Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 mins to learn more

An Introduction to EIS & SEIS

Introduction

The **UK's Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS)** are designed to encourage investment into early-stage and high-growth businesses. For **investors**, they offer attractive tax reliefs to help offset the risks associated with backing smaller, unquoted companies. For **businesses**, they open up valuable funding routes to fuel innovation and growth.

Every investor's circumstances are different, and EIS/SEIS can play a role in a wide variety of wealth planning strategies.

The following fictional scenarios illustrate how these schemes might be applied in practice, ranging from a younger professional's first investment to experienced entrepreneurs' reinvesting after an exit, to retirees considering inheritance planning.

Scenario 1:
The Young Professional Using SEIS (SEIS Only)

Lucy, a 30-year-old lawyer earning £120k, wanted to reduce her income tax bill whilst starting to build long-term wealth outside pensions and ISAs. She had already maximised ISA contributions and was looking for tax-efficient options with higher growth potential.

Investor Profile

- **Age:** 30
- **Occupation:** Lawyer
- **Salary:** £120k

Challenge

- Heavy income tax burden
- Desire to access early-stage, high-growth investments

Symvan Solution (SEIS Fund)

- £20k invested in the **Symvan SEIS Technology Fund 3**
- 50% income tax relief → £10k immediate benefit
- Gains from SEIS shares held for 3+ years will be CGT-free
- CGT reinvestment relief: 50% of a reinvested gain (up to £50k per year) can be written off, provided the gain and income relief are claimed in the same tax year

Loss Relief Protection: Even though the investment is made through a diversified SEIS fund holding multiple early-stage companies, if any individual company were to fail, Lucy could claim loss relief on the remaining investment (after tax relief) for that company. This would reduce her effective loss while, separate from other assets within the fund, acknowledging the higher risk nature of early-stage investing.

Outcome

She immediately reduced her tax bill, gained exposure to disruptive tech startups, and positioned herself for long-term growth through diversification across a range of SEIS investee companies and a degree of downside protection via loss relief.

Scenario 2:
The Tech Entrepreneur Reinvesting (SEIS Only)

After selling her first startup for £1 million, Lauren, a 35-year-old entrepreneur, sought to back the next generation of founders while managing her tax liability. She had seen firsthand how SEIS funding helped her own company grow and wanted to recycle her wealth into similar opportunities.

Investor Profile

- **Age:** 35
- **Occupation:** Tech entrepreneur
- **Exit proceeds:** £1m

Challenge

- Facing a large CGT bill
- Keen to reinvest in very early-stage ventures

Symvan Solution (SEIS Fund)

- £100k invested in the **Symvan SEIS Technology Fund 3**
- 50% income tax relief = £50k immediate benefit
- CGT reinvestment relief: 50% of the reinvested gain (up to £50k per year, in the same year as the income relief claim) was written off, reducing her CGT bill
- Potential for very high growth if the portfolio succeeds

Outcome

She significantly reduced her tax burden and reinvested in early-stage startups, aligning her wealth strategy with her passion for innovation.

Scenario 3:
The High Earner Hitting Pension Limits (EIS Only)

David, a 48-year-old executive earning £250k, had maxed out pension allowances and was seeking new tax-efficient investment routes. Despite strong earnings, he was frustrated by restrictions on pension contributions and sought alternative ways to plan for retirement and inheritance.

Investor Profile

- **Age:** 48
- **Occupation:** Senior executive
- **Salary:** £250k+

Challenge

- No more room for pension contributions
- Estate planning concerns

Symvan Solution (EIS Fund)

- £200k invested in the **Symvan EIS Technology Fund**
- 30% income tax relief = £60k immediate benefit
- CGT deferral: gains from the property disposal could be deferred by reinvesting into EIS shares made within 1 year before or 3 years after the disposal
- Business Relief after 2 years = IHT exemption (subject to April 2026 £1m cap, with 50% relief above that level)

Outcome

He gained immediate tax relief, deferred capital gains, and secured IHT protection for his estate - all while investing in scaling technology businesses.

Scenario 4:
The Conservative Retiree Planning for Inheritance (EIS Only)

Robert, a 68-year-old retiree with an estate valued at £2m, sought to minimise inheritance tax exposure while maintaining growth potential in his portfolio. He had already provided for income needs in retirement, but his priority was protecting assets for his children and grandchildren.

Investor Profile

- **Age:** 68
- **Occupation:** Retired
- **Estate Value:** £2m+

Challenge

- Significant IHT exposure
- Traditional pensions and ISAs are insufficient

Symvan Solution (EIS Fund)

- £500k invested in the diversified **Symvan EIS Technology Fund**
- 30% income tax relief = £150k immediate benefit
- Qualifies for Business Relief after 2 years → IHT exemption (subject to the April 2026 £1m cap, with 50% relief on value above that level)

Outcome

He gained immediate tax relief, deferred capital gains, and secured IHT protection for his estate - all while investing in scaling technology businesses.

Scenario 5:
The Business Owner Nearing Exit (EIS + SEIS Blend)

A 55-year-old SME owner, planning to sell her business for £5m, Amira wanted to reinvest the proceeds tax-efficiently. After decades of building the company, he wanted part of the proceeds to remain in UK enterprise, while also minimising his CGT bill.

Investor Profile

- **Age:** 55
- **Occupation:** SME owner
- **Proceeds:** £5m

Challenge

- Significant CGT liability on business sale
- Desire to reinvest efficiently

Symvan Solution (SEIS + EIS Funds)

- £100k into SEIS → 50% relief (£50k benefit) + reinvestment relief (50% of reinvested gain, capped at £50k in the same tax year)
- £400k into EIS → 30% relief (£120k benefit) + CGT deferral (available for gains reinvested 1 year before to 3 years after disposal)
- Gains CGT-free if held 3+ years

Outcome

He combined the upfront advantages of SEIS with the scaling potential of EIS, creating a blended portfolio that delivered substantial tax efficiency and growth opportunities.

Scenario 6:
Demonstrating Loss Relief (EIS + SEIS Blend)*

Jordan, a 42-year-old investor, diversified £50k into SEIS and £50k into EIS. He understood the risks of early-stage investing but wanted reassurance that tax reliefs could soften the downside. In this scenario, we will assume one company succeeded and another failed in each fund.

Investor Profile

- **Age:** 42
- **Occupation:** Experienced investor

Challenge

- Balancing high-growth exposure with risk management

Symvan Solution (SEIS + EIS Funds)

- £50k SEIS: upfront 50% relief (£25k benefit). When one of two SEIS companies failed:
  - £12.5k at risk after relief
  - Offset £12.5k loss against income tax at 45% rate = £5,625 back
  - Net loss reduced to £6,875 (crica 13.75% of total £50k)
- £50k EIS: upfront 30% relief (£15k benefit). When one of two EIS companies failed:
  - £17.5k at risk after relief
  - Offset £17.5k loss against income tax at 45% rate = £7,875 back
  - Net loss reduced to £9,625 (circa 19.25% of total £50k)

Outcome

Even with one failure, loss relief significantly softened the downside. The portfolio overall still had strong upside potential through the SEIS and other successful EIS companies.

Loss Relief Protection: In a diversified SEIS or EIS fund, loss relief applies to each individual company investment, not to the fund as a whole. If any company in the portfolio fails, the investor can claim loss relief on the remaining at-risk amount (after tax relief), helping reduce potential losses while recognising the higher risk of early-stage investing.

*For illustration purposes, we have assumed two companies per fund to demonstrate the loss-relief mechanism. In practice, SEIS and EIS funds typically hold diversified portfolios across multiple early-stage companies.

EIS Key Notes

- **Carry-back of Relief:** EIS income tax relief can be claimed in the tax year of investment or carried back to the previous tax year (subject to limits).
- **Maximum Income Tax Saving:** Up to £1m per tax year qualifies for relief, or £2m if at least £1m is invested in knowledge-intensive (KI) companies.
- **CGT Deferral:** Capital gains can be deferred if reinvested into EIS shares within 1 year before or 3 years after the disposal that created the gain.
- **IHT Relief:** EIS shares generally qualify for 100% Business Property Relief after 2 years. From April 2026, a £1m cap applies; value above this may attract only 50% relief.
- **Loss Relief:** If an EIS company fails, investors may claim loss relief against their income or capital gains, substantially reducing the effective loss.

SEIS Key Notes

- **Carry-back of Relief:** SEIS income tax relief can be claimed in the year of investment or carried back to the previous tax year.
- **Maximum Income Tax Saving:** Up to £200k per year qualifies, giving a maximum tax saving of £100k.
- **CGT Reinvestment Relief:** Up to 50% of gains reinvested into SEIS can be exempt from CGT, with a cap of £50k relief per year.
- **IHT Relief:** SEIS shares generally qualify for 100% Business Property Relief after 2 years. From April 2026, a £1m cap applies; value above this may attract only 50% relief.
- **Loss Relief:** If a company fails, loss (after the 50% initial relief) can be set against income or CGT, reducing effective loss to around 27–28% of the original investment for higher-rate taxpayers.

Risk Summary: Estimated reading time: 2 mins

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the key risks?

1. You could lose all the money you invest

- If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

2. You are unlikely to be protected if something goes wrong

- Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker here.
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection here.

3. You won't get your money back quickly

- Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early.
- The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.
- If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these.

4. Don't put all your eggs in one basket

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments.

5. The value of your investment can be reduced

- The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares.
- These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

If you are interested in learning more about how to protect yourself, visit the FCA's website here.

Important Information

This document has been approved as a financial promotion in accordance with Section 21 of the Financial Services and Markets Act 2000 by Symvan Capital Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, FRN 685262.

The comments in this document do not constitute financial advice or a recommendation to invest.

Capital at risk. Symvan Capital does not give tax advice and recommends investors seek advice from a professional financial adviser. Furthermore, EIS Tax reliefs are only available to investors with a UK tax liability. The amount of the relief depends on the investor's individual circumstances. All examples are for illustrative purposes only.

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