

## **PRESS RELEASE**

### **INVESTORS URGED TO CONSIDER THE THIRD SECTOR**

Investors can benefit from tax relief of 30 per cent and enjoy zero capital gains tax on cash invested through Social Investment Tax Relief (SITR).

Accountancy firm Hentons is advising investors that SITR offers a 30% income tax relief on loans or equity investments made to charities and social enterprises.

Simon Gray, tax partner at Hentons, said: “Investors have been slow to take advantage of this scheme, which offers generous tax incentives. Recent research suggests charities and social enterprises have received £3.4m in the past two years, which is a drop in the ocean given the current incentives.

“While this sort of investment isn’t for everybody, it can prove a savvy move as part of a wider portfolio.”

Individuals making an eligible investment can deduct 30 per cent of the cost of their investment from their income tax liability, either for the tax year in which the investment is made or the previous tax year. The investment must be held for a minimum period of three years for the relief to be retained.

If individuals have chargeable gains in that tax year, they can also defer their capital gains tax (CGT) liability if they invest their gain in a qualifying social investment. The tax will instead be payable when the social investment is sold or redeemed. They also pay no CGT on any gain on the investment itself, but they must pay income tax in the normal way on any dividends or interest on the investment.

Around 170 investors have invested into SITR deals, significantly high net-worth individuals and angels, and an increasing number of retail investors are using SITR with £230 the average investment size.

Simon Gray continued: “Beyond the tax benefits, investors can feel good about helping smaller charities, and social enterprises grow. There are now big opportunities out there, and I’d encourage anyone to seek professional advice.”

Ends

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