

## **Relief For Investment In Corporate Trades- Employment and Investment Incentive (EII)**

Section 33 Finance Act 2011 replaced Part 16 TCA 1997, which provided for relief for investments under the Business Expansion Scheme (BES), with new measures providing for relief for investments under the Employment and Investment Incentive (EII). This measure could not be given effect until the European Commission gave approval under the Community Guidelines on State Aid to Promote Risk Capital Investments in Small and Medium-Sized Enterprises.

On 25 November 2011 the Minister for Finance announced that:

- the European Commission had given approval for the EII scheme, subject to a small number of amendments to the legislative provisions governing the scheme.
- he intended to provide for the necessary amendments, including those providing for the commencement of the EII scheme from 25 November 2011, in respect of shares issued on or after that date.
- relief under the BES scheme would continue to be available only in respect of eligible shares issued on or before 31 December 2011.

The new EII scheme, incorporating the legislative changes required by the European Commission, was given effect on Budget Day. As a result-

- Both the BES and EII schemes will run concurrently throughout the period 25 November 2011 to 31 December 2011.
- BES will expire on 31 December 2011.
- EII will run until 31 December 2013.

- Relief under the new EII scheme will automatically apply in respect of shares issued on or after 25 November 2011.
- Where shares are issued between 25 November 2011 and 31 December 2011, an election may be made in writing to the Revenue Commissioners, on or before 31 December 2011, indicating under which scheme (BES or EII) the shares are issued. This election will determine the scheme under which relief to investors may be granted. In the absence of such election any application in respect of shares that issued on or after 25 November 2011 will be treated as an application under the EII scheme.
- Such election must be made:
  - a. In the case of direct investments, by the qualifying company, and
  - b. Where the investment is made in a designated fund by the fund managers.