



Income Tax Act 2007

2007 CHAPTER 3

[^{F1}PART 5B

TAX RELIEF FOR SOCIAL INVESTMENTS

[^{F1}CHAPTER 1

INTRODUCTION

Textual Amendments

F1 Pt. 5B inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 11 para. 1](#)

257J Meaning of “SI relief” and “social enterprise”

- (1) This Part provides for income tax relief for social investments (“SI relief”), that is, entitlement to tax reductions in respect of amounts invested in social enterprises by individuals.
- (2) In this Part “social enterprise” means—
 - (a) a community interest company,
 - (b) a community benefit society (see section 257JB) that is not a charity,
 - (c) a charity,
 - (d) an accredited social impact contractor (see section 257JD), or
 - (e) any other body prescribed, or of a description prescribed, by an order made by the Treasury.
- (3) An order under subsection (2)(e) may make provision as to the bodies which are social enterprises for the purposes of this Part at times before the order comes into force or FA 2014 is passed but, where a body is a social enterprise for the purposes of this Part as a result of an order under subsection (2)(e) that has come into force, no subsequent order

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under subsection (2)(e) may undo that result in respect of times before the subsequent order comes into force.

257JA Form and amount of relief

- (1) If an individual—
- (a) is eligible for SI relief in respect of any amount, and
 - (b) makes a claim in respect of all or some of the amount,
- the individual is entitled to a tax reduction for the tax year in which the amount was invested.
- This is subject to the provisions of this Part.
- (2) The amount of the reduction to which an individual is entitled under this Part for any particular tax year is the amount equal to tax, at the SI rate for that year, on—
- (a) the amount or, as the case may be, the sum of the amounts invested in that year in respect of which the individual is eligible for and claims SI relief, or
 - (b) if less, £1 million.
- (3) The tax reduction is given effect at Step 6 in section 23.
- (4) If an individual—
- (a) is eligible for and claims SI relief in respect of an amount, and
 - (b) makes a claim for part of that amount to be treated for the purposes of subsections (1) and (2) as if it had been invested not in the tax year in which it was actually invested but in the preceding tax year,
- those subsections apply, and the individual's liability to tax for both tax years is determined, in accordance with the claim.
- (5) In this Part “the SI rate” means 30%.

257JB Meaning of “community benefit society”

- (1) In this Part “community benefit society” means a body that—
- (a) is registered as a community benefit society under the 2014 Act,
 - (b) is a pre-commencement society (within the meaning of the 2014 Act) that meets the condition in section 2(2)(a)(ii) of the 2014 Act, or
 - (c) is a society registered, or treated as registered, under section 1 of the Industrial and Provident Societies Act (Northern Ireland) 1969 in the case of which the condition in section 1(2)(b) of that Act is fulfilled,
- and in respect of which the condition in subsection (2) is met.
- (2) The condition is that—
- (a) the body is of a kind prescribed by regulation 5 of, and
 - (b) the body's rules include a rule in the terms set out in Schedule 1 to, the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006 (S.I. 2006/264) or the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006 (S.R. 2006/258).
- (3) The Treasury may by order amend this section for the purpose of—
- (a) replacing—
 - (i) the condition in subsection (2), or

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- (ii) the condition, or all or any of the conditions, for the time being replacing the condition in subsection (2),
with one or more other conditions;
 - (b) varying—
 - (i) the condition in subsection (2), or
 - (ii) the condition, or any of the conditions, for the time being replacing the condition in subsection (2);
 - (c) dispensing with—
 - (i) the condition in subsection (2), or
 - (ii) the condition, or all or any of the conditions, for the time being replacing the condition in subsection (2).
- (4) In this section—
“the 2014 Act” means the Co-operative and Community Benefit Societies Act 2014;
“the 2010 Act” means the Co-operative and Community Benefit Societies and Credit Unions Act 2010.
- (5) While neither the 2014 Act, nor section 1 of the 2010 Act, is in force, subsection (1) of this section has effect as if for paragraphs (a) and (b) of that subsection there were substituted—
“(a) is a society registered, or treated as registered, under section 1 of the Industrial and Provident Societies Act 1965 in the case of which the condition in section 1(2)(b) of that Act is fulfilled, or”.
- (6) If section 1 of the 2010 Act (registration of societies) comes into force before the 2014 Act comes into force then, with effect from the coming into force of that section and until the coming into force of the 2014 Act, subsection (1) of this section has effect as if for paragraphs (a) and (b) of that subsection there were substituted—
“(a) is registered as a community benefit society under section 1 of the Industrial and Provident Societies Act 1965 (“the 1965 Act”),
(b) is a pre-2010 Act society (as defined by section 4A(1) of the 1965 Act) that meets the condition in section 1(3) of the 1965 Act, or”.
- (7) In the event that section 2 of the 2010 Act (renaming of the 1965 Act) is brought into force before its repeal by the 2014 Act takes effect then, with effect from the coming into force of that section, subsections (5) and (6) of this section have effect as if, in the provisions which they substitute, the references to the Industrial and Provident Societies Act 1965 were references to the Co-operative and Community Benefit Societies and Credit Unions Act 1965.

257JC Charities that are trusts

In this Part (except section 257JD), a reference to a company includes a reference to a charity that is a trust.

257JD Accreditation as a social impact contractor

- (1) In this Part “accredited social impact contractor” means a company limited by shares that is accredited under this section as a social impact contractor.

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- (2) Applications for accreditation as a social impact contractor must be made to a Minister of the Crown in the form and manner specified by a Minister of the Crown.
- (3) A Minister of the Crown is to accredit a company if, but only if, that Minister is satisfied that—
 - (a) the company has entered into a social impact contract (see section 257JE),
 - (b) the company is, and at all times since its incorporation has been, established—
 - (i) for the purpose of entering into and carrying out a social impact contract, or for that purpose and purposes incidental to it, but
 - (ii) for no other purpose, and
 - (c) the activities of the company in carrying out that contract will not consist wholly, or as to a substantial part, in excluded activities (see section 257MQ).
- (4) If a Minister of the Crown is satisfied that the condition in subsection (3)(b) or (c) has ceased to be met in relation to a company that is an accredited social impact contractor, that Minister is to withdraw the company's accreditation with effect from the time the condition ceased to be met or a later time.

257JE Meaning of “social impact contract”

- (1) In this Part “social impact contract” means a contract that meets such criteria as may be specified in regulations made by the Treasury.
- (2) The criteria which may be specified under subsection (1) include, in particular, criteria as to a party to the contract other than the company seeking accreditation.
- (3) Criteria may be specified in regulations under subsection (1) by reference to material published by, or on behalf of, a Minister of the Crown after the making of the regulations (as well as by reference to material published before the making of the regulations).
- (4) Regulations under subsection (1) may make different provision for different cases or circumstances or in relation to different areas.

257JF Accreditations: supplementary provisions

- (1) An accreditation must be made so as to be conditional on compliance with—
 - (a) any requirements imposed by or under regulations, and
 - (b) any other requirements considered appropriate by the Minister of the Crown who is accrediting the company concerned.
- (2) The requirements that may be imposed by virtue of subsection (1) include requirements relating to the provision of information.
- (3) Regulations may—
 - (a) make further provision about applications for accreditation,
 - (b) make provision for the variation of an accreditation (including its provisions as to its duration),
 - (c) make provision which, in a case where a company is or has been an accredited social impact contractor, imposes or authorises the imposition of requirements on the company, or on any other party to the social impact contract concerned, to provide information,

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- (d) make provision about the consequences of a failure to comply with any requirement of an accreditation imposed by virtue of subsection (1) or with any requirement imposed by virtue of paragraph (c), including in particular—
 - (i) provision for the withdrawal of the accreditation concerned with effect from the time of the failure or a later time, and
 - (ii) provision for the imposition of penalties,
 - (e) make provision for publication of information about an accreditation or accredited social impact contractor, and
 - (f) make provision for reviews of, or for appeals to the tribunal against, any of the following—
 - (i) a refusal to grant or vary an accreditation,
 - (ii) the imposition of a requirement under subsection (1)(b),
 - (iii) the withdrawal of an accreditation (whether under section 257JD(4) or by virtue of provision made under paragraph (d)(i)), and
 - (iv) the imposition or amount of a penalty imposed by virtue of provision made under paragraph (d)(ii).
- (4) Regulations under subsection (1) or (3) may—
- (a) make provision for the making of decisions by a Minister of the Crown as to any matter required to be decided for the purposes of the regulations,
 - (b) be framed by reference to material published by, or on behalf of, a Minister of the Crown after the making of the regulations (as well as by reference to material published before the making of the regulations),
 - (c) make different provision for different cases or circumstances or in relation to different areas, and
 - (d) contain incidental, supplemental, consequential and transitional provision and savings.
- (5) In this section—
- “accreditation” means accreditation under section 257JD, and
 - “regulations” means regulations made by the Treasury.

257JG Period of accreditation as a social impact contractor

- (1) An accreditation under section 257JD has effect for a period—
 - (a) beginning with the day specified in the accreditation, and
 - (b) of a length specified in, or determined in accordance with, the accreditation.
- (2) The day specified under subsection (1)(a) in an accreditation may not be earlier than 6 April 2014 but subject to that—
 - (a) may be, or be earlier than, the day it is decided to grant the accreditation (and in particular may be, or be earlier than, the day the application for the accreditation is made), and
 - (b) may be earlier than the day section 257JD comes into force.
- (3) This section has effect subject to sections 257JD(4) and 257JF(3)(d)(i) (withdrawal of accreditations).

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257JH Functions of Ministers of the Crown under sections 257JD to 257JG

- (1) A Minister of the Crown may delegate any function given to a Minister of the Crown by or under sections 257JD to 257JG other than a power of the Treasury to make regulations.
- (2) In those sections and this section “Minister of Crown” has the meaning given by section 8(1) of the Ministers of the Crown Act 1975.]

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)