
EXPLANATORY NOTE

(This note is not part of the Regulations)

Part 7 of each of the Income Tax Act 2007 and the Corporation Tax Act 2010 provide for community investment tax relief for investments made by individuals and companies in any body which is accredited as a community development finance institution (“CDFI”) under the Community Investment Tax Relief (Accreditation of Community Development Finance Institutions) Regulations 2003 (“the 2003 regulations”).

These Regulations amend the 2003 regulations as follows. A new concept of the “first investment” in a CDFI is introduced (regulation 5(b)), together with a new obligation to report the date of the first investment in a CDFI (regulation 7). The CDFI’s onward lending requirements are amended so as to be calculated by reference to the anniversary of the first investment date (regulation 6). The requirement for a CDFI to report periodically on certain matters is realigned, so that the reporting date is calculated by reference to anniversaries of the first investment (regulations 8 to 10). Amendments are made to the description of some of the circumstances in which an investment made by a CDFI is not a “relevant investment” for the purpose of the onward lending requirements at regulation 8 of the 2003 regulations (regulation 11). Finally, references to “Secretary of State” are substituted for “Director of Enterprise Environment” (regulations 5(a) and 12), and legislative references to the Finance Act 2002 are updated to references to the Corporation Tax Act 2010 (regulation 5(c) and (d)).

A Tax Information and Impact Note covering this instrument was published on 11 December 2012 alongside amendments to community investment tax relief and is available on the HMRC website at <http://www.hmrc.gov.uk/tiin/2012/tiin2334.pdf>. It remains an accurate summary of the impacts that apply to this instrument.