

EIS at a Glance

Enterprise Investment Scheme — Five Tax Reliefs — ascension.vc

1. Income Tax Relief

Rate	30% of amount subscribed
Annual limit	£1,000,000 (£2,000,000 if £1m+ in Knowledge Intensive companies)
Carry-back	Can elect to treat as prior tax year investment
Minimum hold	3 years (relief clawed back if shares disposed earlier)
Claim	Against income tax liability for the year of investment

2. Capital Gains Tax Deferral Relief

Scope	Unlimited — no cap on gains deferred
Timing	Gain must arise 1 year before to 3 years after EIS subscription
Duration	Deferred until EIS shares are disposed of (or indefinitely if held to death)
On death	Deferred CGT is eliminated (Schedule 5B, TCGA 1992)

3. Disposal Relief (Tax-Free Growth)

Effect	No CGT on disposal of EIS shares
Condition	Shares held for minimum 3 years and income tax relief claimed
Scope	All gains on qualifying EIS shares are completely exempt

4. Loss Relief

Calculation	Loss = disposal proceeds minus effective cost (after income tax relief)
Offset	Against income tax (up to 45%) or CGT (up to 24%) in year of loss
Max downside	38.5p per £1 invested (for 45% taxpayer claiming against income)
Holding period	s.131 income loss relief has no holding period requirement
Net effect	Asymmetric: unlimited tax-free upside, capped downside

5. Inheritance Tax Relief (Business Property Relief)

Rate (within £2.5m cap)	100% relief — zero IHT
Rate (above £2.5m cap)	50% relief — effective 20% IHT (from April 2026)
Joint allowance	£5,000,000 combined for couples
Minimum hold	2 years at date of death
Compared to AIM	AIM receives only 50% BPR from April 2026

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Tax Year Quick Reference — 2025/26

6 April 2025 — 5 April 2026

Income Tax

Personal Allowance	£12,570 (tapers above £100,000)
Basic Rate (20%)	£12,571 — £50,270
Higher Rate (40%)	£50,271 — £125,140
Additional Rate (45%)	Above £125,140

Pension Annual Allowance

Standard Annual Allowance	£60,000
Taper trigger (adjusted income)	£260,000
Taper rate	£1 reduction per £2 above £260,000
Taper floor	£10,000 (at £360,000+ adjusted income)
Money Purchase Annual Allowance	£10,000
Pension IHT (from April 2027)	Subject to 40% IHT + beneficiary income tax

Capital Gains Tax

Annual Exempt Amount	£3,000
Basic rate	18%
Higher / additional rate	24%
BADR rate (2025/26)	14% (lifetime cap £1,000,000)
BADR rate (from April 2026)	18%
Carried Interest (2025/26)	32%

Inheritance Tax

Standard rate	40%
Nil-rate band	£325,000
Residence nil-rate band	£175,000 (for direct descendants)
BPR cap (from April 2026)	£2,500,000 per estate (£5,000,000 joint)
BPR within cap	100% relief
BPR above cap / AIM	50% relief (effective 20% IHT)

EIS / SEIS Limits

EIS annual investment limit	£1,000,000 (£2,000,000 with KI)
EIS income tax relief	30%
SEIS annual investment limit	£200,000
SEIS income tax relief	50%
SEIS CGT reinvestment relief	50% exemption

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