



Introducing the Seed Enterprise Investment Scheme (SEIS)

The introduction of SEIS from 6 April 2012, provides similar tax incentives to that offered by the Enterprise Investment Scheme (EIS) which has been around for many years. SEIS will be of benefit to personal investors in smaller, early stage companies who are wishing to raise new share capital of up to £150,000. This can include directors who invest in their own companies.

The scheme is designed to help risky early start ups which would otherwise face barriers in raising external finance. The companies must have 25 or fewer employees and assets below £200,000 and be carrying on, or preparing to carry on, a new business in a qualifying trade as defined in the Finance Bill 2012. The investor must hold no more than 30% of the shares in issue. The annual maximum amount of investment is £100,000 per investor with unused annual amounts able to be carried back to the previous tax year, as under EIS.

The scheme offers immediate 50% income tax relief on monies invested, with the potential to defer tax on capital gains. Moreover, in the first year of the scheme the government is offering a complete capital gains tax (CGT) holiday in that any gains realised on the disposal of assets in 2012-13 that are invested through SEIS in the same year will be exempt from CGT. Given a current 28% CGT rate, an investor can potentially obtain tax relief of 78% in 2012-13.

Should you require any further information or assistance on how the SEIS scheme can be of benefit to you, please feel free to contact us on 0161 219 1850.

David Johnson
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