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STATUTORY INSTRUMENTS

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**2014 No. 2483**

**COMPANIES**

The Community Interest Company  
(Amendment) Regulations 2014

*Made - - - - 14th September 2014*

*Coming into force - - 1st October 2014*

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 30(1) and (2), 34(3)(b) and 62(2) of the Companies (Audit, Investigations and Community Enterprise) Act 2004<sup>(1)</sup>.

In accordance with sections 62(4) and (5) of the Companies (Audit, Investigations and Community Enterprise) Act 2004, a draft of these Regulations has been laid before Parliament and approved by a resolution of each house of Parliament.

**Citation, commencement and application**

1.—(1) These Regulations may be cited as the Community Interest Company (Amendment) Regulations 2014 and come into force on 1st October 2014.

(2) The amendments made by these Regulations apply to any dividend declared, or proposed to be declared, on or after 1st October 2014.

**Removal of the maximum dividend per share**

2. The Community Interest Company Regulations 2005<sup>(2)</sup> are amended as follows.

3.—(1) Regulation 2 (interpretation) is amended as follows.

(2) Omit the definition of “applicable share dividend cap”.

(3) Omit the definition of “maximum dividend per share”.

(4) Omit the definition of “share dividend cap”.

(5) In the definition of “subsidiary”, after “section 1159 of the 2006 Act;” omit “and”.

(6) Omit the definition of “unused dividend capacity”.

4. In regulation 17 (declaration of dividends), for paragraph (1)(c) substitute—

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(1) 2004 c.27.

(2) S.I. 2005/1788, amended by S.I. 2009/1942; there are other amending instruments but none are relevant.

“(c) if the declaration of the dividend does not cause the total amount of all the dividends declared on shares in the relevant company for the financial year for which it is declared to exceed the maximum aggregate dividend for that financial year.”

5. Regulation 18 (maximum dividend per share) is revoked.

6. Regulation 20 (carrying forward of unused dividend capacity) is revoked.

7.—(1) Regulation 22 (initial level and subsequent variation of dividend caps and interest cap) is amended as follows.

(2) In the heading, for “dividend caps” substitute “dividend cap”.

(3) Omit sub-paragraph (1)(a).

(4) In paragraph (3), omit “share dividend cap,”.

(5) In paragraph (4)(b), for “(5) to” substitute “(6) and”.

(6) Omit paragraph (5).

8. For regulation 27 (information about dividends), substitute—

**“Information about dividends**

27.—(1) This regulation applies to the community interest company report of any community interest company which has declared, or whose directors propose to declare, a dividend for the financial year to which the report relates.

(2) The report must state the amount of any dividend declared, or proposed to be declared, by the company on each of its shares for the financial year to which the report relates.

(3) The report must also explain how the declaration or proposed declaration of any dividend declared, or proposed to be declared, by the company in respect of the financial year to which the report relates complies, or will comply, with regulations 17 and 19.

(4) The explanation provided under paragraph (3) must include details of—

(a) in the case of an exempt dividend, why it is an exempt dividend; and

(b) in the case of any other dividend, the maximum aggregate dividend and how each of these has been determined.”

14th September 2014

*Jo Swinson*  
Parliamentary Under Secretary of State for  
Employment Relations and Consumer Affairs  
Department for Business, Innovation and Skills

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Community Interest Company Regulations 2005 (S.I. 2005/1788) (“the 2005 Regulations”).

The 2005 Regulations contain a “share dividend cap” for community interest companies (“CICs”). This share dividend cap creates a maximum amount of dividend that can be paid per share as a percentage of the paid up value of the share. Regulations 2 to 5 and 7 amend the 2005 Regulations to remove the share dividend cap.

Regulation 1 provides that the changes made by these Regulations come into force on 1 October 2014 and the new provisions regarding payment of a dividend by a CIC apply to dividends declared or proposed to be declared on or after 1st October 2014, regardless of when they are paid.

Regulation 20 of the 2005 Regulations allow a CIC to roll over unused dividend capacity for up to four financial years if it has not declared the full dividend available under the share dividend cap. With the removal of the dividend cap, this is otiose and so regulation 20 of the 2005 Regulations is revoked by regulation 6 of these Regulations.

Regulation 8 substitutes a new regulation 27 for regulation 27 in the 2005 Regulations. The new regulation 27 removes the requirement for a CIC to include in its community interest company report details of dividends paid or unused dividend capacity carried over in the four years preceding the year to which the report relates. Such information is no longer required to be made public as a consequence of the removal of the share dividend cap.

A regulatory impact assessment of the effect that this instrument will have on the costs to business and the voluntary sector is available from the Business Environment Directorate, Department for Business, Innovation and Skills, 1 Victoria Street, London SW1H 0ET or from [www.gov.uk/bis](http://www.gov.uk/bis) and is annexed to the Explanatory Memorandum which is available alongside the instrument at [www.legislation.gov.uk](http://www.legislation.gov.uk).