

Social investment tax relief consultation working group: Note of first meeting 8 July 2013

The working group agreed the terms of reference, including publication of summaries of their discussions on the consultation website. Comments would not be attributed.

Officials asked members of the working group to bear in mind the criteria that the Government would apply to the design of the scheme, ie that the relief should be:

- effective
- affordable
- simple and straightforward
- sustainable and not open to abuse
- compliant with EU rules for a de minimis scheme

The group discussed the issues on 'Eligible organisations' in Chapter 3 of the consultation document.

Definition of social enterprise

Members considered social enterprises which would be excluded under the definition in the consultation document including Companies Limited by Guarantee, IPS co-operatives, credit unions, companies limited by shares, and subsidiaries of charities, and whether it was desirable and possible to include them. A small group of members agreed to look at whether there were ways of defining social enterprises more widely that would be practical.

Eligibility of charitable organisations

Members discussed the implications of making charities eligible for the relief. They discussed whether charities would like to be eligible for the relief; the potential effects on charitable giving. Members thought that the rate of relief would affect that.

Size and age requirements

On size and age requirements, members considered having two reliefs – a lower rate one for bigger organisations and a higher rate for smaller ones; and alternative ways of measuring the size of a social enterprise including size of turnover and assets, the latter carefully defined. If staff numbers were used then volunteers should not be included.

Members did not think it was useful or necessary to restrict availability according to age of organization.

The next meeting on 15 July would discuss Chapter 4, 'The investment'.