

# Venture Capital Trusts and Enterprise Investment Schemes

Further alterations to the rules on the plans, which invest in small, private up-and-coming companies

The Chancellor announced that the Government is to further alter the rules around Venture Capital Trusts (VCT) and Enterprise Investment Schemes (EIS).

Mr Osborne said he was making the changes on the plans, which invest in small, private up-and-coming companies, to 'ensure they are compliant with the latest state aid rules and increasing support to high-growth companies'.

Subject to state aid approval, the Government will require that all investments are made with the intention to grow and develop a business, and that all investors are 'independent' from the company at the time of the first share issue.

In addition, future EIS or VCT cash injections will be limited to firms less than 12 years old, other than where the investment will lead to 'a significant change in a firm's activity'.

Mr Osborne said: 'Based on past tweaks, it is reasonable to assume that these changes are only likely to impact the future investments VCTs

make rather than existing holdings, and therefore mature VCTs with existing well-diversified portfolios remain attractive.'

In addition, the Government is to introduce a cap of £15m on total investment received for venture capital schemes, increasing to £20m for 'knowledge-intensive companies', such as firms dealing in intellectual property. It is also proposing to up the staff limit for such firms to 499, from the current cap of 249.

The Government will also smooth the interactions between the schemes by removing the requirement that 70% of the funds raised under Seed Enterprise Investment Schemes must have been spent before EIS or VCT funding can be raised.

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## ARE YOUR FINANCIAL PLANS STILL ON TRACK AFTER BUDGET 2015?

There may have been a number of key announcements in Budget 2015 that will impact on your financial plans. If you would like to review your current situation to ensure that your plans are still on track, please contact us.