied on when taking or advising on any investment decision.

EIS/SEIS/BPR Funds are not suitable for all investors as the underlying investments are often illiquid and therefore high risk. Investors may not receive back some or all of the initial investment. Advice should always be sought from a professional adviser prior to investing.

For purposes of compliance with the UK Financial Services and Markets ACT 2000 (FSMA), this material is communicated by Kuber Ventures; and the contents

Kuber Ventures Limited  
North West House  
119 Marylebone Road  
Marylebone  
London, NW1 5PU

Telephone 020 7952 6686  
Email [info@kuberventures.com](mailto:info@kuberventures.com)  
Visit [www.kuberventures.com](http://www.kuberventures.com)

of this financial promotion have been approved for the purposes of section 21 of the FSMA by Sturgeon Ventures LLP which is authorised and regulated by the Financial Conduct Authority (FCA) and it has its trading office at Linstead House, 9 Disraeli Road, London SW15 2DR.

Kuber Ventures Limited's advisors are all regulated by the Financial Conduct Authority (FCA) and can be found on <http://www.fca.org.uk/>

Kuber Ventures Limited (FRN 574987) is an Appointed Representative of Sturgeon Ventures LLP which are authorised and regulated by the Financial Conduct Authority (FCA).

Kuber Ventures Limited, North West House,  
119 Marylebone Road, Marylebone, London, NW1 5PU.

Registered number: 8693809, VAT: 175 9290 69.