Case Study: Capital Gains Tax Deferral

How using an EIS investment can defer CGT and generate additional tax relief

Mr Roper made a gain on a property of £100k* in 2024/25.

*Net of annual CGT allowance

Capital Gains Tax Referral

Investor passes away 2028/29: £24k CGT liability dies with investor.

The EIS investment should also qualify for BR, saving a further £40k in Inheritance Tax, assuming the investor has a liability.

Property Value: £400,000
Gain: £100,000

Without EIS Investment

No Planning:

CGT: £24,000
IHT: £160,000

Investor passes away 2028/29

Net Proceeds to beneficiaries:
£216,000

With EIS Investment

Invest £100k into EIS 2024-25
£24,000 CGT deferred*
£30,000 Income Tax relief**

Net Proceeds to beneficiaries:
£430,000

** In the event of death, CGT is mitigated. Where the EIS is sold prior to death, CGT will be chargeable on the deferred gain at the prevailing tax*
*** Subject to the investment being held for three years from the date of the investment or the commencement of trading if later*

**** Subject to investment being held for two years from the date of the investment or the commencement of trading if later*

Capital invested is at risk. Assets qualifying for Business Relief are subject to change. Tax treatment is subject to change and depends on individual circumstances. Tax year 2025/26.

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