**INFORMATION**

**Who should use this checklist**

Companies that are actively seeking **under the Enterprise Investment Scheme (EIS)**, or their authorised agent, should use this checklist to make sure they give us all the right information, first time, when applying for an advance assurance. This will avoid delays.

**Advance assurances**

We provide the advance assurance service through a specialist HM Revenue and Customs (HMRC) unit, the VCR Team:

* The advance assurance service is a non-statutory, discretionary, service.
* A company does **not** have to apply for an advance assurance before receiving an investment.
* An advance assurance has no legal force; it is only HMRC’s opinion as to whether a company is likely to meet the qualifying conditions, if it receives an investment under the circumstances set out in the application.
* The particular circumstances of the company may mean that we are unable to form an opinion until further activity has commenced or such that they will not provide an opinion.
* The advance assurance service is not a registration scheme; we will only consider applications if a company is actively seeking funding and the terms and amounts are agreed.
* The company must have a Unique Tax Reference number issued by HMRC
* The advance assurance application must confirm the company meets each requirement or condition of the scheme, and explain how, supported by relevant documents and other information. You should highlight any area of doubt and give a technical explanation as to why you consider the company meets the particular requirement.

You cannot apply for an advance assurance if the company has already issued the shares. In that case the company must submit a Compliance Statement (form [EIS1](https://public-online.hmrc.gov.uk/lc/content/xfaforms/profiles/forms.html?contentRoot=repository:///Applications/CorporationTax/1.0/VCSEIS1&template=VCSEIS1.xdp)).

**What the checklist covers**

This checklist tells you what information you must give us when you apply for an advance assurance on behalf of a company. It will help you to provide all the information we need so that we can process your application more quickly and reduce delays for the company and its investors. If you don’t give us all the information we need we may ask you for more information or we may reject your application, see VCM60150.

**Who should complete and send the advance assurance form**

The advance assurance application form can only be completed and sent to the VCR Team by one of the following:

* The company secretary
* A director of the company
* An agent authorised to act on the company’s behalf.

We will return applications submitted by any other applicant.

**Advance assurance application forms**

To make an advance assurance application you must use form [VCSAA](https://public-online.hmrc.gov.uk/lc/content/xfaforms/profiles/forms.html?contentRoot=repository:///Applications/CorporationTax/1.0/VCSAA&template=VCSAA.xdp) which is available from [Gov.uk](http://internal.active.hmrci/https%3A/www.gov.uk/government/organisations/hm-revenue-customs). You will need to provide a separate completed checklist and information for each venture capital scheme applied for.

We will not accept an advance assurance application for the EIS without a completed [VCSAA](https://public-online.hmrc.gov.uk/lc/content/xfaforms/profiles/forms.html?contentRoot=repository:///Applications/CorporationTax/1.0/VCSAA&template=VCSAA.xdp) form and checklist.

Once you have completed the [VCSAA](https://public-online.hmrc.gov.uk/lc/content/xfaforms/profiles/forms.html?contentRoot=repository:///Applications/CorporationTax/1.0/VCSAA&template=VCSAA.xdp) form you can email it, along with all the supporting documents and information, the checklist and any covering letter to the Venture Capital Relief Team (VCR Team) at enterprise.centre@hmrc.gov.uk. If you or your agent want us to correspond by email you need to be aware of the risks and obligations see [VCM2035](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm2000).

If the email and attachments are more than 10 megabytes you will need to send it in more than one email. In that case please make it clear on each email that the email is one of a group of emails relating to one application by the EIS.

**What an advance assurance covers**

We will give an opinion on whether a particular issue of shares would meet the requirements of the scheme a company has applied for, based on the company’s application form and the supporting information. There may be occasions when we are unable to give an opinion, for example, if all the relevant supporting information is not provided or if it is not clear that a company will be carrying out a qualifying business activity.

An advance assurance applies to a specific investment. It won’t apply, for example, if:

* there are any material changes to the proposed investment we have approved, or the supporting facts or documents
* there was not a full disclosure of relevant information, for example, areas of doubt have not been fully highlighted, or relevant information has been omitted
* the law changes between the date the advance assurance was given and the date of the investment.

The EIS guidance in VCM60140 explains in detail when we will **not** be bound by an advance assurance.

A company should not apply for advance assurance until the terms on which the investment will be received are certain as the VCR Team does not give priority to companies that have already received an advance assurance, and will not re-open an advance assurance after it has been provided. If the company needs a fresh advance assurance it will need to make a new application.

**How to use the checklist**

Use this checklist to

* understand what conditions the company will have to meet when the investment is made, and for it to remain a qualifying investment
* explain to us how the company meets various conditions and/or list where supporting information in the attachments can be found
* ensure you send all the information needed, including the checklist, with the completed [VCSAA](https://public-online.hmrc.gov.uk/lc/content/xfaforms/profiles/forms.html?contentRoot=repository:///Applications/CorporationTax/1.0/VCSAA&template=VCSAA.xdp) form.

This will help us deal with the application form efficiently.

**Example in completing the checklist**

|  |  |  |
| --- | --- | --- |
| **Documents and Information you must include with your AA application form** | **Information provided** **Yes / Unsure / Not applicable** | **You must indicate where to find your supporting documents in the attachments** |
| Explain how the company will use the money raised. Include details of how the money will be used to help the company grow and develop. | Yes | The money will be used to [……]See i-form and pages [5] and [7] of the business plan, (file name My-business-plan.doc) |

**Enterprise Investment Scheme (EIS) Checklist**

|  |  |
| --- | --- |
| **Name of the company** |  |
| **Company Registration Number (CRN)** |  |

Complete the ‘information provided’ box yes/unsure/not applicable to **confirm** information is enclosed and **explain where** to find your supporting documents in the attachments with your advance assurance application **or why** the information is not applicable:

|  |
| --- |
| **SECTION 1 - DOCUMENTS & INFORMATION** |
| **No.** | **Documents and Information you must include with your AA application form** | **Information provided** Yes /Unsure / Not applicable | **You must indicate where to find your supporting documents in the attachments** |
| 1.1 | A list of the current shareholders in the company at the date of submission of the advance assurance application. |  |  |
| 1.2 | The names and Company Registration Numbers of all subsidiary companies and a group structure diagram. |  |  |
| 1.3 | Latest Memorandum and Articles of Association of the company and of any subsidiary company, including details of any changes to be made. |  |  |
| 1.4 | Latest available accounts of the company, and of any subsidiary company; if the company has not as yet drawn up a set of accounts, then you must send the company’s management accounts or a detailed narrative explaining what the company’s activity will consist of, along with details of how it will derive its income. |  | Please state **type of accounts** being attached. |
| 1.5 | The company’s business plan together with the financial forecasts (these should include any anticipated follow on funding). |  |  |
| 1.6 | Details and an explanation of why and how you consider the company is a genuine growth company that meets the risk to capital condition (see [VCM8500](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm8500)+).  |  |  |
| 1.7 | Details of how the company’s proposed trading activities will be structured and carried out; include supporting documents along with evidence (see [VCM8500](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm8500)+ and also [VCM12050](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm12050)). |  |  |
| 1.8 | Copies and details of any subscription agreement or other side agreement entered into by the investors. |  |  |
| 1.9 | The amount of money to be raised by this share issue. You must give a good estimate of the amounts to be raised, to reconcile with the business plan and financial forecasts. We **will not accept** applications stating figures such as ‘up to £5 million’. |  |  |
| 1.10 | Explain how the company will use the money raised; include details of how the money will be used to help the company grow and develop |  |  |
| 1.11 | If the company is outside of the initial investing period for the maximum permitted age limit, and is raising follow on funding under condition A or condition C, provide a copy of the original business plan in which the follow on funding was foreseen (see [VCM8000](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm8000)+). |  |  |
| 1.12 | Is the company applying as a knowledge-intensive company (KIC)? If ‘yes’, please state which KIC threshold(s) the company needs to meet to be eligible for the EIS investment: age limit; annual funding limit; lifetime funding limit, employee limit.  |  |  |
| 1.13 | If the company is applying for confirmation of KIC status provide full details of which conditions the company meets, and how, as set out in VCM8162.Note: we will not comment on a company’s status as a KIC unless the company’s eligibility or an investors claim to relief depends on its being a KIC. |  |  |
| 1.14 | Information of all trading or other activities to be carried on by the company and any subsidiary (see VCM12050). |  |  |
| 1.15 | Names and addresses of the prospective investors if this investment is not through a fund manager and this is company’s first investment under the EIS (or SEIS or VCTs). |  |  |
| 1.16 | Name of the EIS fund and fund manager(s). |  |  |
| 1.17 | Latest prospectus or similar document to be issued to potential investors. |  |  |
| 1.18 | Details of all EIS, SEIS, VCTs, SITR and other risk finance investments received by the company; include the amount, date and scheme under which each investment was received. |  |  |
| 1.19 | Confirm that the company expects to be able to complete the declaration on the EIS1 Compliance Statement (the declaration confirms that you have provided all the correct and complete information about the company seeking advance assurance; if you cannot confirm, state why). |  |  |
| 1.20 | Provide any further information that’s relevant to your application for advance assurance, including details of any areas where the application of the rules is unclear |  |  |

**The following are conditions that your company will have to meet at the time, and in some cases for a minimum of three years after, the shares are issued.**

|  |
| --- |
| **SECTION 2 - CONDITIONS** |
| **No.** | **Company Conditions**  | **Guidance reference** | **Company will meet condition** Yes / Unsure/ Not Applicable | **If the company will not meet the condition or it is doubtful, provide more details here, or give details where the information is in an attachment** |
| 2.1 | The shares will be issued wholly for cash and will be fully paid up by the time they are issued.**ITA07/S173** | [**VCM12020**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm12020) |  |  |
| 2.2 | The shares issue will have no preferential rights to dividends.**ITA07/S173** | [**VCM12020**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm12020) |  |  |
| 2.3 | The shares will be issued for the purpose of raising money for a qualifying business activity to be carried on by either the issuing company or by a qualifying 90% subsidiary.**ITA07/S180A** | [**VCM13020**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13020) |  |  |
| 2.4 | The shares will not be issued, nor will the money raised be spent, in consequence of or in anticipation of, disqualifying arrangements.**ITA07/S178A** |  |  |  |
| 2.5 | The company either exists for the purpose of carrying one or more qualifying trades or is the parent company of a trading group.**ITA07/S181** | [**VCM13050**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13050) |  |  |
| 2.6 | The company or one or more of its 90% subsidiaries will continue to meet the qualifying trading activity for three years after the date of issue of the shares. **ITA07/S190** | [**VCM13060**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13060) |  |  |
| 2.7 | The company will be an unquoted company and there are no arrangements in existence for it to cease to be so.**ITA07/S184** | [**VCM13090**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13090) |  |  |
| 2.8 | The company has never controlled another company which is not a qualifying subsidiary; and there are, and will be, no arrangements in existence by virtue of which that requirement could cease to be met for at least three years after the date of issue.**ITA07/S187** | [**VCM13130**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13130) |  |  |
| 2.9 | At the date of share issue, the company will not be controlled by another company (or by another company and any person connected with that other company) and there are, and will be, no arrangements in existence by virtue of which that requirement could cease to be met for a period of at least three years from that date.**ITA07/S185** | [**VCM13100**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13100) |  |  |
| 2.10 | The company issuing the shares will have a permanent establishment in the United Kingdom.**ITA07/S191A**  | [**VCM13030**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13030) |  |  |
| 2.11 | The value of the gross assets of the company and its subsidiaries will not exceed £15 million before, or £16 million immediately after, the share issue. **ITA07/S186** | [**VCM13110**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13110) |  |  |
| 2.12 | Immediately before the issue of the shares the company and its subsidiaries will have less than 250 full-time equivalent employees (FTEs), or less than 500 FTEs if the company is a knowledge-intensive company. **ITA07/S186A** | [**VCM13120**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13120) |  |  |
| 2.13 | If the company is a knowledge-intensive company by reason of meeting the skilled employee’s condition, it is expected to meet that condition for three years after the date of issue of the shares.**ITA07/S252A** | [**VCM8161**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm8161)**+** |  |  |
| 2.14 | The trade (or research and development) will have been carried on for at least four months at the time of submitting the compliance statement, and the company will continue to carry on the activity for at least three years after the date of issue of the shares.**ITA07/S176** | [**VCM12070**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm12070) |  |  |
| 2.15 | The shares will be issued for genuine commercial purposes and not as part of a scheme or arrangement, a main purpose of which was the avoidance of tax.**ITA07/S178** | [**VCM12090**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm12090) |  |  |
| 2.16 | The shares will be ordinary shares which will not carry any preferential right to the company’s assets on a winding up, or any right to be redeemed, and which meet the requirements about restrictions on preferential rights to dividends for at least three years after the date of issue.**ITA07/S173** | [**VCM12020**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm12020) |  |  |
| 2.17 | The qualifying activity is conducted on a commercial basis, with a view to profit. **ITA07/S189** | [**VCM13060**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13060) |  |  |
| 2.18 | The company does not and will not have any subsidiary which is not a qualifying subsidiary.**ITA07/S187** | [**VCM13130**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13130) |  |  |
| 2.19 | Any property managing subsidiary is, and will be, a qualifying 90% subsidiary.**ITA07/S188, ITA07/S190** | [**VCM13080**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm13080) |  |  |
| 2.20 | The company will advise HMRC if the company or a person connected with the company provides value to the investor or an associate at any time within the four years starting 12 months before the date the shares are issued, and ending three years after the shares are issued.**ITA07/S240** | [**VCM15030**](https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm15030) |  |  |