

Money Matters

A series of weekly articles by Quintas Experts

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EMPLOYMENT and INVESTMENT Incentive

As you will be aware from your business dealings and media reports, at present it is very difficult for businesses to raise finance from the traditional channels. To try and assist with the flow of investment funds, in last year's budget the Government replaced the old Business Expansion Scheme (BES) with the Employment and Investment Incentive (EII). The main changes between BES and EII are:

1. The investment term is reduced from 5 years to 3 years
2. The scheme is now open to the majority of companies (some exceptions apply) as opposed to BES which was restricted to qualifying trades such as manufacturing and internationally traded service companies
3. The amount that a company can raise under the scheme has been increased from €2m to €10m, subject to a maximum of €2.5m in any 12 month period
4. Eligible investors may avail of tax relief up to 41 per cent, with 30 per cent in the year of subscription and a further 11% at the end of the holding period, subject to conditions been achieved in relation to an increase in employment levels in the company or funds been spent on research and development.

Qualifying companies can raise EII money directly from Investors or seek money from an EII Fund. The Quintas Wealth Management (QWM) BES/EII fund was established in 2008 and over the last few years we have invested c. €7m in 12 companies. These companies are located around the country and in different sectors i.e. medical services, medical devices, broadband/connectivity, renewable energy etc.

The principal advantages of a Fund investing directly in a qualifying EII company is that your money is spread across a number of companies in different sectors, with the companies vetted and monitored by experienced personnel. Generally we would review 15/20 proposals before choosing to invest in 4 companies. The Fund aims to invest in companies with the following criteria:

1. Capable and experienced management team
2. Past the initial start up loss making phase
3. At commercial volumes of production
4. Seeking funds to expand or take over another business
5. Not carrying too much debt

We have now launched the 2012 Quintas Wealth Management EII Fund and if you would like to discuss the Fund in further detail or to receive a prospectus please contact Jim McCarthy or Kenny Kane at 021-4641480 (email jim.mccarthy@quintas.ie or kkane@qwm.ie). We are also interested in hearing from companies who meet our criteria and are interested in trying to secure EII funds.

Quintas publish an ezine which features topical articles like this. If you would like to sign up to receive free subscription to it, email 'subscribe' to soneill@qwm.ie.

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