

EIS AND BR SPLIT



SCENARIO Mrs Brenchley is approaching retirement and looking to dispose of a substantial property portfolio.

Mrs Brenchley has children she would like to ensure benefit from her estate when she dies, rather than the tax man.



PROBLEM If Mrs Brenchley sells her property portfolio, she will have a capital gains tax liability of 28%.

Mrs Brenchley's estate vastly exceeds the nil rate band and therefore whether held in property or cash this portfolio will be liable to an inheritance tax bill of 40% on her death.



POTENTIAL SOLUTION

Mrs Brenchley could invest across a mixture of Enterprise Investment Scheme (EIS) and Business Relief (BR) propositions, which will enable Mrs Brenchley to defer the capital gains tax due on the disposal of her property portfolio and Business Relief (BR) propositions. Mrs Brenchley can then, in theory, keep rolling forward the capital gain by reinvesting in EIS propositions until death. Both the EIS and the Business Relief investments will be exempt from inheritance tax due on her estate on death, as long as she has been invested for a minimum of 2 years and holds at death. (If Mrs Brenchley does not hold this investment or a replacement relief qualifying investment on death, then inheritance tax will be payable.)



OTHER POTENTIAL TAX RELIEFS

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.



DEEPBRIDGE FEES CHARGED TO THE INVESTOR

Nil. If invested via a financial adviser, there are no fees, dealing costs, custodian fees or exit penalties charged to the investor at any time during the investment, all of the investment is deployed affording up to 100% tax relief.

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