SymvanCapital

EIS: A Tax Mitigation Strategy

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EIS: The High Earner Hitting Pension Limits

- The client had an **income of £250,000** in the 2025/26 tax year
- **Personal allowance fully lost** (income above £125,140)
- **Capital gain** realised of **£150,000** (chargeable gain @ 24%)
- **£200,000 invested** in the Symvan EIS Technology Fund

EIS: A Tax Mitigation Strategy

Let's bring this to life with an example:

Here we have **David**, a 48-year-old senior executive earning **£250,000** in the 2025/26 tax year.

He has **maxed out his pension contributions** and is frustrated by the restrictions on further tax-efficient saving. He also wants to plan ahead for inheritance tax efficiency.

During the same tax year, David sold an investment property, realising a **£150,000 chargeable capital gain (after his CGT allowance).**

David's Tax Position (Before EIS)

Income Tax Bands for 2025/26 (England, Wales, NI):

- 20% on income £0 – £37,700
- 40% on income £37,701 – £125,140
- 45% on income over £125,140

(Personal allowance £12,570 is fully withdrawn once income exceeds £125,140.)

Income Tax Calculation:

- £37,700 @ basic rate of 20% = £7,540
- £87,439 @ higher rate of 40% = £34,975
- £124,860 @ additional rate of 45% = £56,187
- **Total Income Tax: £98,702**

Capital Gains Tax (CGT): For 2025/26, the higher-rate **CGT** on property and most assets is **24%** (reduced from 28%).

- £150,000 × 24% = **£36,000**

Total Tax Before EIS Investment = £98,702 + £36,000 = £134,702

The Symvan Solution (EIS Fund)

David invests £200,000 in the Symvan Technology EIS Fund, enabling him to use several tax reliefs simultaneously.

1. Income Tax Relief (30%)

EIS investors receive **30% income tax relief** on up to £1 million of qualifying investments each tax year.

£200,000×30%=£60,000

His income tax bill drops from £98,702 → £38,702, freeing £60,000 of tax liability.

2. CGT Deferral Relief

By reinvesting his **£150,000 taxable gain**, David can **defer the full £36,000** CGT due.

The gain will only crystallise again when the EIS shares are sold or cease to qualify - often many years later, or potentially never if reinvested into EIS further.

3. Business Relief (Inheritance Tax)

After holding his EIS shares for **two years**, they typically qualify for **100% Business Relief (BR**) from Inheritance Tax.

That means the **£200,000 investment** can be **excluded from his estate**, saving up to **£80,000** at a 40% IHT rate.

(From April 2026, Business Relief is expected to remain but subject to a £1 million cap, with 50% relief on value above that level.)

Outcome

David has:

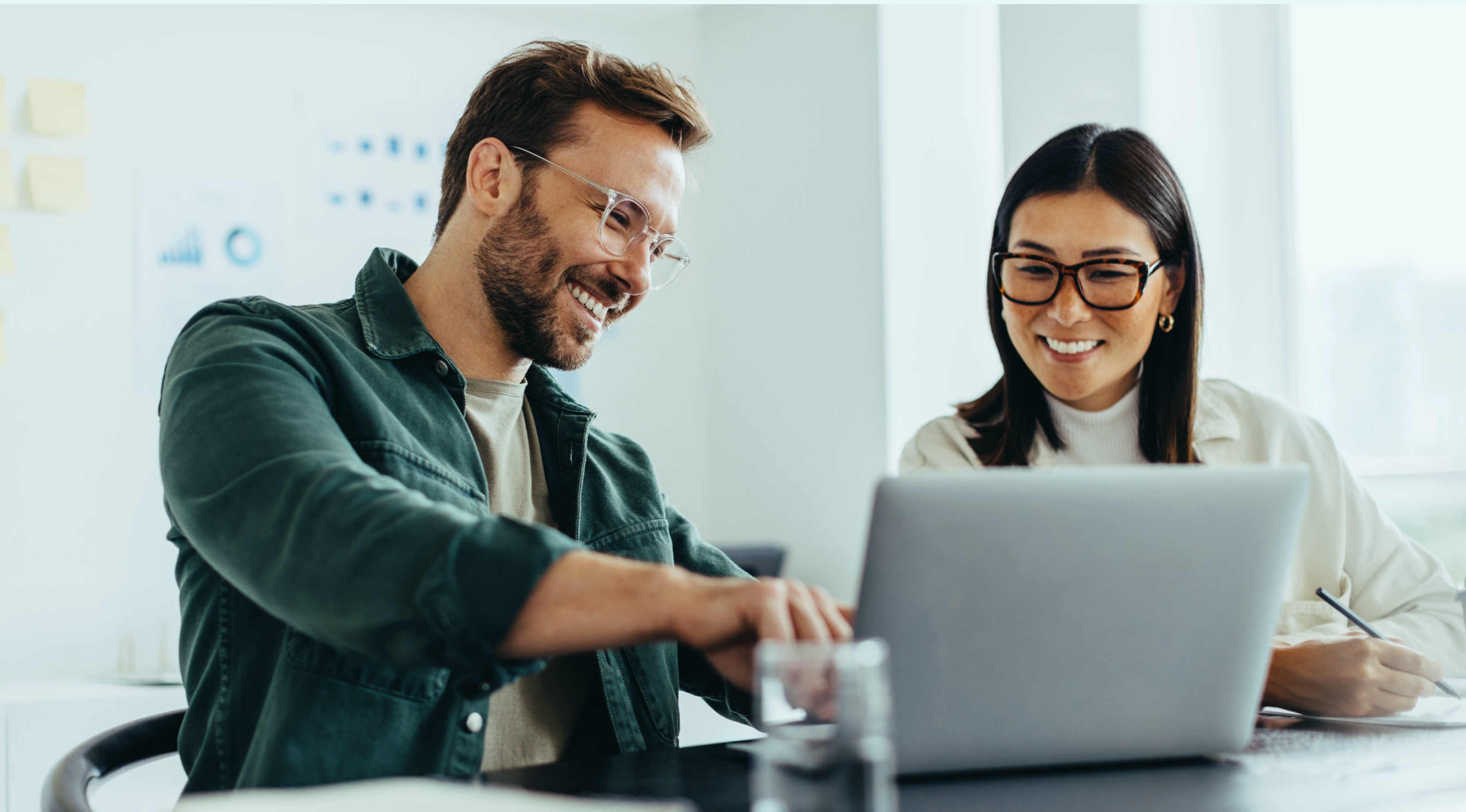
- **Reduced his income tax bill by £60,000**
- **Deferred £36,000 of CGT**
- **Removed £200,000 from his taxable estate (saving a further £80,000 after two years)**

His combined benefit is worth up to **£176,000**, equivalent to **88%** of the amount invested, all while supporting UK technology businesses with strong growth potential.

Summary

Income Tax	Amount (£)	Capital Gains Tax (CGT)	Amount (£)
Income Tax Bill	**£98,702**	CGT Bill	£36,000
EIS Gross Investment	£200,000	Reinvested Gain	£150,000
EIS Income Tax Relief	30% = £60,000	EIS CGT Deferral Relief	24% = £36,000
Adjusted Income Tax Bill	**£38,702**	**Adjusted CGT Bill**	**£0 (deferred)**
Combined Saving			
Total Combined IT & CGT Reliefs	**£96,000**		
Total Tax before EIS investment		**£134,702**	
Total Tax after EIS investment		**£38,702**	
Total Tax saved/Deferred		**£96,000**	
% Reduction in Client's tax bill		**71%**	

* David is an additional-rate taxpayer earning £250,000 (taxed at 20%, 40% and 45% with no personal allowance), has a £150,000 taxable gain at 24% CGT, and enough income-tax capacity (current year or via carry-back) to utilise the full EIS reliefs.



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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16 December 2025