

Seed Enterprise Investment Scheme



What is the Seed Enterprise Investment Scheme?

The Government's new Seed Enterprise Investment Scheme (SEIS) is designed to help small, early-stage businesses to raise money by offering a range of tax reliefs to individual investors. Investors can receive income tax relief worth 50 per cent of the amount they invest – making investing in start-up businesses a considerably more attractive proposition. It can be applied to investments made on or after 6 April 2012.

Please [click here](#) for the government's information on the SEIS scheme.

How can games and businesses benefit from SEIS?

The new SEIS helps make funding games and interactive entertainment start-ups a less risky proposition to potential investors.

The UK Government runs a Small Companies Enterprise Centre which will administer the scheme. Ukie members are advised to contact the SCEC for formal advice and assistance if they would like to make use of the SEIS. [Contact details can be found at the bottom of this page.](#)

If your company is seeking funding and fits the qualification criteria below you should also discuss SEIS with any potential investors. UKIE will also be working to raise awareness of the scheme and the growth potential of UK games businesses to the investment community.

How does a company qualify?

As the SEIS is designed specifically to increase investment in start-ups, several criteria have to be met by the company receiving the investment. The company must:

- have 25 or fewer employees
- have no more than £200,000 in assets at the time the investment is made

- be UK-based
- be undertaking a new business (be a start-up)
- not be listed on any recognised stock exchange
- not have previously raised money under the Enterprise Investment Scheme or Venture Capital Trust scheme

The company must also not be owned by the investor – people cannot use SEIS to gain relief on investing in their own businesses.

Each company can obtain a maximum of £150,000 funding through the SEIS.

What does the investor receive?

Each investor can input up to £100,000 in a single tax year through the SEIS, with unused annual amounts able to be carried back to the previous year. This investment has to be in the form of shares. The investor must not take more than a 30 per cent share in the company to qualify for SEIS tax relief.

They receive income tax relief worth 50 per cent of the amount they invest in that year. That is, they can claim back up to £50,000 of income tax they pay in that tax year, regardless of their marginal rate, if they invest the full £100,000.

Once the shares have been held for three years, any profit that is made from selling them is not subject to capital gains tax.

A special provision is in place for the tax year 2012/13: profits from the sale of assets in this tax year are exempt from capital gains tax, as long as these profits are reinvested through the SEIS in this same year. This applies whether the asset is sold before or after the SEIS investment is made.