

Britain's innovators backed with around £100m of new investment

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- £100 million of new investment a year unlocked as entrepreneurship tax relief package comes into force.
- Package includes significant expansion of Enterprise Management Incentives scheme, Enterprise Investment Scheme, and Venture Capital Trusts.
- Wider support measures include the British Business Bank's Five-Year Strategic Plan and three years of UK Listings Relief.

Entrepreneurs, start-ups and scale-ups are to receive a boost as a package to unlock private investment and double tax reliefs is brought into force.

The changes implemented today (6 April 2026) at the start of the new tax year include:

- Significantly expanding the number of companies eligible for the Enterprise Management Incentives (EMI) scheme, further supporting companies to attract and reward talent.
- Doubling the amount a company can raise through the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT) to boost investment through additional tax relief through these schemes.

Chancellor Rachel Reeves introduced the package for entrepreneurs at Budget 2025, and together these changes are expected to support around £100 million of additional investment a year.

The EMI is a world-leading tax advantaged share scheme which allows eligible companies to offer their employees options to acquire tax-advantaged shares. EIS and VCT provide a range of tax reliefs for investors to encourage investment in higher-risk, early-stage companies that face the biggest challenges in accessing growth capital.

Chancellor of the Exchequer, Rachel Reeves, said:

I am backing business with a more active state that's making big commitments to industry. I have taken steps to unlock £100 million a year for new investment in the businesses founded by our wealth creators so they can access the finance critical to their success.

The expansion to EMI will include quadrupling the gross assets test from £30 million to £120 million while both the employee limit, and company share option limit, will be doubled from 250 to 500, and £3 million to £6 million, respectively. This is expected to support around 1,800 of the highest growth scale-up companies in sectors including financial technology, life sciences, and AI over the next five years, allowing them to reward an estimated 70,000 employees.

The EIS and VCT lifetime company investment limits will double to £24 million, and the annual company investment limits will increase to £10 million. The gross assets test will increase to £30

million before share issue, and £35 million after.

The government is backing the UK's most innovative companies. Knowledge intensive companies using EMI, EIS and VCTs benefit from higher asset and investment limits so they can continue to benefit from the schemes as they scale.

Income Tax relief available for those investing in VCTs will be reduced from 30% to 20%, to better balance the amount of upfront tax relief compared to EIS, and incentivising funds to seek out higher returns to ensure they are targeting the highest growth companies.

As part of the package, the government launched a Call for Evidence at Budget 2025 to gather evidence from founders, scaling companies and investors, on tax policy support for investment in high-growth UK companies. The consultation closed in February and the government will respond in due course.

The government is also supporting scale-ups to list in the UK as the Chancellor announced at the Budget, in an international first, UK Listing Relief - a three-year exemption from Stamp Duty Reserve Tax for companies listing in the UK. This will boost the trading volumes and share prices of UK scale-ups that take the next step and list in the UK.

Today's package comes on top of the British Business Bank's (BBB) new Five-Year Strategic Plan - a step-change in how it will support small businesses, including scaling companies, using its increased permanent financial capacity of £25.6 billion.

The BBB will invest at least £5 billion in growth-stage funds and scale-up companies, and the government has also asked the BBB to explore using its existing financial guarantee capacity to support IP-backed lending.

Stakeholder responses:

Carolyn Dawson, CEO at Founders Forum Group, said:

The UK has always been a brilliant place to start a company and today's reforms are a positive step towards making it just as compelling a place to scale. We're particularly pleased to see the expansion of the EMI scheme: giving more employees a genuine stake in the companies they're building is one of the most powerful ways to attract talent and reward the risk-takers who drive British innovation forward.

But keeping Britain's best companies at home requires an ongoing commitment from all of us to back British success stories. When British innovation thrives, it translates directly into better jobs, higher wages, and a more resilient economy for everyone.

Eva Barboni, Executive Director of Enterprise Britain, said:

Britain needs more companies to make the leap from start-up to scale-up to global champion. These measures speak directly to two of the three pillars we set out as urgent priorities in our most recent report: access to capital and the ability to attract and retain talent.

The changes to the EMI scheme are particularly important. Talent is the lifeblood of

high-growth firms, and widening access to share ownership will help more British scale-ups attract and retain the people they need to compete globally. It will also help ensure that the benefits of those companies' success are shared more widely.

Dom Hallas, Executive Director, Startup Coalition:

Expanding EMI is a genuine win for the startup ecosystem - it gives high-growth companies far more room to compete for talent, which is ultimately what drives scaling success. The improvements to EIS will also help unlock more capital into early-stage businesses, particularly in knowledge-intensive sectors where the UK has real comparative advantage. We are optimistic that next year we will see further improvements to the tax landscape for founders, following the ongoing call for evidence.

Irene Graham OBE, CEO at ScaleUp Institute, said:

It is very good to see the commitments made in the Budget now being fully enacted. The changes now in effect for EIS / VCT / EMI make a tangible difference to businesses scaling across sectors and geographies as they progress their global growth ambitions. The long-term increased capacity of the British Business Bank and practical solutions that are now deployed such as the British Growth Partnership Fund, alongside Venture Link, are vital enablers, working with the private sector, to build and increase critical scaleup investment into our innovative scaling firms across the country. These packages, alongside the Government's listing relief; further review of tax policy to support investment in high-growth UK companies and focus on how to evolve IP lending, are clear signals to encourage businesses to start, scale and stay in the UK.

Hannah Seal, Partner at Index Ventures, said:

The UK now has the most competitive stock option scheme of any large economy in the world. By doubling the headcount cap and quadrupling the asset threshold for EMI, the Government has created a world-leading scheme that surpasses its global peers. This is a game-changer for British entrepreneurship, allowing UK startups to compete with global giants for the best talent. We are grateful to the founders who joined us to advocate for this change and to the Government for taking decisive action to make the UK the best place for top talent.

Elaine Stroud, Chief Executive, Entrepreneurs Forum, said:

It's encouraging to see real practical support which will help ambitious businesses to scale. Access to funding remains one of the biggest barriers to growth, and these measures should make it easier for entrepreneurs to unlock that next stage.

<https://www.gov.uk/government/news/britains-innovators-backed-with-around-100m-of-new-investment>