

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.](#)

Budget 2025 Guide: What It Means for EIS & SEIS Investors

Updated: December 4 2025





This content is for informational purposes only and does not constitute financial advice. You should speak to a qualified financial professional before making any decisions.

A Quiet Win for Growth-Stage Investors

The Autumn Budget 2025 may have made headlines for its restraint, but for early-stage investors, it brought a quietly powerful message: the UK remains fully committed to supporting innovation and scale-up businesses.

Amid wider tax freezes and spending constraints, the Chancellor announced substantial enhancements to the Enterprise Investment Scheme (EIS) and continued support for the Seed Enterprise Investment Scheme (SEIS) - with further ripple effects from broader tax and pension reforms.


This guide covers:

-  Budget 2025 changes to EIS and SEIS
-  Full summaries of EIS and SEIS investment terms
-  Related tax and policy changes that impact investors
-  Why this is a defining moment for early-stage investing

EIS Reforms & Terms: A More Flexible Route to Growth Investment

The Enterprise Investment Scheme (EIS) supports scale-up stage companies and offers strong tax incentives to investors backing innovation in its growth phase.

Budget 2025 Enhancements:

-  **Annual fundraising cap doubled**
 - From £5m to £10m per company per year
 - Up to £20m for Knowledge-Intensive
-  **Company size thresholds increased**
 - Pre-investment gross assets: £30m
 - Post-investment: £35m
-  **Lifetime company fundraising cap increased**
 - From £12m to £24m
 - Up to £40m for KICs
-  **Expanded eligibility allows later-stage companies to qualify**, giving funds and investors more headroom to follow through on scaling businesses.

Core EIS Investment Terms (2025 onwards)

Relief/Feature

Details



Income Tax Relief

30% on investments up to £1m/year
(or £2m if at least £1m in KICs)



Capital Gains Tax Deferral

Defer CGT on any gain reinvested into EIS shares (1 year before / 3 after the gain is realised)



Capital Gains Tax Exemption

No CGT on gains from EIS shares held
>3 years



Loss Relief

Offset losses against income or CGT
(after income tax relief deducted)



Inheritance Tax Relief

100% after 2 years via Business Property Relief (BPR), capped at £1m from April 2026, with 50% relief on any excess



Carry-Back Relief

Relief can be applied to the previous tax year, subject to limits



Investor Eligibility

Must not be “connected” to the company (e.g. employee or >30% shareholder)



Minimum Holding Period

3 years (from share issue or trading commencement)

SEIS: Still a Powerful Entry Point

(Unchanged in Budget 2025)

The **Seed Enterprise Investment Scheme (SEIS)** is designed to support **very early-stage UK startups**, offering enhanced tax reliefs in exchange for higher risk. Although SEIS rules were not updated in this Budget, its importance continues to grow as the UK scale-up pipeline strengthens.

Relief/Feature

Details



Income Tax Relief

50% on investments up to £200k/year



Capital Gains Reinvestment Relief

50% exemption on a capital gain, reinvested into SEIS



Capital Gains Tax Exemption

No CGT on gains from SEIS shares held >3 years



Loss Relief

Offset losses against income or CGT (after 50% relief deducted)



Inheritance Tax Relief

100% after 2 years via Business Property Relief. From April 2026, this will be capped at £1 million, with 50% relief on any excess.



Carry-Back Relief

Relief can be applied to the previous tax year



Investor Eligibility

Cannot be “connected” with the company (same as EIS rules)





Minimum Holding Period

3 years

VCTs: Relief Cut, Relative Appeal of EIS/SEIS Increases

The Budget included a major change for Venture Capital Trusts (VCTs):





-  Income tax relief reduced from 30% to 20%, effective April 2026
-  Tax-free dividends and CGT-free growth remain

This shift narrows the benefits of VCTs and could redirect investor interest toward EIS and SEIS, which offer higher upfront tax reliefs and broader planning advantages (e.g., CGT deferral, IHT relief).

Broader Tax & Policy Changes That Strengthen the EIS/SEIS Case

Several additional Budget changes indirectly increase the appeal of EIS/SEIS for investors looking for tax-efficient solutions:

For Individuals:

-  **Income tax thresholds frozen until 2030/31** - increases fiscal drag
-  **Dividend (from April 2026) and savings (from April 2027) income tax rising by 2%** - boosts value of tax-free EIS/SEIS returns
-  **Pension salary sacrifice NI relief capped at £2,000 (from 2029)** - limits pension efficiency, potentially pushing higher earners toward EIS/SEIS
-  **Pensions included in IHT (from 2027)** - but EIS/SEIS retain BPR (100% up to £1m). From April 2026, this will be capped at £1 million, with 50% relief on any excess.

For SEIS/EIS-Eligible Companies:

-  **40% First-Year Capital Allowance (from Jan 2026)** - immediate tax relief on investment in equipment
-  **Stamp duty holiday for newly listed shares (3 years)** - improves exit conditions via IPO
-  **Expanded EMI scheme** - greater employee participation and option limits (aligned with EIS-backed company growth plans)

Why This **Budget Matters** for Early-Stage Investing

Together, these measures send a clear message:


EIS and SEIS are here to stay, and they're more relevant than ever.

For investors, they remain standout tools for:

 Income and CGT mitigation

 Portfolio diversification

 IHT planning

 Supporting the next generation of UK innovation

Explore More or **Speak With Us**

If you'd like to discuss how these updates might impact your tax strategy or portfolio, we'd be delighted to speak with you.

Contact us to arrange a call

Explore our SEIS & EIS Funds



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

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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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