

VCT vs EIS vs SEIS: a financial adviser's quick guide

RAM Capital Partners · 2026/27 rules

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Three schemes for backing smaller UK companies, three different fits. Here's how they compare on the 2026/27 rules, and where each one earns its place.

VCTs, EIS and SEIS all reward investors for backing smaller, higher-risk UK companies — but they suit different clients and objectives. This quick guide sets out the differences at a glance and where each tends to fit, using the 2026/27 rules.

At a glance

	VCT	EIS	SEIS
Income tax relief	20%	30%	50%
Max per tax year	£200,000	£1m (£2m if ≥£1m knowledge-intensive)	£200,000
Minimum hold	5 years	3 years	3 years
Tax-free dividends	Yes	—	—
Tax-free growth	Yes	Yes	Yes
CGT treatment on a gain	—	Deferral	50% reinvestment relief
Loss relief	No	Yes	Yes

(VCT income tax relief reduced from 30% to 20% for new shares from 6 April 2026.)

The quick way to tell them apart

VCT — for tax-free income and diversification. A VCT is a listed company that invests in a spread of small trading companies, so a single subscription gives instant diversification and, crucially, a stream of

tax-free dividends. That income focus, plus tax-free growth, is the heart of the VCT case — even with upfront relief now at 20%.

EIS — for higher upfront relief, CGT deferral and estate planning. EIS invests directly into individual qualifying companies. It offers **30% income tax relief** on up to £1m a year (£2m where at least £1m goes into knowledge-intensive companies), the ability to **defer a capital gain** made elsewhere, tax-free growth, and — after two years — potential Inheritance Tax Business Relief. *(From 6 April 2026, Business Relief is 100% on the first £2.5m of qualifying business property per person, then 50% above that. AIM-quoted and other “not listed” shares receive 50% relief on the whole holding and do not use the £2.5m allowance, so the outcome depends on the client’s wider estate.)* Losses on individual holdings can also be claimed.

SEIS — the highest relief, for the earliest-stage risk. SEIS targets brand-new companies and rewards that extra risk with **50% income tax relief** on up to £200,000 a year, plus 50% CGT reinvestment relief, tax-free growth and loss relief.

The downside protection point

EIS and SEIS also offer **loss relief**, which materially cushions the downside. For a 45%-taxpayer, a total loss on an EIS holding can be reduced to a maximum real loss of about **38.5%** of the original investment once income tax relief and loss relief are taken together; for SEIS the equivalent figure is about **27.5%**. VCTs do not offer income-tax loss relief — their risk is spread across a diversified portfolio instead.

Frequently asked

Can a client use more than one in the same year?

Yes — subject to each scheme's own annual limit and the client's income tax liability, VCT, EIS and SEIS can be used alongside one another.

Which gives the most relief?

On upfront income tax relief, SEIS (50%) is highest, then EIS (30%), then VCT (20%). But upfront relief is only part of the picture — dividends, CGT treatment, loss relief and holding periods all differ, so suitability depends on the client's objectives, not just the headline rate.

Are the reliefs guaranteed?

No. All are subject to the investor and the investment meeting HMRC conditions and the minimum holding periods, and tax treatment depends on individual circumstances and can change.

How RAM Capital helps

RAM Capital Partners is a specialist distributor of VCT, EIS and SEIS investments to UK financial advisers. Our Adviser Fund Centre gives you a curated range of offers with full literature, an interactive tax-relief calculator covering all three schemes, CPD, and suitability support — so you can compare the options and document your advice in one place. Our distribution desk can help with product selection, due diligence and research, and introduce you to the managers running the funds your clients invest in.

To talk a client case through, call the RAM Capital team on 020 3006 7530 or email taxsolutions@ramcapital.co.uk.

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VCT, EIS and SEIS investments place capital at risk; investors may get back less than they invest and may lose the full amount. They invest in smaller and unquoted companies and are illiquid, and VCT shares typically trade at a discount to net asset value. Dividends are variable and not guaranteed. Upfront relief is withdrawn on early disposal. Tax reliefs depend on individual circumstances and on investments maintaining qualifying status, and may change. Figures reflect the 2026/27 rules and our understanding of legislation and HMRC guidance at the time of writing.

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