

# CORPORATION TAX ACT 2010

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## EXPLANATORY NOTES

### INTRODUCTION

#### **Part 7: Community investment tax relief**

##### *Chapter 1: Introduction*

##### *Section 219: Eligibility for CITR*

817. This section summarises the general conditions which need to be met for a company (“the investor”) to be eligible for CITR. It is based on paragraphs 1 and 4(1) of Schedule 16 to FA 2002.
818. *Subsection (1)(a)* requires that, for an investment in a CDFI to qualify for CITR, the CDFI must be accredited under Chapter 2 of Part 7 of ITA.
819. Chapter 2 of Part 7 of ITA provides that accreditation is to be made by the Secretary of State, sets out the criteria for accreditation, contains powers to determine the manner of making applications and the terms and conditions of accreditation, and authorises delegation of the Secretary of State’s functions. These functions have been assigned to the Secretary of State for Business, Innovation and Skills.
820. [Sections 340 and 341](#) in Chapter 2 of Part 7 of ITA contain powers for the Treasury to make regulations. The regulations in force are the [Community Investment Tax Relief \(Accreditation of Community Development Finance Institutions\) Regulations 2003 \(SI 2003/96\)](#), made under the predecessor of those powers in paragraphs 4 and 5 of Schedule 16 to FA 2002, as amended by the [Community Investment Tax Relief \(Accreditation of Community Development Finance Institutions\) \(Amendment\) Regulations 2008 \(SI 2008/383\)](#).
821. Regulations may make different provision for bodies whose principal objective in providing finance is to invest in enterprises whose business does not consist of financing other enterprises or does so only to the extent permitted by the regulations. If such a body is accredited, it is designated as a retail community development finance institution (a “retail CDFI”). See the commentary on section 340 of ITA in the explanatory notes on that Act.
822. The distinction between a retail CDFI and an accredited CDFI which is not a retail CDFI (a “wholesale CDFI”) is relevant to the limits on the total value of investments which a CDFI can make for an accreditation period and which are set out in section 348(4) of ITA and section 229(4) of this Act. [SI 2003/96](#) provides different limits on the value of investments which a retail CDFI and a wholesale CDFI may make in any enterprise.
823. As a consequence of the direct references to Chapter 2 of Part 7 of ITA in subsection (1) (a) of this section and elsewhere in this Part, it is unnecessary to rewrite paragraph 4(2) of Schedule 16 to FA 2002, as substituted by ITA, which contains signposts to the provisions of that Chapter.