SymvanCapital

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

EIS: A Tax Mitigation Strategy

For distribution to Authorised Financial Advisers only

EIS: The Conservative Retiree Planning for Inheritance

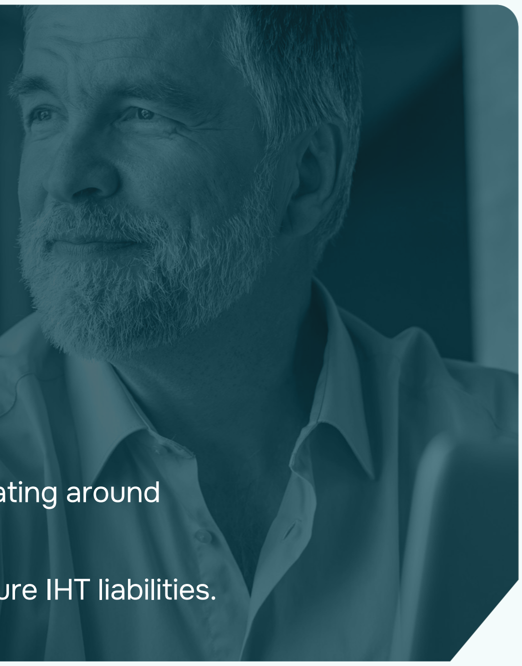
- Client aged **68**, retired, estate valued at **£2 million +**
- No earned income, but liable for tax on investment returns
- **£500,000 invested** in the diversified Symvan Technology EIS Fund

EIS: A Tax Mitigation Strategy

Here we have **Robert**, a 68-year-old retiree with an estate worth just over **£2 million**. He has adequate pension income to cover his living expenses and wants to preserve as much of his wealth as possible for his children and grandchildren.

With Inheritance Tax at 40%, his family could face a significant liability upon his death.

Robert seeks a way to reduce this exposure while keeping some growth potential in his portfolio.



Robert's Tax Position (Before SEIS)

- **Estate Value:** £2,000,000
- **Nil Rate Band (NRB):** £325,000
- **Residence Nil Rate Band (RNRB):** £175,000 (assuming home passed to direct descendants)
- **Taxable Estate:** £1,500,000
- **Inheritance Tax Liability:** 40% × £1.5 m = **£600,000**

Robert also has substantial investment income and gains, creating around **£150,000 of annual income tax liability.**

EIS reliefs allow him to offset both current income tax and future IHT liabilities.

The Symvan Solution (EIS Fund)

Robert invests £500,000 into the diversified Symvan Technology EIS Fund, accessing multiple tax advantages.

1. Income Tax Relief (30%)

EIS investors receive **30% income tax relief** on qualifying investments (up to £1 million per tax year).

$£500{,}000 \times 30\% = £150{,}000$

This reduces Robert's income tax liability from £150,000 to **£0**, producing an immediate cash saving. If his income tax liability in 2025/26 doesn't fully absorb the £150,000 relief, he can carry back the unused portion to offset his 2024/25 tax bill, ensuring no benefit is lost.

2. Business Relief for IHT

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

That means Robert's **£500,000** investment is excluded from his taxable estate, saving his family **£200,000 (40% of £500k)**.

(From April 2026, BR will remain at 100% for the first £1 million of qualifying holdings per estate, and 50% for amounts above that level.)

3. Capital Growth Potential

While the primary objective is IHT mitigation, Robert retains exposure to high-growth technology companies within the fund.

After three years, any gains on EIS shares are **exempt from Capital Gains Tax**, allowing for tax-free upside potential.

Outcome

Robert has:

- **Eliminated £150,000 of income tax** through EIS relief
- **Removed £500,000 from his taxable estate,** saving **£200,000 in IHT (after 2 years)**
- **Maintained growth potential** through EIS-backed companies

His combined benefit is worth **£350,000,** equivalent to **70% of his initial £500,000 investment** - delivering both tax efficiency and long-term value for his family.

Summary

Income Tax	Amount (£)	Capital Gains Tax (CGT)	Amount (£)
Income Tax Bill (Before EIS)*	£150,000	Estate subject to IHT (@ 40%)	£600,000 liability on taxable £1.5m estate
EIS Gross Investment	£500,000	EIS Gross Investment (Qualifying for Business Relief)	£500,000
EIS Income Tax Relief	30% = £150,000	IHT Business Relief (after 2 yrs)	100% = £200,000 saving (40% of £500k)
Adjusted Income Tax Bill	**£0**	**Adjusted IHT Exposure** (after 2 yrs)	**£400,000**
Combined Saving			
Total Combined IT & CGT Reliefs	**£350,000** (70% of investment)		
Total Tax before EIS investment		**£750,000 potential liability**	
Total Tax after EIS investment		**£400,000**	
Total Tax saved/Deferred		**£350,000**	
% Reduction in Client's tax bill		**≈47%**	

* Robert is treated as an additional-rate taxpayer (income taxed at 20%, 40% and 45% bands), has an estate over £2m assessed at 40% IHT, and the EIS investment is held for the required period to qualify for 100% Business Relief.

(Exact savings will depend on individual income and carry-back eligibility.)

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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This case study has been prepared for illustrative and informational purposes only and does not constitute financial, investment, tax or legal advice. The figures, calculations and scenarios shown are illustrative and based on assumptions that may not reflect actual outcomes.

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