

Tax Incentives

EIS Investment Scheme



RESOURCE DOCUMENT - V1. 2014

EIS Investment Scheme

Employment and Investment Incentive Scheme (EIS) - Overview

EIS is the new tax relief scheme which commenced on the 25th November 2011. The EIS is a direct replacement for the Business Expansion Scheme which has been a popular investment for Irish tax payers over the past 20 years. EIS Funds are designated by the Department of Jobs, Enterprise and Innovation and the Revenue Commissioners to invest in EIS qualifying companies. The scheme was established to encourage investment in private businesses primarily in the small to medium sized enterprise (SME) sector.

What Tax Relief is Available?

The tax relief enables investors to deduct the 30/41st cost of their qualifying investment from their total income for income tax purposes (including rental income and deposit income) in the year the investment is made. On completion of the three year holding period, a further deduction of 11/41st of the cost of the qualifying investment is allowable from total income subject to the investee companies increasing employment levels or increasing R&D expenditure.

Who can invest in a EIS Fund?

Any individual can invest in a EIS Fund from as little as €250 up to €150,000 in any one tax year.

Why invest in a EIS Fund?

Investors can participate in uncapped equity investments with anticipated returns in excess of 15% per annum. Investing can give immediate tax relief for all professionals, business owners and employees in 2011.

For example:

By making an investment of €20,000 before 31st December 2014 you will get a maximum income tax refund of €8,200. As a result, the net cost of your investment is actually €11,800 plus any admin fees charged by the investee company. An anticipated return of 17% per annum would return you double your net cost over 3 years to give you €23,575 back.

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Other examples:

Investment amount	Commission/ Admin fees, say (4%)	Initial Tax Relief in 2012	Final Tax Relief in 2015	Net Cost to Investor	Total Payback for Investors (17% p.a.)
€ 10,000	€ 400	€ 3,000	€ 1,100	(€ 6,300)	€ 11,788
€ 20,000	€ 800	€ 6,000	€ 2,200	(€ 12,600)	€ 23,575
€ 30,000	€ 1,200	€ 9,000	€ 3,300	(€ 18,900)	€ 35,361
€ 50,000	€ 2,000	€ 15,000	€ 5,500	(€ 31,500)	€ 58,938
€ 75,000	€ 3,000	€ 22,500	€ 8,250	(€ 47,250)	€ 88,403
€100,000	€ 4,000	€ 30,000	€ 11,000	(€ 63,000)	€ 117,872
€150,000	€ 6,000	€ 45,000	€ 16,500	(€ 94,500)	€ 176,812

If you have any queries or would like to arrange a meeting to discuss availing of EIS with a member of Squires, please contact us at +353 1 **611 4056**.

Squires Gilbride - Chartered Accountants & Advisors are located in Dublin, Ireland.

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