

# Comment on...

## Seed Enterprise Investment Scheme (SEIS)

### What is Seed Enterprise Investment Scheme Tax Relief?

Seed Enterprise Investment Scheme (SEIS) tax relief is **the most generous tax break available to incentivise individuals to invest in small UK businesses**. This new incentive is part of HM Treasury's drive to assist small companies to grow by attracting equity investment. It assists the very smallest companies (micro entities) obtain funding, which may not be available through traditional debt routes.

### How much can I invest?

**You are able to invest £100,000 per annum** in SEIS qualifying investments. There is also a maximum two year restriction of £150,000 in a single company. You cannot be more than a 30% shareholder in the company and cannot control the business.

### How much can I claim?

The benefits take two forms: Income Tax relief and Capital Gains Tax relief.

#### → Income tax relief

- Investor entitled to **50% Income Tax relief on investment**, subject to having an Income Tax liability of at least 50% of the amount invested. It is possible to carry any unused element of the relief back to the prior year. This is particularly important for Capital Gains Tax reinvestment relief purposes (below).
- If the investment subsequently fails, there may be scope to claim the balance of the investment against Income Tax

#### → Capital Gains Tax relief

- Investor entitled to **50% Capital Gains Tax exemption on any gain made in a tax year**, to the extent that the gain value is reinvested in an SEIS investment.
- If the investment subsequently succeeds, and is sold for a gain after at least 3 years, there will be **no CGT on disposal**

## Can any company receive SEIS investments?

No. Only new (trade < 2 years old) micro companies (see below), which trade in certain approved sectors, will be qualifying to receive SEIS investment. The table below details the differences between the size of companies qualifying for the SEIS and EIS schemes.

	SEIS	EIS
Investment limit	£150,000 total	£5,000,000 per annum
Gross assets	< £200,000	< £15,000,000
Employees	≤ 25	≤ 250

Any companies which previously or on the same day received EIS investment will be ineligible.

## How can a company claim SEIS status?

1. The first stage is to request advance assurance from HM Revenue & Customs (HMRC). This is not compulsory, but is often a preferred route for an investor looking to mitigate the risk that an investment is deemed non-qualifying.
2. The second stage is to obtain official clearance on the qualifying status of the company. Once this is received, the company can issue its investors with certificates of SEIS investor status.
3. The third stage is for the investor to submit their claim from Income Tax and CGT relief to HMRC with their certification.

## How can Chiene + Tait help?

Chiene + Tait has extensive experience in preparing SEIS and EIS claims for submission to HMRC. Using our experts will save you time and maximise your chances of a successful result.

We will advise you whether you are likely to qualify and contact HMRC to obtain the advance assurance clearance. We understand that you will want to mitigate your investment risks as far as possible; involving us early will ensure that your investment has the best possible chance of obtaining SEIS clearance as we have extensive experience of dealing with HMRC in EIS clearances.

We have also extensive experience in helping businesses obtain funding and investment. If you are a business owner, we can assist with preparing financial projections and investment prospectuses to attract investment.

We appreciate that you may want certainty over the cost of making SEIS tax relief claims before proceeding. Chiene + Tait can offer a range of fee structures to fit your company's requirements and size of your business.

For further information, please contact:

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