

# Social Investment Tax Relief

## General Features

01 September 2019

The CIOT has responded to the recent call for evidence following low take-up for Social Investment Tax Relief.

The joint CIOT, Institute for Fiscal Studies and Institute for Government report 'Better Budgets: making tax policy better' promotes the value of post legislative review and evaluation for tax measures; accordingly, the call for evidence is to be welcomed.

Social Investment Tax Relief (SITR) is subject to a sunset provision which, without legislation, will bring the relief to an end in 2021. The CIOT thought that the evidence of low take-up at this stage should be viewed in the context of the length of time taken for a relief of this nature to become 'normalised' in the investment community and for initial barriers to be removed. In particular, the process of establishing a SITR fund is a long term 'patient' initiative and the effect on levels of investment cannot be comprehensively evaluated in the short term.

A significant barrier to take-up, the original state aid limitation to the amount that could be invested, was only removed with effect from 6 April 2017. Other inhibitors, such as the technical requirement to disclose a SITR investment for the purposes of the Disclosure of Tax Avoidance Schemes under the financial products hallmark, remain in place.

The CIOT suggested that wider communication more generally, and specifically the publication of existing qualitative research on social enterprises that have successfully claimed SITR, would be helpful in encouraging potential investors.