

Social Investment Tax Relief

Social Investment Tax Relief (SITR) is designed to support charities and social enterprises in accessing certain debt and equity finance from individual investors, by offering 30% income tax relief.

Oxfordshire Community Foundation (OCF) can work with individuals or their professional advisors to help them benefit from incentives to invest in businesses with a social mission. We can match you with social enterprises in Oxfordshire looking for significant investment in a trading entity that could help them scale up – and help investors make a real and substantial difference to their community.

Benefits for investors

- **30% relief on income tax** in return for making an investment in an enterprise that seeks to do good in its community
- The opportunity to **become a business angel** for asset-locked bodies by offering investment that they are unlikely to be able to access elsewhere
- The prospect of **making a real impact** on society by enabling socially beneficial activities to happen
- The reassurance of operating within a **tried and tested model** that is based on the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS)



How it works

Income tax relief is available to individuals who subscribe for qualifying shares or make qualifying debt investments in a social enterprise that meets the SITR requirements, and who have UK tax liability against which to set the relief. The investor can deduct 30% of the cost of their investment from their income tax liability for the year in which the investment is made.

If individuals have chargeable gains in the year in question, they can also **defer their Capital Gains Tax (CGT) liability** if they invest their gain in a qualifying social investment. Investments in social impact bond companies, which enable social enterprises to deliver services to achieve certain contracted social outcomes, are also eligible for the tax relief.

Within 28 months of the date of the relevant investment, all the monies raised from that investment must be employed for the purposes of the chosen trade, carried out either by the social enterprise itself, or by a 90% subsidiary of the social enterprise that is itself a social enterprise.

How OCF can help you

OCF has relationships with many different charities, community groups and social enterprises across Oxfordshire. With our in-depth knowledge of the local charitable sector, we can introduce investors to a raft of eligible social enterprises working in almost any field.

We also partner with professional advisors to devise a portfolio of investments that meet their client's personal approach to risk and social impact aspirations.

AM I ELIGIBLE FOR SITR?

Investor eligibility

For an investment to be eligible for SITR, certain criteria must be met:

- The investor must be an individual paying tax in the UK (not a company or trust).
- The individual must make the investment either directly or through a nominee fund.
- The investment must be for shares or for a loan that is not secured by any assets; does not repay the principal in the first three years; and is not preferred to any other investment instruments on wind-up.
- The value of the investment must not exceed £290,000 per transaction (up to £1 million can be invested in separate enterprises).
- The term of the loan must be at least three years.
- The investor must not have received any other form of tax relief on the same investment.

What about the social enterprises?

Organisations must have a defined and regulated social purpose. Charities, community interest companies or community benefit societies carrying out a **qualifying trade**, with fewer than 500 employees and gross assets of no more than £15 million, may be eligible.

NB OCF is working alongside professional advisors to highlight the availability and benefits of SITR. We always advise any potential donor to discuss their tax position with their professional advisor.

"Price is what you pay. Value is what you get."

Warren Buffet