ATT and CIOT recommendations on tax support for entrepreneurs

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April 2026



20 March 2026

The ATT and CIOT responded to a HM Treasury Call for Evidence on existing tax incentives to support business investment in the UK.

The Call for Evidence (tinyurl.com/3vpuptzy) sought views on the success of venture capital schemes such as the Enterprise Investment Scheme and venture capital trusts, and tax-advantaged share schemes for scaling companies, specifically the Enterprise Management Incentive. Encouraging investors to reinvest after a successful business exit and the effectiveness of business asset disposal relief were also explored.

ATT response

Whilst welcoming the increase in scheme limits for venture capital trusts and the Enterprise Investment Scheme from April 2026, we noted the ‘all or nothing’ nature of these reliefs in our response. This results in an investment no longer qualifying for relief if a company goes over the threshold for only one of the conditions, even by a small amount. We suggested that the government considers a similar approach to that used for determining a micro, small or medium sized entity for company accounts purposes, requiring a minimum number of conditions (rather than all) to be met.

We also welcomed the extension of the period in which an Enterprise Management Incentive option can be exercised from 10 years to 15 years.

In terms of other ways to support entrepreneurship, we felt there should be greater publicity of employee share schemes and the tax incentives for investing, and suggested how a ‘small company’ ISA could help strengthen investment in the UK. The need for better support for smaller businesses that start as sole traders and micro businesses was also highlighted.

CIOT response

The CIOT response highlighted where complexities and high administrative demands reduce the effectiveness of venture capital schemes, share schemes and business reliefs, drawing on our members’ experiences of supporting businesses, entrepreneurs and investors to provide specific examples of the challenges faced.

We made recommendations on ways to improve the existing schemes and suggested options for new reliefs that could be explored to better achieve the government’s aims of encouraging an entrepreneurial, risk-taking environment in the UK.

Noting previous reviews on business tax carried out by the Office of Tax Simplification, we recommended a more comprehensive review of existing qualitative and quantitative data to gain insights into where tax policy can most add value.

Although not directly referred to in the Call for Evidence, both the ATT and CIOT drew attention to the need for a joined-up government strategy aligning tax policy with other potential barriers to success for growing businesses. One example given

was introducing a statutory classification for employment status so that businesses have greater certainty over the treatment of all those who carry out work for them. The CIOT also suggested ways in which businesses could be supported with cashflow issues stemming from inheritance tax due on the death of an owner, following the changes to business property relief.

The full ATT response can be found at: www.att.org.uk/ref514

The full CIOT response is available at: https://www.tax.org.uk/ref1606

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