Corporation Tax Act 2010

2010 CHAPTER 4

PART 7

COMMUNITY INVESTMENT TAX RELIEF

CHAPTER 1

INTRODUCTION

CITR

218 Meaning of "CITR"

This Part provides for community investment tax relief ("CITR"), that is, entitlement to tax reductions in respect of amounts invested by companies in community development finance institutions.

219 Eligibility for CITR

(1) A company ("the investor") which makes an investment ("the investment") in a body is eligible for CITR in respect of the investment if—

(a) at the time the investment is made the body is accredited as a community development finance institution under Chapter 2 of Part 7 of ITA 2007,

(b) the investment is a qualifying investment (see Chapter 2 of this Part), and

(c) the general conditions of Chapter 3 of this Part are met.

(2) In this Part references to "the CDFI" are to the body in which the investment is made.

Status: *Point in time view as at 17/07/2012.*
Changes to legislation: *Corporation Tax Act 2010, Chapter 1 is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

220 Form and amount of CITR

(1) If the investor is eligible for CITR in respect of the investment, the investor may make a claim in respect of the investment for any one or more of the relevant accounting periods.

(2) If the investor makes a claim for a relevant accounting period, the investor is entitled to a reduction in the amount of its liability for corporation tax for that period.

(3) The amount of that reduction for the relevant accounting period is the smaller of the following amounts—
- (a) 5% of the invested amount in respect of the investment for the period, and
- (b) the amount which reduces the investor's liability for corporation tax for the period to nil.

(4) For this purpose the “relevant” accounting periods are—
- (a) the accounting period in which the investment date falls, and
- (b) each of the accounting periods in which the subsequent 4 anniversaries of that date fall.

(5) The investor is entitled to make a claim for CITR for a relevant accounting period if—
- (a) the investor considers that the conditions for the CITR are for the time being met, and
- (b) the investor has received a tax relief certificate (see section 229) relating to the investment from the CDFI,

but a claim may not be made before the end of the accounting period to which the claim relates.

(6) Subsection (5) is subject to the following provisions—
- (a) section 236 (loans: no claim after disposal or excessive repayments or receipts of value),
- (b) section 237 (securities or shares: no claim after disposal or excessive receipts of value),
- (c) section 238 (no claim after loss of accreditation by the CDFI), and
- (d) section 239 (accreditation of investor).

Miscellaneous

221 Meaning of “making an investment”

(1) For the purposes of this Part, a company makes an investment in a body at any time when—
- (a) the company makes a loan (whether secured or unsecured) to the body, or
- (b) an issue of securities of or shares in the body, for which the company has subscribed, is made to the company.

(2) The following provisions of this section apply for the purposes of subsection (1)(a).

(3) A company does not make a loan to a body if—
- (a) the body uses overdraft facilities provided by the company, or
- (b) the company subscribes for or otherwise acquires securities of the body.

Status: *Point in time view as at 17/07/2012.*
Changes to legislation: *Corporation Tax Act 2010, Chapter 1 is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(4) If the loan agreement authorises the body to draw down amounts of the loan over a period of time, the loan is treated as made at the time when the first amount is drawn down.

222 Determination of "the invested amount"

(1) This section applies for the purpose of determining "the invested amount" in respect of any loan, securities or shares included in the investment.

This is subject to sections 246(2) and 252 (which adjust "the invested amount" in certain cases where value is received).

(2) In the case of a loan, the invested amount is—

- (a) for the accounting period in which the investment date falls, the average capital balance for the first year of the 5 year period,
- (b) for the accounting period in which the first anniversary of the investment date falls, the average capital balance for the second year of the 5 year period, and
- (c) for any subsequent accounting period—
  - (i) the average capital balance for the period of 12 months beginning with the anniversary of the investment date falling in the accounting period concerned, or
  - (ii) if less, the average capital balance for the period of 6 months beginning 18 months after the investment date.

(3) In the case of securities or shares, the invested amount for an accounting period is the amount subscribed by the investor for the securities or shares.

(4) For the purposes of this section, the average capital balance of the loan for a period is the mean of the daily balances of capital outstanding during the period.

223 Meaning of "the 5 year period" and "the investment date"

In this Part—

"the 5 year period" means the period of 5 years beginning with the investment date, and

"the investment date" means the day the investment is made.

224 Overview of other Chapters of Part

In this Part—

- (a) Chapter 4 provides for limitations on claims and the attribution of CITR to investments,
- (b) Chapter 5 provides for CITR to be withdrawn or reduced in the circumstances mentioned in that Chapter, and
- (c) Chapter 6 contains supplementary and general provision.

Status:
Point in time view as at 17/07/2012.

Changes to legislation:
Corporation Tax Act 2010, Chapter 1 is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.