

The 2023 Autumn Statement

Chancellor's Statement of 22 November 2023



Venture Capital Tax reliefs

Seed Enterprise Investment Scheme

Enterprise Investment Scheme

Venture Capital Trusts

Summary

- EIS and VCT tax reliefs extended for a further ten years beyond 2025

The Autumn Statement of 22 November 2023

There has been much speculation in advance of today's Autumn Statement, particularly as there will be a general election within the next 14 months. With inflation beginning to fall, and the OBR and ONS reports suggesting that whilst government borrowing remains high, it is lower than was forecast earlier this year, many have anticipated that income tax or inheritance tax rates would be cut. There has also been lobbying for further support to businesses, and for the EIS and VCT tax reliefs to be placed on a permanent footing.

The Chancellor began his speech by saying he wished to remove barriers to investment, and to introduce growth measures to back British business. He also said he wished to increase the availability of capital to growth companies.

EIS and VCT sunset clause

The Chancellor did not mention the EIS and VCT tax reliefs in his speech, but the Statement includes an announcement that the EIS and VCT tax reliefs will continue to be available until 5 April 2035, and the Government will include legislation to achieve this in the next Finance Bill.

This extension is to be welcomed and will benefit many of the UK's small entrepreneurial businesses. It means that there will continue to be a "sunset" clause, after which these tax reliefs will not automatically be available. Of course, removing the sunset clause entirely would have been preferable, but it is good that companies will be able to continue to raise funds from VCTs and EIS investors.

For some time, ministers have said that the Government will provide further details on the venture capital tax reliefs beyond 2025 at a future fiscal event – and today's Autumn Statement was an opportunity to do so. The delays and a continuing sunset clause may be the result of continuing State aid obligations. Many representations have been made to the Government regarding the future availability of EIS and VCT funding for entrepreneurial businesses, and we have assisted bodies such as the EIS Association and the VCT Association with their submissions.

An independent evaluation of these tax reliefs was carried out in 2022, and the findings of this evaluation have also been published – see full evaluation [here](#). The evaluation says that the venture capital schemes "are an appropriate mechanism with which to deliver the policy objectives" and it "did not identify any better alternatives". It also states that "SEIS was seen to be appropriately designed to mobilise additional investment in early start-ups from private investors and provides early-stage businesses with valuable funding for essential business development and innovation that would otherwise be difficult to find from other sources".

There are no other proposed changes to the venture capital tax reliefs. The Treasury Select Committee's July 2023 report on Venture Capital emphasised the need for certainty on EIS and VCT, and also recommended that consideration be given to expanding their scope, particularly to help businesses in the regions which are adversely affected by the EIS and VCT age limits. In response, Ministers confirmed that the EIS and VCT should continue beyond 2025, but were strongly of the view that the scope of the venture capital tax reliefs should not be changed – see full response [here](#).

This is a summary only, issued on 22 November 2023 based on the Autumn Statement, rather than on legislation that will be enacted.

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