

EIS AND SEIS SPLIT



SCENARIO Mr Cooper is a high net worth investor and invests approximately £400,000 each year in to Enterprise Investment Scheme (EIS) propositions for several reasons:

1. He can claim back £120,000 in income tax per annum (30% of £400,000)
2. He has exhausted his Life Time Allowance and therefore requires a tax-efficient home for some of his long-term savings
3. He likes the idea of supporting growing UK businesses.



PROBLEM Mr Cooper's financial adviser has suggested to Mr Cooper that a Seed EIS (SEIS) portfolio might also be appropriate to him and could provide even greater tax reliefs.



POTENTIAL SOLUTION Mr Cooper invests his £400,000 as usual but this time splits it:

- £300,000 into an EIS proposition
- £100,000 into an SEIS proposition.

Mr Cooper's potential income tax relief increases from £120,000 to £140,000 (30% of £300,000 plus 50% of £100,000).
If Mr Cooper has a capital gains tax (CGT) liability (at 28%) during this period he can also claim back up to £14,000 as a 50% CGT exemption against his SEIS investment (50% of £100,000) and can defer up to £84,000 (28% of £300,000) against his EIS investment.



OTHER POTENTIAL TAX RELIEFS Inheritance tax relief against the full £400,000 if held for a minimum of two years and held on death.
Loss relief available.



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% (150% for SEIS) of the funds invested.

| | No investment | Investing via an appropriate EIS proposition | Split the investment |
|-----------------------------|---------------|--|----------------------|
| Initial amount | £400,000 | £400,000 | £400,000 |
| Potential income tax relief | £0 | £120,000 | £140,000* |
| Total potential value | £400,000 | £520,000 | £540,000 |

*£100,000 @ 50% and £300,000 @ 30%

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