

## Great News for Shareholders!

We have successfully applied to HMRC for our proposals to qualify for **tax relief** on the purchase of shares in the Punch Bowl Inn.

HMRC has provided Advance Assurance that the community purchase of the Punch Bowl is eligible for the Seed Enterprise Investment Scheme (SEIS) and the Enterprise Investment Scheme (EIS). These are UK government initiatives that encourage investment in small and early-stage startup businesses by offering generous tax relief to individual investors who are UK income taxpayers and buy initial shares in a Company or Society such as ours.

Advance Assurance is not a guarantee but is issued by HMRC in response to a detailed application to indicate the likelihood that the share offer will qualify.

**This is a significant enhancement to our share offer that we hope will boost the level of investment, whilst also helping to mitigate the risk for you.**

We hope that if you weren't already aware of the potential tax incentives available to investors, this new information might encourage you to make a greater investment in our community pub.

A simple example of SEIS is illustrated below.

IMPACT OF TAX RELIEF ON A £2,000 INVESTMENT		The PLAN	But to clarify other scenarios	
		The Pub project is a success and investment is ongoing	Pub Project fails, property is resold and 50% of value is returned to investors	Pub Project fails and there is no return to investors
Original Investment		£2,000	£2,000	£2,000
Income tax relief claimed	50%	-£1,000	-£1,000	-£1,000
Effective net cost to you / Capital at Risk		<b>£1,000</b>	<b>£1,000</b>	<b>£1,000</b>
Capital returned			-£1,000	£0
Loss relief at marginal tax rate	20%		£0	-£200
Effective net cost after loss relief		<b>£1,000</b>	<b>£0</b>	<b>£800</b>
Cost to you (p in the £)		£0.50	Nil	£0.40

## **SEIS / EIS Tax Benefits to Investors**

All investments are eligible for either the Seed Enterprise Investment Scheme (SEIS) or the Enterprise Investment Scheme (EIS). These are income tax relief schemes introduced by the government to encourage investment in start-ups and small businesses.

### *SEIS Benefits*

This more generous scheme is limited to the first £250,000 of share investments in the project. Under the SEIS scheme all investors will be able to claim 50% against their income tax bill. In practical terms, this means that if you were to purchase £2,000 worth of shares, your tax liability will be reduced by £1,000 so the actual cash cost to you would be £1,000.

### *EIS Benefits*

All investment exceeding the £250,000 SEIS limit fall into the EIS (Enterprise Investment scheme). Under this scheme, all investors will be able to claim 30% against their Income Tax bill. In practical terms, this means that if you were to purchase £2,000 worth of shares, your tax liability will be reduced by £600, so the actual cost to you would be just £1,400.

### *Loss Relief (SEIS/EIS)*

On top of the generous relief at the point of investment, if the venture were to fail, you could also claim loss relief on your investment. This relief is calculated by multiplying your investment, less the income tax relief already received, by your marginal income tax rate (e.g. 20%). Using the SEIS example above of an investment of £2,000 with £1,000 in tax relief, you could get reimbursed a further loss relief of £200 (£1,000 x 20%) meaning your actual exposure on a £2,000 investment drops to £800.

### *Capital Gains*

Investors in SEIS can also use a Capital Gain incurred on the sale of another asset to invest in community shares and only pay half their normal Capital Gains Tax. This is **additional** to the income tax relief.

Investors in EIS can fully defer their capital gains tax (100%).

### *Inheritance Tax*

Once the shares have been held for two years, they are free of Inheritance Tax (IHT).

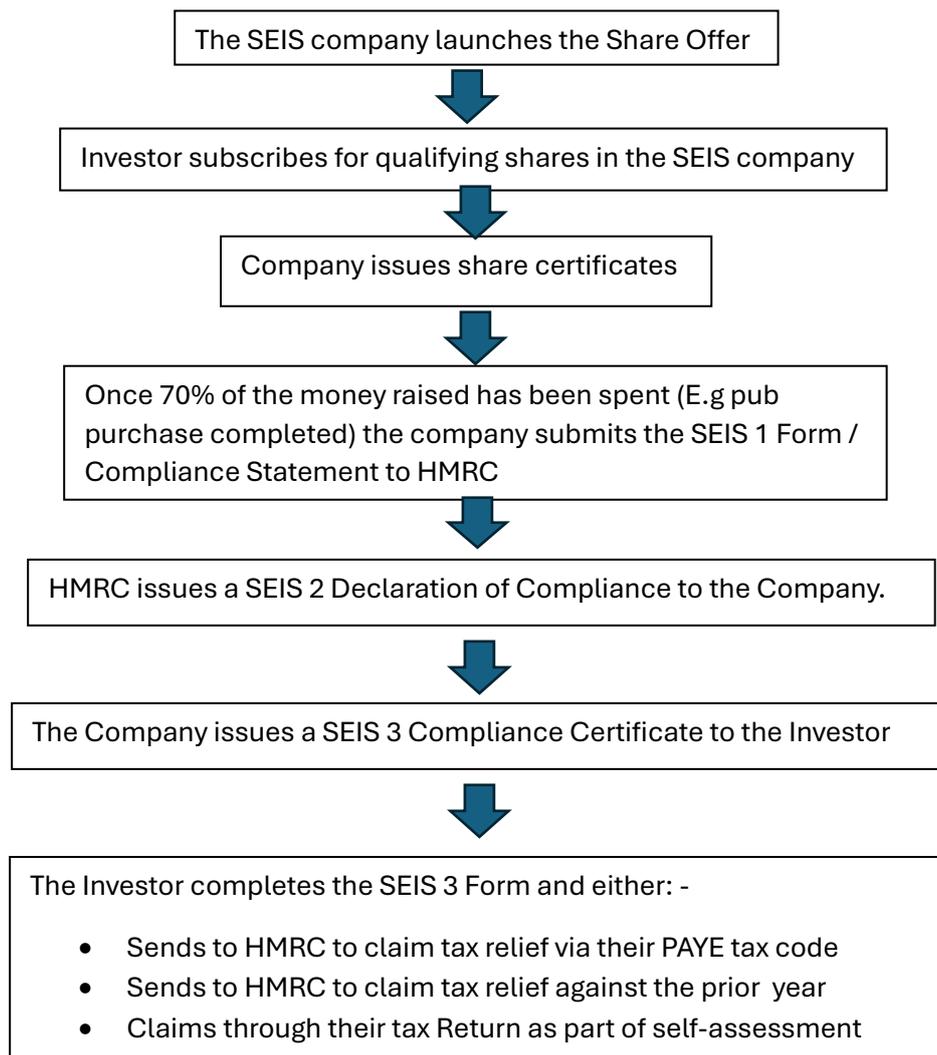
## **Allocation of shares**

The SEIS scheme has a total investment limit of £250,000 and would be applied on a first come first served basis to those individuals who choose to opt in to the scheme.

When and if the £250K SEIS limit has been exhausted, all subsequent investments will automatically fall into the EIS scheme

There is no minimum investment value, and we plan to make the offer available at all levels of investment, from the minimum of £100 to the maximum of £27500.

## Typical SEIS Timeline Process



### Headline rules of the schemes: -

- You must be a UK income and/or capital gains taxpayer with tax due to pay equal or greater than the amount of relief you're seeking.
- The investment must be held for a minimum of three years
- The Society must also operate in the compliance with the Plan.
- You can claim the relief in either the tax year you make the investment or the previous tax year.
- The date of investment will be the day the society accepts your application for investment and issues shares, not the date on which you made the investment.

## **Actions required if you wish to benefit from the SEIS or EIS Tax Relief**

Please read the notes above and associated links below. If you believe you are eligible and wish to OPT IN to the scheme to receive tax relief:

- send an email to [burtoncommunitypub@gmail.com](mailto:burtoncommunitypub@gmail.com) with **OPT IN REQUEST** in the subject box of the email so we can quickly identify and tag your existing application accordingly.

If you would like to apply for **more** shares now that we have this assurance:

- Complete the online [application form](#). (Note this will be added to the existing membership).

If you have currently split your investment between family members you may want to consider allocating the greater part of the investment to the person best able to take advantage of the tax relief available. We are happy to make amendments to your existing application

- Send an email to [burtoncommunitypub@gmail.com](mailto:burtoncommunitypub@gmail.com) with **ADJUSTMENT TO SHARE ALLOCATION** in the subject box.

### **IMPORTANT**

**Please note we cannot advise members on their personal tax position or eligibility for the scheme. We can only vouch that the investment is a valid investment for tax relief. Anyone considering investing with tax relief in mind should make their own enquiries and satisfy themselves as to their own eligibility.**

The holding of an advance assurance does not guarantee that tax relief will not be reduced or withdrawn at a later date. An advance assurance will not exempt the company from complying with the conditions necessary to ensure that the SEIS investment remains a qualifying investment and complies with the conditions relating to the company and its trade throughout the three year period (see [VCM10540](#)) related to the shares.

### **Useful Links on SEIS and EIS**

<https://www.wealthclub.co.uk/how-to-claim-seis-tax-relief/>

[Gov UK publication of SEIS and EIS self-assessment tax relief 2024](#)