

# *Sheltering a Gain and Targeting Higher Returns with the Blackfinch Ventures EIS Portfolios*

## **Scenario**

Clients with rental properties face the issue of Capital Gains Tax (CGT), including if they plan to sell. Matthew is a married middle-aged professional and homeowner. He has savings and owns rental properties with a total value of £1.5 million. He plans to sell one of these at a profit. However, he's aware this will create a CGT liability.

With retirement a way off, and a higher appetite for risk, Matthew is looking at Enterprise Investment Schemes (EIS). He knows that through an EIS he can access tax benefits including deferring the CGT that will arise when he sells the property. And even though he'll have to lock up money in an EIS, he can also aim for a return.

## **Solution**

Matthew discusses his aims with his adviser who tells him about the Blackfinch Ventures EIS Portfolios. Matthew is interested in the service for several reasons:

- EIS tax benefits include deferral and possible mitigation of CGT
- The service targets higher returns over a longer timeframe of 4-7 years
- The portfolios are invested in high-growth new technology firms
- A team of technology experts and entrepreneurs runs the portfolios
- The team works closely with firms from investment to exit to build value
- The fee structures are competitive, creating further value for investors

Matthew's adviser ensures that Matthew understands the risks, including that these are offset by tax benefits. Matthew also knows that investment risks are further mitigated if an EIS is part of diversified investments, like those he holds in cash and property.

## Steps

- **Sell property:** Matthew sells the property at a profit, resulting in a gain of £70,000
- **Invest in EIS and shelter gain:** Matthews invests the £70,000 in the portfolios. This enables him to immediately shelter the gain from CGT
- **Target higher return:** With the team aiming for higher returns Matthew can look at potential growth in his investment, which in an EIS will be free of CGT
- **Continue to shelter gain:** As the team invests over a period of 4-7 years, Matthew has the assurance that he can shelter the gain throughout this time
- **Plan to roll over investment:** At the end of the investment timeframe he can roll over what may be a larger sum into a new EIS and continue CGT deferral

## Solutions for Investors and Support for Advisers

Blackfinch is a tax-efficient investment specialist working in partnership with advisers to meet clients' requirements.

To find out more please speak to one of our team on **01452 717070** or email **enquiries@blackfinch.com**.

### **IMPORTANT INFORMATION**

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