

*These notes refer to the Finance Act 2015 (c.11)
which received Royal Assent on 26 March 2015*

FINANCE ACT 2015

EXPLANATORY NOTES

INTRODUCTION

Section 44: Deferred Entrepreneurs' Relief on Invested Gains

Background Note

19. The mechanism of entrepreneurs' relief was amended in 2010. As a result of those changes it was no longer possible for an individual to claim ER on a gain and also to defer the accrual of the same gain if they reinvested the proceeds of their disposal in EIS shares. Nor could ER be claimed when the gain was eventually treated as accruing (for instance when the EIS shares were sold). When SISR was introduced in 2013 the same constraint applied. This has tended to deter investment in EIS shares or in social enterprises in some circumstances.
20. By allowing potential investors to benefit both from the deferral of gains and from ER on those same gains this measure will encourage more investment in business via EIS and SISR. It thereby supports the growth of social enterprises, start-up companies and small and medium-sized businesses carried on by companies.