

# ENTERPRISE INVESTMENT SCHEME (EIS)

## CONTENT BREAKDOWN

### 1. Background to EIS (15 min)

- Purpose
- History
- Main developments
- Autumn Budget 2017
- Knowledge check

### 2. Introducing Some of the Risks (15 min)

- Introduction
- Investment risks
- Liquidity risks
- Exit risk
- Tax risks
- Knowledge check

### 3. Suitability (15 min)

- Introduction
- FCA classification
- Tax requirement
- Attitude to risk
- Capacity for loss
- Liquidity and investment horizon
- Knowledge and experience
- Portfolio balance and diversification
- Income
- Asking questions
- Knowledge check

### 4. The Tax Reliefs (30 min)

- Tax reliefs in summary
- Income Tax Relief - qualifying conditions
- The relief
- Reinvestment relief (CGT Deferral Relief)
- Tax free growth (Disposal Relief)
- Loss relief
- IHT Relief via Business Relief (previously known as Business Property Relief or BPR)
- Knowledge check

### 5. Rules for Investors (20 min)

- Introduction
- Minimum holding periods

- Connected parties
- No linked loans
- Pre-arranged exits and underpinning value
- Receiving value
- Types of shares
- Follow on investments
- Knowledge check

### 6. Claiming the Tax Reliefs (15 min)

- The process for claiming tax reliefs
- The process for claiming tax reliefs - EIS funds
- Time limits for claims
- IHT Relief
- Knowledge check

### 7. Rules for Qualifying Companies (25 min)

- Introduction
- 'Risk-to-Capital' principals
- Rules governing the size and type of company
- Rules governing the raising and spending of funds
- Knowledge-intensive companies
- Qualifying trades and excluded trades
- The growth and development test
- Advance assurance
- Summary of the rules and recent changes
- Knowledge check

### 8. EIS Structures - Funds and Single Companies (15 min)

- Introduction
- Single company EIS
- Discretionary managed portfolio
- Alternative investment funds
- EIS funds
- Advantages of EIS funds
- Approved EIS funds
- Knowledge-intensive EIS approved funds
- Knowledge check

# ENTERPRISE INVESTMENT SCHEME (EIS)

## CONTENT BREAKDOWN

### 9. EIS Charges and Practicalities (15 min)

- Typical fund investment objectives
- Typical target returns
- Typical charges
- Minimum subscriptions
- Knowledge check

### 10. Research and Due Diligence (25 min)

- Performance information
- Other risks of funds
- Researching funds
- Evaluating the provider
- Evaluating the investment
- Investment objective
- Anticipated returns
- Expected minimum duration and exit strategy
- Nature of underlying investments
- Legal and regulatory status
- Further help and advice
- Knowledge check

### 11. Case Studies (10 min)

- Building a portfolio of EIS investments (Case study)
- Building a portfolio to accompany pensions (Case study)
- Deferring your capital gains (Case study)
- Knowledge check

### 12. Pitfalls (10 min)

- Introduction
- Example 1: No Income Tax Relief
- Example 2: Timing and deployment of capital
- Example 3: Exit too soon
- Example 4: Poor understanding of the rules
- Knowledge check

### 13. Final Assessment (30 min)

- Final assessment - 20 questions