SD Silicon Docks DUBLIN

INVESTOR GUIDE

The EIIS Advantage

Employment Investment Incentive Scheme

A comprehensive guide to Ireland's most powerful tax relief for qualifying investments.

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What is EIIS?

Ireland's most tax-efficient route for investing in domestic enterprises.

The **Employment Investment Incentive Scheme (EIIS)** is an Irish government initiative that provides income tax relief to individuals who invest in qualifying Irish small and medium enterprises. It is the successor to the Business Expansion Scheme (BES).

EIIS allows investors to claim **up to 50% income tax relief** on qualifying investments. For every €100,000 invested in a qualifying opportunity, an investor may receive up to €50,000 back as income tax relief — substantially reducing the effective cost and risk from the outset.

> *"EIIS remains among the most attractive tax-efficient investment routes available to Irish investors who want to back domestic enterprises."*

Key Features

Feature	Detail
Maximum Investment	€1,000,000 per year *(increased from €500,000 in Budget 2025)*
Minimum Investment	No statutory minimum under EIIS rules
Tax Relief Rates	20% to 50% depending on company stage (see Page 2)
Minimum Hold Period	4 years to retain tax relief
Scheme Expiry	31 December 2026
High Earners Restriction	**Not subject** to the High Earners Restriction
Carry Forward	Unused relief can be carried forward to future years

Who qualifies? You must have a taxable income liability in the year of investment. Qualifying income includes: PAYE earnings, rental income held personally, bank deposit interest, and ARF distribution income. Investment must be completed before 31 December of the tax year.

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EIIS Relief Brackets

Understanding the tiered structure introduced in the Finance Act 2023.

Prior to 2024, EIIS offered a single flat rate of 40% tax relief. The Finance Act 2023 replaced this with a **tiered structure** based on the company's stage and fundraising history. These rates apply for the 2024, 2025, and 2026 tax years.

**Updated following Budget 2026, dated 7th October 2025. Many investments that previously qualified for 40% relief will now fall into the 35% or 20% brackets.*

Rate	Category	Who Qualifies
50%	**New to Market**	Businesses that have **not operated in any market** — very early stage, pre-trading. Highest risk, maximum relief.
35%	**Initial Risk Finance**	Businesses **already trading, but less than 7 years old**, fundraising via EIIS **for the first time**.
20%	**Follow-On EIIS**	Businesses raising EIIS finance for a **second or subsequent time**.
20%	**New Market / Region**	Businesses **expanding into new markets or regions**.
30%	**Qualifying Fund**	Investments made via a **Qualifying Investment Fund**, providing managed diversification.

What Does a €10,000 Investment Look Like at Each Bracket?

Assuming the investor is on the higher **40% income tax rate**:

Bracket	Investment	Tax Saving	Effective Cost	What This Means
50% New to Market	**€10,000**	**€5,000**	**€5,000**	**€1 invested, only €0.50 at risk**
35% Initial Risk	€10,000	**€3,500**	€6,500	€1 invested, €0.65 at risk
20% Follow-On / Expansion	€10,000	**€2,000**	€8,000	€1 invested, €0.80 at risk
30% Qualifying Fund	€10,000	**€3,000**	€7,000	€1 invested, €0.70 at risk

The difference is significant: A €10,000 investment in a high-risk, new-to-market company saves you **€5,000** in tax. The same €10,000 in a follow-on EIIS raise saves only **€2,000**. The bracket directly determines how much of your capital is protected by the relief.

How to claim: Once the company files with Revenue, you receive a **Statement of Qualification (SOQ)**. Include this in your tax return via ROS or MyAccount. If you lack sufficient tax liability in the year of investment, unused relief can be **carried forward** to future years.

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How It Works

The investment process from subscription to exit.

1. **Invest**
   Subscribe for shares in a qualifying Irish company. No minimum EIIS investment; annual cap is €1,000,000.
2. **Company Files with Revenue**
   The qualifying company submits documentation to Revenue confirming EIIS status and your investment.
3. **Receive Your SOQ**
   Once approved, you receive a Statement of Qualification — your EIIS certificate for tax filing.
4. **Claim Tax Relief**
   Include the SOQ in your income tax return via ROS or MyAccount. Relief is deducted from your tax liability.
5. **Hold for 4 Years Minimum**
   Shares must be held for at least 4 years. Disposing early triggers a full clawback of the relief.
6. **Exit**
   After the hold period, exit via share redemption, trade sale, or other mechanisms per the investment terms.

Ways to Invest in EIIS

1 Direct Investment

Invest directly with the company. Typically **€5,000–€10,000** minimum. Full control and upside; requires your own due diligence.

2 EIIS Fund

Via a managed fund — **€10,000–€20,000** min, ~3% fee. Diversification across 5–10 companies. Some cap upside. Allow 6–9 months for deployment.

3 Crowdfunding

Some platforms offer EIIS from **€250**. Companies are pre-vetted. Low barrier to entry and easy diversification.

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Worked Example

How a €25,000 investment at 50% relief works in practice.

€25,000 Investment · 50% Tax Relief

Assuming higher rate (40%) taxpayer, 12.5% p.a. return over 4 years

Investment Amount	€25,000
Tax Relief (50%)	−€12,500
Your Effective Cost	€12,500
RETURNS OVER 4 YEARS	
Dividends (12.5% × 4 yrs)	€12,500
Original Capital Returned	€25,000
Total Cash Back	€50,000
Return on Effective €12,500 Cost	300%

Note: Simplified illustration. Actual returns depend on performance and exit timing. Dividends may be taxed at up to 55%. CGT (33%) applies to capital gains. The tax relief itself is not subject to CGT.

Returns Across Each EIIS Tier

Effective position for a €10,000 investment at each tier, assuming the company returns capital plus 12.5% p.a. over 4 years (€15,000 total return).

EIIS Tier	Relief	Effective Cost	Total Return	Gain on Cost	Effective ROI
50%	**€5,000**	**€5,000**	**€15,000**	**€10,000**	**200%**
35%	€3,500	€6,500	€15,000	€8,500	**131%**
20%	€2,000	€8,000	€15,000	€7,000	**88%**
30% (Fund)	€3,000	€7,000	€15,000	€8,000	**114%**

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Risks & Considerations

The tax relief mitigates but does not eliminate downside risk.

Key Risks

! Capital Risk
You are investing in young or small companies. There is a significant risk of losing all or part of your investment.

! Liquidity Risk
No secondary market. You cannot sell or transfer shares during the 4-year hold without losing relief.

! Exit Timing
Minimum 4 years but exits typically take 4–7 years. No guarantee of exit at any specific time.

! Clawback Risk
If the company ceases to meet EIIS conditions or you exit early, tax relief is clawed back in full.

Mitigating Factors

✓ Tax Relief as Protection
At 50%, the government underwrites half your capital. Returning just principal = 100% on effective cost.

✓ Asset-Backed Deals
Where the company owns property or physical assets, residual value can typically be recovered.

✓ Diversification
Spreading capital across multiple EIIS investments reduces the impact of any single failure.

✓ Experienced Management
Investing alongside proven operators with sector track records significantly improves outcomes.

Tax on Returns

Return Type	Tax Treatment	When It Applies
Income / Dividends	Up to 55% (marginal rate + PRSI + USC)	Company redeems shares from free cash within 5 years
Capital Gains	33% CGT	Shares acquired by third party, or redeemed after 5 years

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Losses & CGT Treatment

How capital losses work under EIIS — and why the bracket you invest at matters.

If an EIIS investment becomes worthless or is disposed of at a loss **after the 4-year hold period**, two things happen: you **keep** the income tax relief already claimed, and you **can** claim a restricted capital loss for CGT purposes.

How the Restricted Loss Works

Under **Section 508K of the Taxes Consolidation Act 1997**, the allowable capital loss is **not** the full investment amount. It is restricted to:

> *Allowable CGT Loss = Original Investment − Income Tax Relief Received*

In other words, your allowable loss equals your **net effective cost** — the amount you were actually out of pocket after relief. This restricted loss can then be offset against other chargeable gains in the same year or carried forward, per standard CGT rules (currently 33%).

> **Important:** The loss can **only** be offset against capital gains. It **cannot** be offset against income tax. And if the loss occurs **within** the 4-year hold period, the income tax relief is fully clawed back — leaving you with a larger allowable CGT loss but no income tax benefit.

Total Loss by Bracket — €10,000 Investment

If a €10,000 EIIS investment becomes **completely worthless** after the 4-year hold:

Bracket	Investment	Relief Received	Net Cost (Out of Pocket)	Allowable CGT Loss	CGT Saving (at 33%)
50% New to Market	**€10,000**	**€5,000**	**€5,000**	**€5,000**	**€1,650**
35% Initial Risk	€10,000	€3,500	€6,500	**€6,500**	€2,145
20% Follow-On	€10,000	€2,000	€8,000	**€8,000**	€2,640
30% Fund Route	€10,000	€3,000	€7,000	**€7,000**	€2,310

CGT saving = allowable loss × 33%. This saving only materialises if you have other chargeable gains to offset against.

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Losses & CGT Treatment (continued)

True Downside: Net Loss After All Tax Benefits

Combining the EIIS income tax relief **and** the CGT loss offset, the **true worst-case net loss** on a total write-off of €10,000 is:

Bracket	Income Tax Relief	CGT Saving (if gains available)	Total Tax Benefit	True Net Loss
50%	**€5,000**	**€1,650**	**€6,650**	€3,350
35%	€3,500	€2,145	€5,645	€4,355
20%	€2,000	€2,640	€4,640	€5,360
30%	€3,000	€2,310	€5,310	€4,690

> **Key insight:** At the 50% bracket, even in a total loss scenario, the combination of income tax relief and CGT loss offset means your true exposure is just **€3,350 on a €10,000 investment** — provided you have other capital gains to offset against. Without other gains, the true loss is €5,000.

Early Exit / Clawback

If a total loss occurs **within the 4-year hold period**, the income tax relief is **fully clawed back** by Revenue. In this scenario, your allowable CGT loss reverts to the full investment amount (€10,000), but you lose the income tax benefit entirely. The hold period is critical.

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The Silicon Docks Approach

Built on decades of Irish real estate and software experience.

Silicon Docks Dublin is a Redquartz Group initiative connecting qualified investors with institutional-grade Irish investment opportunities across real estate and technology.

> *Silicon Docks offers accessibility. We are personally involved in the projects we offer — not a faceless institution. You'll know who is managing your money, why, and how.*

Why Silicon Docks?

- ✓ **Accessible & Personal** — Deal directly with the people managing your investment
- ✓ **Proven Track Record** — 3M+ sq.ft commercial, 5,000+ residential units, 6,000+ hotel rooms, €3B+ GAV
- ✓ **Institutional Structuring** — Every deal ring-fenced through a dedicated SPV
- ✓ **Hands-On Management** — Simon Kelly and the Redquartz team actively involved
- ✓ **Diversified** — EIIS hospitality, venture capital, bonds, and residential

Current Opportunities

Deal	Type	Key Terms
Larry Murphy's	Equity / EIIS	€500K / €250K
Quinn's Phase 1	EIIS	12.5% p.a. · 4 yr
AgilePitch	EIIS · AI SaaS	B2B sales
Disrupt Software	AI Venture	€60B+ market
Redquartz Bond	Secured Debt	12% p.a. · 24m

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