ENTERPRISE INVESTMENT SCHEME

CASE STUDY

Deepbridge

INCOME TAX

SCENARIO

Miss York is a partner in a law firm. She is expected to earn £350,000 in the current tax year and has a net wealth that she feels can support investment regarded as higher risk.

PROBLEM

Miss York would like to manage her growing income tax liability, which is expected to be C.£140,000 (based on an income tax liability of 45%).

Miss York would also like any investment to benefit from tax free capital growth.

POTENTIAL SOLUTION

Miss York invests £100,000 in an Enterprise Investment Scheme (EIS) proposition and benefits from 30% income tax relief.

- Any growth would be capital gains tax exempt.
- If all of the portfolio companies were to fail, Miss York could claim loss relief of up to £31,500 (at 45% of £100,000 - £30,000).

- Investment: £100,000
- Income tax relief: £30,000 (30% of £100,000)
- Potential loss relief available: £31,500* (45% of £70,000)
- Total capital risk: £38,500 (*Assuming 45% income tax rate)

OTHER POTENTIAL TAX RELIEFS

Capital gains tax deferral.

Inheritance tax mitigation after 2 years.

DEEPBRIDGE FEES CHARGED TO THE INVESTOR

There are no management charges levied on the investor at the point of investment for advised subscriptions received by a financial adviser, resulting in up to 100% allocation of subscription. This ensures up to 100% tax efficiency for investors. Deepbridge fees are paid by the Investee Companies and are disclosed in the product Information Memorandum. Performance fee: an EIS incentive fee of 20% of cash returned, in excess of 120% of the funds invested.

	No investment	Investing via an appropriate EIS proposition
Initial amount	£100,000	£100,000
Potential income tax relief	£0	£30,000
Net value on exit	£100,000	£130,000

RISK WARNING: These investments may not be suitable for all investors. Investors should be aware that investments in small unquoted companies carry a high level of risk. These investments are highly illiquid and as such, there may not be a readily available market to sell such an investment. Tax reliefs are dependent on personal circumstances, and are subject to change in the future. The availability of tax reliefs depends on companies invested in maintaining their qualifying status. The value of an investment may go down as well as up, and investors may lose all funds invested. Past performance is not a reliable indicator of future performance. Any decision to invest should be made only on the basis of the relevant documentation for each investment. The above examples assumes all reliefs are available and relevant at their maximum value. Case studies are examples only and based on tax legislation at the time of writing (January 2018), and are therefore subject to change. This document is only intended to provide an overview and no reliance should be placed upon the content. **Nothing in this document shall be regarded as constituting investment, taxation, legal or other advice and prospective subscribers should seek advice from a suitably qualified independent adviser before deciding whether or not to make an investment.**

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