



Department
for Business
Innovation & Skills

The Lord Mendelsohn
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10 November 2015

Dear John,

THE SMALL COMPANY ENTERPRISE CENTRE (SCEC)

I promised to write to you with more details about the specialist unit in HM Revenue & Customs (HMRC), known as the Small Company Enterprise Centre (SCEC), which administers, and gives advice on, the venture capital schemes and Social Investment Tax Relief (SITR). The venture capital schemes are the Enterprise Investment Scheme (EIS), Seed Enterprise Investment Scheme (SEIS) and Venture Capital Trusts (VCTs).

The schemes form part of the government's Growth Agenda and are designed to encourage individuals to invest in small, higher risk, trading companies which might otherwise struggle to raise finance to enable them to grow and develop. Individuals receive a range of Income Tax and Capital Gains Tax reliefs for making investments in the ordinary share capital of qualifying trading companies or, in the case of SITR, in the ordinary share capital of, or loans to, qualifying social enterprises.

The SCEC reviews applications made by companies in order to determine whether or not investments have met the qualifying conditions of the schemes. These reviews include both statutory applications from companies who consider themselves to meet the requirements of the scheme and non-statutory clearances of proposed fund raises that companies intend to undertake. The most recent published statistics show that, in 2013-14, 2,770 companies raised funds under the EIS and 2,030 companies raised funds under the SEIS.

The SCEC also provides support to companies, investors and advisers through a general e-mail inbox and dedicated telephone helpline. In 2014-15 the SCEC helpline staff answered over 27,000 telephone calls. HMRC staff from the SCEC and head office attend seminars and give presentations at a wide range of events for advisers, companies and investors across the UK to help increase awareness of the schemes. As a result of all these contacts, the SCEC's services are highly valued by its customers. In addition, HMRC is running a pilot with five Growth Hubs which will increase understanding of the needs of businesses from pre-start up through various life stages, and then test options for how HMRC, in partnership with the Growth Hubs, can increase the impact of support for growth. This support includes promotion of the venture capital schemes.

I hope this letter demonstrates the scope of support HMRC, and in particular its SCEC, provides to companies and investors using the venture capital schemes. I am copying to Lord Stevenson and laying a copy out in the House library.

Best regards,

A handwritten signature in cursive script that reads "Lucy".

BARONESS NEVILLE-ROLFE DBE CMG