

TAX BENEFITS (EIS/SEIS/VCT) A COMPARATIVE ANALYSIS

GrowthInvest provides access to three types of tax-efficient UK venture capital funds: EIS, SEIS, and VCT funds. While all three focus on supporting young startup companies, each fund presents distinct tax advantages.

This guide outlines the key tax differences among the funds. Although designed to be clear, it does not replace professional investment advice.

Common Tax Benefits Across Funds

1. Upfront income tax relief on your investment
2. No capital gains tax on investment returns

Detailed Tax Differences

	EIS	SEIS	VCT
Typical Portfolio Size	4-12 companies	4-12 companies	30+ companies
Liquidity and Exit Charges	Illiquid, subject to investment exits. No exit charge for a return of capital.	Illiquid, subject to investment exits. No exit charge for a return of capital.	Illiquid until the end of year 5. A VCT may offer to buy shares back for a charge (typically 5% of share value).
Income Tax Relief	30% of the cost of shares subscribed for, if held for a minimum of 3 years.	50% of the cost of shares subscribed for, if held for a minimum of 3 years.	30% of the amount invested in subscribing for new shares, if held for a minimum of 5 years.
Carry Back	Relief can be carried back to the preceding tax year.	Relief can be carried back to the preceding tax year.	Relief cannot be carried back to the preceding tax year.
Loss Relief	Based on remaining at-risk capital multiplied by income tax rate.	Based on remaining at-risk capital multiplied by income tax rate.	No loss relief.
Max Annual Investment Limit per Individual Investor	£1 million	£100,000	£200,000
Capital Gains on Exit	0%, if shares held for a minimum of 3 years.	0%, if shares held for a minimum of 3 years.	0%, if shares held for a minimum of 5 years.
Dividend Taxation	At normal income tax rate, although EIS investments rarely provide dividends.	At normal income tax rate, although SEIS investments rarely provide dividends. VCT funds issue small dividends exempt from income tax.	
Capital Gains Deferral	Defers tax on gain by subscribing for shares in EIS qualifying companies.	50% of gain reinvested into SEIS funds exempt from capital gains tax if invested in the year before or during the capital gain year. Applies with income tax relief.	Not available for VCT.
Inheritance Tax and Business Property Relief	EIS companies' shares qualify for 100% business property relief for IHT after two years.	SEIS companies' shares qualify for 100% business property relief for IHT after two years.	Not available for VCT.

Given the impact of personal circumstances on applicable reliefs, seeking professional advice before utilising any relief is strongly recommended.



Support

If you have any questions, please do not hesitate to contact the GrowthInvest Client Services team **via the portal**, by email at clientservices@growthinvest.com or call us on **0300 303 0037**.



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