

Enterprise Investment for CICs

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Agenda

- **Introduction to EIS**
- **Do you Qualify?**
- **Spend the Money!**
- **How To Do It**

The Enterprise Investment Scheme

•Tax Relief for Individual Investors

- 20% initial income tax relief on the investment
- Delay capital gains tax on other assets sold
- Pay no capital gains tax on the shares bought
- Tax relief for any losses made on the shares bought

•Encourages Investment

•Similar to Gift Aid for Charities

- More Complex
- Less Well Known

Qualifying Criteria

•Individual – NOT:

- Employee
- Existing paid director
- Shareholder (with assocs.) greater than 30%
- Able to control the company

•Company

- Carrying on a commercial, for-profit Qualifying Trade
- Other Criteria

Qualifying Companies - Trades

Businesses NOT allowed under EIS

- A land or property backed business
- Working in the financial markets (the “City”)
- Offering legal or accounting advice
- In certain types of heavy industry or agriculture
- Operating nursing or care homes

Qualifying Companies – Other Criteria

Companies must also NOT:

- **Be limited by guarantee [but are limited by shares]**
- **Quoted**
- **Controlled by another company**
- **Have more than £7M of assets**
- **Have more than 50 employees**

Spend The Money

•Amounts

- Minimum Investment per Individual £500
- Maximum £500,000

•Usage

- Use for the purpose of an existing qualifying trade
- Or preparing to commence trading
- Used within 2 years of raising the funds

How To Do It

TAKE ADVICE!

- 1. Clearance from HMRC Small Company Enterprise Centre - Form EIS(AA)**
- 2. Issue Shares to Investor**
- 3. Submit completed Form EIS1 to HMRC**
- 4. Status Confirmed by HMRC on Form EIS2**
- 5. Issue Form EIS3 to Investors**

Summary

- **Encourage investment**
- **Wide ranging criteria**
- **Simple Guide to a Complex Topic**
- **HMRC Small Company Enterprise Centre**
 - <http://www.hmrc.gov.uk/eis/>
 - Tel: 0115 974 1250

Contact Information



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Alastair trained with Baker Tilly in tax, joining the firm in 2001. On qualification he spent a career break of 3 years working with disabled entrepreneurs at Action for Blind People. He has since returned to Baker Tilly and works in Corporation Tax; on both tax compliance and advisory work. He is one of the firm's Charities Tax Specialists and is also regional Corporate Responsibility Champion.

Alastair regularly volunteers with start-up social enterprises; follow him on @InspirateCIC

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