

Experts in the UK's Venture Capital Tax Reliefs

Venture Capital Tax Reliefs are a key part of the UK Government's strategy to help small and growing businesses raise much-needed capital. We specialise exclusively in this area, advising investors and companies raising finance alike.

SEIS

SEIS has been in place since 2012 and since it was introduced the rules have changed several times. The following description of the rules is as they stood immediately following the enactment of Finance Act 2016 with effect from 6 April 2016. This is a simplified summary and doesn't go into all the detail.

For more information, we suggest you read HMRC's published guidance [here](#).

SEIS for Investors

You can invest up to £100,000 a year in new shares in SEIS-qualifying companies to benefit from Income Tax relief at 50% of the amount invested.

You must hold the shares for a qualifying period of at least 3 years.

After the qualifying period, you may:

- Offset losses on disposal of the shares, either against capital gains or (in some cases) income.

You may not be connected with the company by employment, must not have more than a 30% stake, and are subject to some anti-abuse rules.

You can also write off up to half of an existing Capital Gains Tax charge if you re-invest the gain in SEIS-qualifying shares.

Before you can claim most of these reliefs, HMRC first has to certify that the company invested in, and the share issue, meet all the requirements. Some of the tests have to be met throughout the 3-year qualifying period for the shares, or HMRC will recover some or all of the tax relief.

SEIS for Companies

To be eligible for SEIS investment, a company...

- Must have fewer than 25 employees
- Must have no more than £200,000 in assets
- Must not be quoted on a recognised stock exchange
- Must not be controlled by another company

The above rules apply to the group if the company is part of a larger group.

Shares issued under SEIS must be ordinary non-redeemable shares, with no preferential rights to assets in a winding up and limitations on preferential rights to income. Additionally, a company cannot raise more than £150,000 finance in total through SEIS (and certain other publicly funded support also has to be taken into account). Additional fundraising may qualify for EIS.

Money raised through SEIS must be used for a qualifying trading activity (including preparations for trade) or for research and development intended to benefit such a trade.

Most trades qualify, but some don't. **See [HMRC's website](#)** for a full list of excluded activities.