

Community Interest Company

- Type of limited company (can be CLG or CLS)
- Provide benefit to the community or a section of it
- Flexible form providing access to finance options – useful for social enterprise
- Asset lock and community interest statement – key features every CIC must have
- CIC cannot have charitable status (therefore cannot have the tax advantages of a charity)
- Cannot transfer profits/assets for less than market value - protect assets for community
- Must present annual community interest company report – public record – show how they have pursued goal in the year

- CLS – option to pay capped dividends to investors
- Cap set by regulator to protect asset lock.
- Cap set at 35% of CIC's profits

Advantages:

- Status attractive to funders
- Flexible form (CLS or CLG)
- Can pursue trading activities (restricted by charities)
- Positive public perception – benefit to community

Disadvantages:

- Not entitled to same tax breaks as charities
- Cannot access some funding available to charities
- Extra reporting duties (annual community interest report)