

# Longparish Community Pub Limited

## Registered Office

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## ***Tax Relief on your investment in LCPL***

### **Disclaimer**

1. These notes explain the position as we understand it. They are not comprehensive and they are not tax advice. What you do is a matter for you to decide. You may wish to seek advice from your professional financial adviser.

### **What tax reliefs are available?**

2. Our shareholders may be able to claim tax relief under two schemes operated by HMRC
  - The Seed Enterprise Investment Scheme (SEIS).
  - Social Investment Tax Relief (SITR)
3. SEIS is designed to encourage individuals to make equity investments in start-up trading companies. It is potentially available on the first £148,300 of our shares. That is the first £148,300 raised in our first wave of fundraising. The main feature is income tax relief of 50% of the amount invested.
4. SITR was introduced by David Cameron as part of the "Big Society". The aim of the relief is to generate a positive social return as well as a positive financial return for investors. It includes income tax relief of 30% of the amount invested. It is potentially available on the rest of our shares.
5. You will recollect that we had two waves of fundraising. People who subscribed both times may qualify for both reliefs: SEIS for the first wave and SITR for the second wave. You have been advised which relief applies to your shares and, when the time comes, we will send you the appropriate certificates so you can make your claim(s) to HMRC. Just for the avoidance of doubt, we should confirm that you can't claim both reliefs on the same shares.
6. Both schemes also include Capital Gains Tax relief. For Capital Gains Tax (CGT) the differences between the schemes are more complex. The amounts available, whether the tax is deferred or treated as a relief, and for which tax years it can apply, all differ. This relief doesn't apply to most of our subscribers.



Thank you to all the organisations and volunteers who have helped to restore and open The Plough Inn.

Longparish Community Pub Limited is registered with the FCA (number 7951) under the Co-operative and Community Benefit Societies Act 2014. VAT Registration Number 373 0213 31

## **When can tax relief be claimed?**

7. The short answer is, "Not yet".
8. There are a number of hoops we have to jump through so subscribers can qualify.
  - We explained our plans to HMRC and showed them our prospectus and business plan. They have confirmed that, potentially, we qualify under both schemes. This is called 'advance assurance'.
  - But in order for the reliefs to be available there's more to do
  - First we have to have been trading for four months. We opened on 15 September so that condition is now satisfied.
  - After that, we have to demonstrate to HMRC that what we have actually done means that we still qualify. We have done this by submitting 'compliance statements' to HMRC. We think we have satisfied HMRC's requirements but the decision is theirs.
  - Assuming we qualify then HMRC will provide us with certificates to issue to our subscribers confirming which relief they are entitled to and how much of their investment qualifies. These certificates are the key to getting tax relief. They are special tax certificates; your share certificate confirms you as the owner of share but it is not a tax certificate.

## **How do I claim?**

9. We'll explain more when we issue the certificates but briefly
  - First of all it depends on whether you make Self-Assessment (SA) tax returns. If you do then you will probably have already made your return for tax year ending 5 April 2021 when you get the certificate. You can claim by amending the return or by writing to HMRC if it is too late to amend the return.
  - If you don't make SA returns then you can claim by writing to HMRC with the certificate.

## **Any questions?**

10. These notes only cover the basics. We hope that will be enough for most of our subscribers at present. If you have any questions then you may wish to consult your professional adviser. If there's something you think we may be able to help with then please email [treasurer@lcpl.org.uk](mailto:treasurer@lcpl.org.uk)

## **Version Control**

11. This is version 4 of these notes. It was updated on 27 January 2022