COMMUNITY INVESTMENT TAX RELIEF (CITR)

Material concerning the accreditation of Community Development Finance Institutions
Community Investment Tax Relief guidance note to support completion of application

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PART 2: Detailed discussion

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Part 1: Introduction

Context

This material has the effect and purpose conferred by, and must be read in conjunction with, Part 7 Income Tax Act 2007 (for individual investors) or Part 7 Corporation Tax Act 2010 (for company investors) and the Community Investment Tax Relief (Accreditation of Community Development Finance Institutions) Regulations 2013 as amended.
Part 2: Application and criteria for accreditation

Criteria for accreditation

A body applying for accreditation as a Community Development Finance Institution (“CDFI”) must satisfy the following criteria:

1. Be set-up with the intention of carrying on its activities for the long term, and for a minimum of five years, as demonstrated by:
   
   (a) the body’s chosen structure;
   (b) its funding and investment record or strategies;
   (c) its track record of existing operations as appropriate; and
   (d) other aspects of its business plan for the expected period of accreditation (for example by projected income from operations contributing towards covering administrative costs).

2. Intend, throughout the period for which it seeks accreditation, that not less than 75% of the activities and operations of the body are directed at the provision of finance, or the provision of finance and access to business advice, for enterprises for disadvantaged communities (as described in paragraph 2e) below).

3. Will only provide finance to enterprises that have been unable to obtain funding from other sources, especially mainstream providers of finance, and will collect whatever information and apply whatever tests it considers appropriate as part of its loan making process. It will offer a range of products applicable to the needs of its customer base.

4. Will only provide finance to small or medium sized enterprises (SMEs) having:
   
   a) fewer than 250 employees;
   b) either an annual turnover which does not exceed 50 million Euro or an annual balance sheet total which does not exceed 43 million Euro; and
   c) no more than 25% of their capital or voting control rights are controlled by an organisation that is not itself an 1SME.

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1 Some circumstances where an enterprise may be treated as an SME even if this 25% threshold is reached are set out in Commission Recommendation 2003/361/EC of 6th May 2003.
Community Investment Tax Relief (CITR) accreditation process

5. Will only provide finance to those SMEs which meet at least one of the following criteria in relation to disadvantaged communities:

   a) are located in a geographic area identified in Annex A (Case 1);

   or

   b) are located in an area not identified in Annex A but in which, by reference to measures of disadvantage relating to (Case 2):

      1. Income
      2. Employment
      3. Health, Deprivation and Disability
      4. Education, Skills and Training
      5. Geographical Access to Services,
      6. Housing, and
      7. Crime

      there is a level of disadvantage comparable to that in the areas identified in Annex A;

   or

   c) are owned and operated by, or intended to serve, individuals recognised as being disadvantaged on account of their ethnicity, gender, age, religious beliefs, disability or other defining characteristic (Case 3).

Where finance is provided to SMEs that are eligible according to criterion 2, the body must also be providing at least an equivalent level of finance, measured in terms of transaction value and volume, to SMEs that are eligible according to either criteria 1 or 3.

6. Will not invest directly or indirectly in residential property as defined in Annex D.

Application process

Applications must be made in writing and must provide the information requested by the Secretary of State in Annex B. Applications for accreditation may be made at any time.

Notification of accreditation or refusal

Notification of accreditation or refusal will generally be made within two months of receipt of a fully documented application in accordance with Annex C.
Community Investment Tax Relief (CITR) accreditation process

Where a body has been refused accreditation, feedback will be provided on the main reason or reasons why the application was unsuccessful. If a body that has been refused accreditation believes that it is in a position to provide for consideration further information that addresses the issues raised in the feedback it may do so. Such a body may also reapply at any time if it wishes to do so.

Renewal of Accreditation

CITR re-accreditation for a rolling period of 1 year will take place automatically (subject to the CDFI continuing to meet the conditions of accreditation) following successful receipt and approval by BEIS of the CDFI’s annual return required before the expiry date of the current accreditation. The CDFI does not need to re-complete the application form in Annex B to become automatically re-accredited. Such automatic reaccreditation shall take effect from the day after the CDFI’s current period of accreditation was due to expire. If accreditation is no longer required by the organisation, the organisation shall inform BEIS of this as part of the annual return.
Part 3: Terms and conditions of accreditation

Requirements to ensure retention of accreditation

Continued accreditation is conditional on the CDFI complying with Part 7 Income Tax Act 2007, Part 7 (Corporation Tax Act 2010) and the Community Investment Tax Relief (Accreditation of Community Development Finance Institutions) Regulations 2013 as amended. Such compliance must be demonstrated through the provision of an annual report which must be made in writing and provide the information requested by the Secretary of State in Annex D.

Automatic re-accreditation of a CDFI shall only take place where the final annual report of a CDFI required before the expiry date of the current accreditation contains confirmation that the CDFI continues to meet the conditions for accreditation and that the CDFI wishes to apply for re-accreditation.

Distinction between retail and wholesale status

Notification of accreditation will identify the accredited body as being either a retail or wholesale CDFI. In this context a retail CDFI is a body whose principal objective is to provide finance directly to eligible SMEs for their own business purposes, whereas a wholesale CDFI is a body whose principal objective is to provide finance for other accredited CDFIs.

State Aid de minimis

1. The Community Investment Tax Relief scheme is subject to State Aid de minimis rules. As a result it is the responsibility of the accredited CDFI to ensure no beneficiary receives aid which exceeds the limit of €200,000 over any three-year fiscal period.

2. The CDFI must calculate the de minimis aid associated with each loan or investment. In addition the CDFI must also provide a letter to each party stating the levels of de minimis aid attributed to their investment or loan.

3. In addition, it is the responsibility of a CDFI to ensure every successful loan applicant or potential investment recipient is aware that they must declare any previous de minimis aid they have received during the fiscal year and the two previous fiscal years. If the CITR loan or investment would mean that the total de minimis aid exceeded €200,000 then the aid cannot be granted under CITR. If it is subsequently discovered that aid has been granted which causes the limit to be exceeded, then the recipient must immediately repay the loan or investment in full (with interest in some cases). If through a spot check, it is discovered that a CDFI has intentionally breached these limits then the accreditation may be withdrawn.

The full detail regarding State Aid de minimis, including how to calculate the aid for all successful loan applications and investment recipients and a template State Aid letter is laid out in Annex F.
Community Investment Tax Relief (CITR) accreditation process

**Publication history:**

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<thead>
<tr>
<th>Version</th>
<th>Published</th>
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<tr>
<td>Version 1</td>
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<tr>
<td>Version 2</td>
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<tr>
<td>Version 3</td>
<td>Published 1 April 2013</td>
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<td>Version 4</td>
<td>Published 18 April 2017</td>
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<tr>
<td>Version 5</td>
<td>Published 31 January 2019</td>
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Annex A: Definitions of disadvantaged geographic areas

Introduction

Most CDFIs serve enterprises based or operating within a community that can be defined geographically. Geographically based definitions of disadvantage may constructively be applied in units from Lower Level Super Output Area (LSOA) level upwards. Because of the differing administrative structures that exist in England, Scotland, Wales and Northern Ireland, the units of measurement and specific criteria used within the indices vary but the underlying principles are the same in all cases. To determine the relevant LSOA or Local Authority in England or Wales please use the postcode lookup tool on the Office for National Statistics website.

Please note, for the purposes of defining a ‘qualifying investment’ the CDFI should refer to the Indices of Deprivation current at the time the loan was made.

England

The English Indices of Deprivation operate at the level of Lower Layer Super Output Area (LSOA). Using these indices qualifying disadvantaged areas can be described geographically as being the top 35% most disadvantaged LSOA and the 82 Local Authority Districts appearing in the top 50 of any of the seven most recent Indices of Deprivation measures.

Scotland

The Scottish Index of Multiple Deprivation (SIMD) scores and ranks at datazone level. Using this data qualifying disadvantaged areas can be described as being the top 35% most disadvantaged.

Wales

The Welsh Index of Multiple Deprivation is based on Lower Level Super Output Areas (LSOAs), with the top 35% most disadvantaged regarded as being qualifying disadvantaged areas.

Northern Ireland

The Northern Ireland Multiple Deprivation Measure, is based on Super Output Areas (SOA). We determine that the top 35% most disadvantaged are regarded as being qualifying disadvantaged areas.
Annex B: Definition of residential property

The following specific definitions apply to the use of an accredited CDFI’s investment fund in connection with property (you should refer to Schedule 1, Paragraph 8 of the Regulations for details of property investments which are not relevant investments):

Residential property

1. Residential property includes:

(a) a building that is used or suitable for use as a dwelling, or is in the process of being constructed or adapted for such use;

(b) land that is or forms part of the garden or grounds of a building within paragraph (a) (including any building or structure on such land);

(c) an interest in or right over land that subsists for the benefit of a building within paragraph (a) or of land within paragraph (b).

2. Use of a building as:

(a) residential accommodation for students or school pupils;

(b) residential accommodation for members of any of the armed forces;

(c) a monastery, nunnery or similar establishment; or

(d) an institution that is the sole or main residence of at least 90% of its residents; is use of a building as a dwelling.

3. Use of a building as:

(a) a home or other institution providing residential accommodation for children;

(b) a home or other institution providing residential accommodation with personal care for persons in need of personal care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder;

(c) a hospital or hospice;

(d) a prison or similar establishment, or

(e) a hotel or inn or similar establishment, is not use of a building as a dwelling.
Annex C: Application form and guidance notes for community investment tax relief (CITR) accreditation

The questions below must be answered by bodies seeking (re) accreditation as CDFIs for the purposes of the CITR. A self-contained reply will speed handling of (re) applications, though organisations may wish to evidence their responses by cross-referring to the relevant part of their business plan and/or accounts.

There are guidance notes to support completion of this application form at pages 16-23. Should you have any queries regarding this application form please contact citr@beis.gov.uk.

Part 1: Summary information

<table>
<thead>
<tr>
<th>1. Organisation’s name:</th>
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<td>2. Organisation’s legal form or status:</td>
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<td>3. Framework within which organisation operates:</td>
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<td>4. Date(s) organisation founded and commenced community development finance operations:</td>
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<td>5. Brief description of the disadvantaged community served by the organisation:</td>
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<td>Question</td>
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<td>6. Main partner organisations (identify partners and explain the nature of the relationships):</td>
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<td>7. Main existing funding sources:</td>
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<td>8. Accreditation type being applied for (delete as appropriate):</td>
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<td>9. Accreditation level being applied for:</td>
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<td>10. Date from which accreditation is requested:</td>
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<tr>
<td>11. Named contact within organisation who BEIS can contact to discuss this application:</td>
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<td>12. Position in organisation:</td>
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<td>13. Address:</td>
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<td>15. Fax:</td>
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<td>16. Email:</td>
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<td>17. Website:</td>
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<tr>
<td>18. Have you included a copy of the organisation’s current business plan and a copy of the organisation’s two most recent set of audited accounts (or more recent appropriate financial information if those accounts are more than six months old)? We will not be able to process your application without them.</td>
</tr>
</tbody>
</table>
Community Investment Tax Relief (CITR) accreditation process

Part 2: Detailed discussion

19. Please discuss the following aspects of the organisation:
   a) Its structure including the composition of the Board of Directors.
   b) Its aims and activities.
   c) The processes for setting and reviewing strategy.
   d) Its relationships with partner organisations.
   e) The interface with the overall business support provision in its community.

20. Target market, both in terms of the geographic and/or thematic community it serves, and the types of business served within that community. This section should demonstrate that investment raised under CITR will be used to benefit disadvantaged groups falling into one or more of the cases in the regulations.

21. The loan and investment management approach of the organisation, including reference to:
   a) Management of the supply of capital for onward lending and investment.
   b) Terms and features of loans provided, including interest rates charged and other investment strategies undertaken.
   c) Projections for, and processes for monitoring and management of, default and delinquency rates.
   d) Identifying the outcomes anticipated from intervention, monitoring them and measuring their impact.
   e) Relations with commercial lenders, recognising the “viable but not bankable” status of the organisation’s clients.

22. The organisation’s approach to fundraising, with particular reference to the investments qualifying for tax relief under the CITR, including reference to:
   a) The organisation’s current financial structure and future funding plans.
   b) The anticipated value of investments qualifying for tax relief to be raised during the accreditation period.
   c) The sources and forms of those investments.
   d) The impact of CITR on the organisation in general, and that of the new investments attracted in particular, on the organisation’s existing sources of funds.
Community Investment Tax Relief (CITR) accreditation process

e) Plans and timescales for the organisation to achieve operational sustainability.

23. If seeking re-accreditation please expand on the effect of CITR on your organisation from the last accreditation and the planned impact of re-accreditation upon the organisation’s overall strategy going forward and capital funding plans.
Part 3: Declaration

An authorised representative of the organisation should complete the following declaration:

I confirm that the information contained within this application is accurate and that in preparing this application I have read and will comply with the CITR Regulations and Material Concerning the Accreditation of Community Development Finance Institutions.

(Signed) …………………………………………………………………………………………….

(Date) …………………………………………………………………………………………….

(Name) …………………………………………………………………………………………….

(Position within organisation) …………………………………………………………………….

The Department for Business, Energy and Industrial Strategy will use the data within this application for the purposes of processing your application for accreditation and the details of the above-named contact may be used for the purposes of him/her being contacted to discuss this application.

Have you answered all the questions and included all the information required (see checklist below)?

Checklist and instructions for submission

To be considered complete, an application for accreditation must consist of:

1. Answers to the questions in Part One of this Questionnaire, including:
   a) a copy of the organisation’s current business plan; and
   b) the organisation’s two most recent sets of audited accounts, or more recent appropriate financial information if those accounts are more than six months old

2. Discussion of the issues highlighted in Part Two of this Questionnaire.

3. A completed declaration in Part Three of this Questionnaire.

Applications may be e-mailed to citr@beis.gov.uk. Please note that we no longer require a hard copy to be sent.
Community Investment Tax Relief (CITR) accreditation process

Community Investment Tax Relief guidance note to support completion of application

Please note: These guidance notes are best used electronically to utilise the embedded links to the CITR manual on the HMRC website. They are structured in the same way as the application form and are designed to help you understand what is required. Further information about the accreditation process can be found on the CITM 2000 website.

The criteria for accreditation are set out in Part 2 of the Material. We are also seeking information to demonstrate that the applicant understands the regulations governing the scheme (Part 7 Income Tax Act 2007, Part 7 Corporation Tax Act 2010 and the Community Investment Tax Relief (Accreditation of Community Development Finance Institutions) Regulations 2013 as amended) and will adhere to the rules; non-compliance may result in withdrawal of accreditation. Applicants are therefore reminded that they should read the Material in conjunction with the CITR manual on the HMRC website.

If you have any questions regarding an application, or any aspects of the scheme, please email citr@beis.gov.uk. We will endeavour to respond to enquiries quickly (responding wherever possible to written enquiries within 10 working days and to phone calls within 48 hours). Following submission of an application we will:

• acknowledge receipt within 5 days:
• request by day 20 further information or clarification;
• by day 40 provide notification of applications’ approval or refusal (providing further information or clarification have been supplied within 5 days of the request).
Part 1: Summary information

Please complete the table including the following information.

1. **Organisation’s name:**
   This section should state the organisation’s registered name and the name under which the organisation is trading (if these are different).

2. **Organisation’s legal form or status:**
   This section should state the organisation’s legal form or status e.g. Industrial and Provident Society, company limited by guarantee, charity, etc. Please also include registration numbers as appropriate.

3. **Framework within which organisation operates:**
   This section should make clear whether the CDFI has a single or group company structure. It should also explain whether the CDFI activity is carried out as a standalone activity of the company/ies or as part of a broader range of activities.

4. **Date(s) organisation founded and commenced community development finance operations:**
   These dates may be different if the organisation was founded before it commenced community development finance operations (if this is the case, please include both dates).

5. **Brief description of the disadvantaged community served by the organisation:**
   This section should identify the target market for the CDFI (e.g. geographical area, specific ethnic minority, people with disabilities, gender-specific group etc.)

6. **Main partner organisations (identify partners and explain the nature of the relationships):**
   Partner is meant in the broadest sense. Please include main sources of client referrals, business support providers with which the organisation works, co-investors active alongside the organisation etc.

7. **Main existing funding sources:**
   This section should give a breakdown of the existing funding available to the organisation. It should include details of both grant funding and investment (including loans and other investments) and whether these are one-offs or regular sources of funding.

8. **Accreditation type being applied for:**
   In simple terms a retail CDFI is one which lends primarily to individual enterprises, while a wholesale CDFI is one which lends primarily to other accredited CDFIs. Note: The lending rules relating to retail CDFIs and wholesale CDFIs are different.

9. **Accreditation level being applied for:**
   This section should simply state the amount of funding you wish to be accredited to raise under the scheme. Note that retail CDFIs are limited to attract £10 million within a three-year period, with wholesale CDFIs permitted to raise £20 million within this period. The agreed level of investment the organisation can raise in the subsequent three-year period will remain unchanged unless requested by the CDFI.
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10. **Date from which accreditation is requested:**
Confirmation that your organisation has been accredited to use CITR will be issued within two months of your application being received (you should therefore not request a date of accreditation less than two months from the date you submit your application). Please note the date of your first narrative report to BEIS is one year after the date of your first investment raised under the Scheme (not the date of your accreditation). It is your responsibility to write to BEIS to inform us of this investment.

If you wish to have your reporting cycle changed to be in line with your own internal reporting processes, then this can be agreed with BEIS.

11-17 **Contact details:**
Please provide a named contact who the Department for Business, Energy and Industrial Strategy can contact in order to discuss the application. An address, email, phone, fax number and website address (if applicable) should also be provided.

18. **Have you included a copy of the organisation’s current business plan and a copy of the organisation’s two most recent sets of audited accounts (or more recent appropriate financial information if those accounts are more than six months old)?**
This information is required to help demonstrate that the CDFI has a successful track record and has been established with the intention of carrying on its activities for the long term (for a minimum of five years).
PART 2: Detailed discussion

19. Please discuss the following aspects of the organisation:

a) Its structure including the composition of the Board of Directors. It should set out who does what and how their work links together, with brief information on the composition of the Board of Directors and their backgrounds.

b) Its aims and activities. This section should give an overview of the organisation, setting out its aims and current activities (not just what it hopes to achieve through the CITR).

c) The processes for setting and reviewing strategy. This section should set out arrangements for ensuring your organisation has clear, regularly reviewed policies.

d) The relationships with partner organisations. It should set out the nature of the partnership with organisations, for example if partners sit on the Board, or provide sources of client referrals. Particular thought should be given to how the CDFI is positioned in the local infrastructure and how the partnerships with key organisations operating at a local level will be built on or developed.

e) The interface with the overall business support provision in its community. The application should detail how the CDFI complements existing business support. A credible bid may, for example, draw attention to partnerships with Jobcentre Plus, Business Link and other local organisations as both sources of referrals for the CDFI and as sources of further help to which the CDFI can refer their clients.

20. Target market, both in terms of the geographic and/or thematic community it serves, and the types of business served within that community.

This section should demonstrate that investment raised under CITR will be used to benefit disadvantaged groups falling into one or more of the cases in the regulations. This section should demonstrate the organisations knowledge of the local area, their target market and the particular problems that they face. It may also contain details of how the organisation will make contact with “hard to reach” clients through particular forms of outreach work.

This section should be used to make clear that the CDFI understands the regulations which govern the scheme relating to qualifying investments (find guidance here). In particular this section should demonstrate that investment raised under CITR will be used to benefit disadvantaged groups falling into one or more of the cases in the regulations (link to guidance here).

21. The loan and investment management approach of the organisation, including reference to:

a) Management of the supply of capital for onward lending and investment.

This section should be used to demonstrate that the organisation has robust processes in place to manage their supply of capital. If the organisation assists clients falling outside eligible investments for CITR purposes, it will be necessary to outline the separate arrangements for managing investments attracted via CITR.
b) Terms and features of loans provided, including interest rates charged and other investment strategies undertaken.
This should include details of the size of loans which will be offered (note that the size of loan that can be offered to profit distributing and non-profit distributing enterprises under the scheme are different) and the different interest rates charged to profit and not for profit organisations. It should be noted that where lending to profit distributing companies, it is a requirement to lend at or above the market rate. For these purposes the ‘market rate’ of interest is the European Commission’s Hurdle Rate, which is the Reference Rate plus four percentage points, or more. You should also include details of the tests you will apply and the information you will collect to ensure you only provide finance to enterprises that have been unable to obtain funding from other sources (especially mainstream providers of finance).

c) Projections for, and processes for monitoring and management of, default and delinquency rates.
This should include details of projections for default and delinquency rates, together with information on policies to prevent/manage delinquency.

d) Identifying the outcomes anticipated from intervention, monitoring them and measuring their impact.
This section should include details of how you will monitor the success of your schemes. It should detail how you will capture information on, for example, business start-ups, businesses protected, businesses helped to join the mainstream banking sector and jobs created. You should also include details of how this information will be used to continually improve your service.

e) Relations with commercial lenders, recognising the “viable but not bankable” status of the organisation’s clients.
Details should be provided of existing relationships with commercial lenders in the area. How will these relationships be used to generate referrals and also to allow the CDFI to help clients subsequently gain access to mainstream funding sources where appropriate.

22. The organisation’s approach to fund raising, with particular reference to the investments qualifying for tax relief under the CITR, including reference to:

a) The organisation’s current financial structure and future funding plans.
Please indicate if the CITR will impact funding that has already received. E.g. Will it be used to re-negotiate loans?

b) The anticipated value of investments qualifying for tax relief to be raised during the accreditation period.
Please indicate the level of funding it is anticipated will be raised through CITR over the three-year accreditation period.

c) The sources and forms of those investments.
This should include details of where you anticipate funding will come from and how those investments will be structured.
d) The impact of CITR on the organisation in general, and that of the new investments attracted in particular, on the organisation’s existing sources of funds.

Please comment on any major changes that CITR is expected to have on existing funding arrangements. For example, will you need additional resource to manage the new investment? Will investments raised under CITR replace previous sources of finance?

e) Plans and timescales for the organisation to achieve operational sustainability.

Please comment on your organisations operational sustainability and the role of CITR. Please also use this section to explore the effect of CITR on your organisation
Annex D: Annual reporting requirements for accredited community development finance institutions (CDFIs)

This form sets out the information which a CDFI must provide on an annual basis to BEIS. CDFIs must submit the annual report and signed declaration to BEIS within three months after the anniversary of the date of the first investment made under CITR. Any publication of the information collected through annual reports of this type will be in a summarised form and individual CDFIs will not be identified. The narrative report will provide detail on how the CDFI has performed over the previous year, including headline figures on the usage of the scheme. This will also include a signed declaration confirming that the rules of the scheme have been adhered to.

Narrative report

The narrative report (approximately 1500 words) should provide details of the CDFI’s activities over the past year. The report should be sent to BEIS, as part of the signed declaration, within three months after the anniversary of the first investment made under the scheme. However, a CDFI may alter this date to tie in with their normal reporting period if agreed with BEIS. The narrative report should include the following information:

- The CDFI’s performance in attracting investment, and the effect that the CITR has had on the CDFI’s ability to attract investment and the terms of that investment.

- The state of the CDFI’s target disadvantaged community, including discussion of any particular long and short term social and economic issues that influence that community and the CDFI’s ability to serve it. This should also include reference to the CDFI’s engagement with other organisations and agencies, including business support providers, active in the community.

- The loans and investments made by the CDFI (including the types of organisations supported and the terms on which that finance is provided), and an overview of how the remaining CITR funds have been used (e.g. put on deposit, invested in larger enterprises)

- A forward look, including any significant changes from the course of action envisaged in the business plan submitted at the time of accreditation.

- The headline figures of the year’s CITR usage. These should include:

  - Amount of CITR raised
Community Investment Tax Relief (CITR) accreditation process

- Number of investors
- Amount of loans made
- Number of loans
- Amount of repayments
- Number of loans repaid

A template to be used for completion of the narrative report can be found in Annex E.

BEIS reserve the right to request any documentation from the CDFI to ensure the information provided is accurate. Failure to provide this information on request may result in the removal of your accreditation.

Signed declaration

The narrative report must be accompanied by a completed Declaration Form as provided in Annex E.
Annex E: Community Investment Tax Relief (CITR) Annual Return

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<thead>
<tr>
<th>Name of accredited CDFI:</th>
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<tr>
<td>Address:</td>
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<td>Contact:</td>
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<td>Email:</td>
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<td>Telephone:</td>
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<td>Annual reporting period:</td>
<td>From DD/MM/YY to DD/MM/YY</td>
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<tr>
<td>Total projected investment (agreed for three years):</td>
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<tr>
<td>Total value of ‘qualifying investments’(^2) raised during the reporting period:</td>
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<tr>
<td>Total number of ‘qualifying investments’ raised during the reporting period:</td>
<td></td>
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<tr>
<td>Total value of ‘qualifying investments’ repaid during the reporting period:</td>
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\(^2\) ‘qualifying investment’ is an investment by an investor in a CDFI (that meets the conditions specified in legislation).
<table>
<thead>
<tr>
<th>Total value of write-offs against of ‘relevant investments’(^3) in ‘qualifying enterprises’(^4) in the reporting period:</th>
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<tbody>
<tr>
<td>Total value of loans made to ‘qualifying enterprises’, during the reporting period where the loan was a ‘relevant investment’:</td>
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<tr>
<td>Total number of loans made to ‘qualifying enterprises’ during the reporting period where the loan was a ‘relevant investment’:</td>
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<tr>
<td>Total capital repaid by ‘qualifying enterprises’, during the reporting period, where the capital derived from ‘relevant investments’:</td>
</tr>
<tr>
<td>Narrative report on CITR activity during the reporting period (around 1500 words):</td>
</tr>
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</table>

\(^3\) ‘relevant investment’ is an investment made by the CDFI in a ‘qualifying enterprise’ (as specified in legislation).

\(^4\) a ‘qualifying enterprise’ must meet the conditions specified in legislation.
I can confirm that all CITR investments raised and invested have been managed within the rules governing the scheme. In particular, but not exclusively (please tick as appropriate):

| Any investments for which tax certificate has been issued were qualifying investments as set out in the Community Tax Relief (Accreditation of Community Development Finance Institutions) Regulations 2013 (as amended). | Yes/No |
| All loans made which have been counted towards the onward lending target have been relevant investments in qualifying enterprises according to the Community Investment Tax Relief (Accreditation of Community Development Finance Institutions) Regulations 2013 (as amended). | Yes/No |
| The onward lending requirement as set out in chapter 3, part 7 of the Income Tax Act 2007 have been met. | Yes/No |
| All successful loan applicants and investment recipients have confirmed previous State Aid de minimis does not exceed €200,00 over the previous three years (including the relevant aid associated with the CITR loan and investment). | Yes/No |
| The organisation continues to meet the conditions for accreditation and wishes to remain accredited for a period of [1 year] to raise investment under the Community Investment Tax Relief (CITR) scheme. | Yes/No |
Community Investment Tax Relief (CITR) accreditation process

Declaration

I confirm that as part of the CITR administration the information provided in this return has been checked in line with the Regulations of the scheme.

I certify that the information contained in the attached annual CITR return is a true and accurate record of the transactions of

.................................................................................................................(name of CDFI),

undertaken in compliance with the legal obligations that being a CDFI as defined in the Community Investment Tax Relief (Accreditation of Community Development Finance Institutions) Regulations 2003 as amended. Signed:

.................................................................................................................

Name (In CAPITALS): ..............................................................................................................

Date: .................................................................................................................................

Reports should be sent to: citr@beis.gov.uk.


The Community Investment Tax Relief (Accreditation of Community Development Finance Institutions) (Amendment) Regulations 2013 can be found here: http://www.legislation.gov.uk/uksi/2013/417/contents/made
Annex F: CITR Aid De Minimis requirements

Minimis requirements is administered under the European State Aid de minimis rules. To be compliant with the rules please refer to the de minimis regulation.

Under CITR state aid may exist at the levels of end beneficiary. Under the de minimis regulation each beneficiary can legally receive, from public sources, a total of €200,000 de minimis aid over three fiscal years. Therefore, it is the responsibility of every accredited CDFI to ensure the levels of de minimis aid for each successful loan applicant and investment recipient are captured to ensure the de minimis aid levels from all public sources do not exceed €200,000 over a three-year fiscal period.

The de minimis rule does not apply to:

- Undertakings active in the fishery and aquaculture sectors;
- Undertakings active in the primary production of agricultural products16;
- Undertakings active in the processing and marketing of agricultural products (i) when the amount of aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; (ii) when the aid is conditional on being partly or entirely passed on to primary producers;
- Export-related activities towards third countries or Member States (namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity). Note: it does apply to the costs of participating in trade fairs or studies or consultancy services needed for the launch of a new or existing product on a new market.
- Aid contingent upon the use of domestic over imported goods;
- Undertakings active in the coal sector;
- Aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward;
- Undertakings in difficulty.

Therefore, business that fall into the above categories cannot be lent to through CITR. Please contact BEIS at citr@beis.gov.uk if you require any further clarification.
State Aid calculation

To accurately determine the levels of aid attributed to end beneficiaries please use the State Aid calculation which can be found on the [HMRC website](https://www.hmrc.gov.uk).

The level of aid determined by the calculation should be provided to the relevant party in a standard letter which specifies the amount of de minimis aid and its purpose, and makes express reference to the de minimis regulation.

There is also a requirement to obtain from the aid recipient information about other de minimis aid received during the previous two fiscal years and the current fiscal year.

Firms should have been informed by letter if any aid that they have been offered in the last three years falls under the de minimis regulation. However, if there is any difficulty in identifying public support as de minimis aid, the CDFI should ask applicants to give details, including a scheme title if known, of all the public assistance they have received over the past fiscal three years below €200,000.

Note that the €200,000 aid ceiling only applies to de minimis aid and does not apply to other forms of state aid a beneficiary may have received, for example under the General Block Exemption Regulation.

State Aid letter wording

The wording for the State Aid letter to be provided to applicants should include the following text:

"The assistance for APPLICANT constitutes State aid as defined under Articles 87 and 88 of the Treaty of Rome and is being granted as ‘de minimis’ aid under Commission Regulation EC 1998/2006 (the "de minimis" aid regulation).

European Commission rules prohibit any undertaking from receiving more than €200,000 ‘de minimis’ aid over any period of three fiscal years. Where an undertaking receives more than €200,000 over a three-year period, any aid previously classified as ‘de minimis’ aid may be subject to repayment with interest. If you have received any ‘de minimis’ aid over the last three years (from any source) you should inform us immediately with details of the dates and amounts of aid received. Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on ‘de minimis’ aid for the next three years.

The level of aid attached to this loan/investment is €

For the purposes of the ‘de minimis’ regulation, you must retain this letter for 3 years from the date on this letter and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this letter longer than 3 years for other purposes.)"

Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on ‘de minimis’ aid for the next three years.