



HM Revenue  
& Customs

**Jonathan Athow**  
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**Design**

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Dear Chair,

Following the Treasury Select Committee session on Wednesday 17 May 2023, attended by Jane Whittaker, Philippa Madelin and myself, I am writing to provide further information that we committed to send to the Committee.

As agreed with the Committee Clerk, I will share the remaining information committed to in the session by 7<sup>th</sup> June 2023.

Like all evaluations of tax reliefs, evaluating VCT, EIS and similar schemes will be governed by HMRC's [published tax relief evaluation plan](#). This plan sets out the five prioritisation criteria HMRC use to select which reliefs are evaluated. VCT and EIS have met these criteria and are currently being evaluated as set out in the [list of HMRC planned evaluation publications](#).

The research element of these evaluations is designed to understand how and why claimants say they use the schemes. This research element is split into two parts. The first comprises surveys with EIS and VCT investors, the firms receiving investment under the schemes' auspices over the past several years, as well as surveys with firms who could have been eligible to participate in these two schemes but had not done so at the time of the evaluation. The second research element is in-depth interviews with investors, investees, financial advisors and fund managers. There is also an econometrics component of the EIS evaluation, which will analyse the impact of EIS on businesses' turnover, employment, assets and survival over several years versus a control group of similar firms. This specific element is limited to the EIS due to this scheme's claimant population being large enough for this sort of analysis to be carried out robustly.

Many of these evaluation questions were also covered in [the 2016 evaluation](#). The main exception was the impact on survival rates which was not covered but is being looked at for the first time in the current evaluation.

Once the evaluations of VCT and EIS are completed, HMRC will aim to publish the results in the late summer or early autumn of 2023, subject to Ministerial agreement.

Kind regards,

**Jonathan Athow**  
**DIRECTOR GENERAL CUSTOMER STRATEGY AND TAX DESIGN**

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