

## Key features:

### Community Investment Tax Relief (CITR) 17th Issue and its qualifying 5-year Community Account

#### CITRA 17th Issue (opened with 5 year Community Account)

In order to access our CITR account 17th Issue, savers must also have a qualifying 5 year Community Account. Deposits in your CITR account may not exceed deposits in your 5 year Community Account. The Community Account term is not breakable. This qualification enables our savers to earn a market-leading 5-year rate made up from deposit interest and tax relief and enables us to make more loans to charities and social enterprises and keep them affordable. This way we can stay true to our promise of being a bank that enables savers and borrowers to work together to create lasting social change in our communities. Please read through this guide to gain an understanding of the features of both accounts and to determine your personal return from them.

These key features provide information on the CITRA 17th Issue and how it relates to the Government's Community Investment Tax Relief (CITR) Scheme. It does not provide detail or advice on the application of tax relief under the Scheme, or any other tax or financial advice. Charity Bank (the Bank) recommends that investors take independent tax and financial advice. A CITRA 17th Issue saver is responsible for his/her/its own tax affairs and the Bank has no responsibility in relation to such matters.

Her Majesty's Revenue and Customs (HMRC) provide guidance ("The HM Revenue and Customs Guidance") on the CITR Scheme for investors.

#### How to open your accounts:

You can apply for our accounts via the online platform. Alternatively, you can print application forms from our website or request them from us using the details below:

- **phoning** Charity Bank's Savings team on 01732 441944
- **writing** to Charity Bank at Fosse House, 182 High Street, Tonbridge, Kent TN9 1BE
- **emailing** [enquiries@charitybank.org](mailto:enquiries@charitybank.org)

#### New savers:

The minimum amount that can be put into a CITRA 17th Issue is £7,500.00. This is the same as the minimum deposit level into a qualifying 5 year Community Account, resulting in a combined minimum deposit of £15,000.00. Deposits in your CITR account may not exceed deposits in your Community Account (Charity Bank also offers a range of other accounts where the minimum balance is just £250, but these are not eligible for the HMRC CITR Scheme tax relief).

The maximum for new savers that can be put into a CITRA 17th Issue is £500,000.00 this is equal to the maximum deposit into a qualifying 5 year Community Account, resulting in a combined maximum deposit of £1,000,000.00. Deposits in your CITR account may not exceed deposits in your Community Account. However, the CITRA 17th Issue is a limited issue account and Charity Bank reserves the right to close the issue to savers at any time without prior notice.

## Existing savers reinvesting with us into a CITR 17th Issue account:

The minimum amount that can be put into a CITR 17th Issue is £3,750.00, this is the same as the minimum deposit level into a qualifying 5 year Community Account, resulting in a combined minimum deposit of **£7,500.00**. Deposits in your CITR account may not exceed deposits in your Community Account (Charity Bank also offers a range of other accounts where the minimum balance is just £250, but these are not eligible for the HMRC CITR Scheme tax relief).

The maximum for existing savers that can be put into a CITR 17th Issue is £500,000.00 this is equal to the maximum deposit into a qualifying 5 year Community Account deposit of £500,000.00, resulting in a combined maximum deposit of £1,000,000.00. Deposits in your CITR account may not exceed deposits in your Community Account. However, the CITR 17th Issue is a limited issue account and Charity Bank reserves the right to close the issue to savers at any time without prior notice.

## Tax relief from HMRC:

Part of the return comes in the form of a tax relief (from HMRC) and part as savings interest from Charity Bank.

**Tax Relief:** For individuals, savings in a CITR 17th Issue would reduce the investor's income tax liability for:

- the tax year in which the deposit is made; and
- each of the subsequent four tax years

Providing the individual or company has sufficient taxable income or profits to use it all, the amount of tax relief available for each of those years is 5% of the funds deposited.

For investments made on or after 6 April 2013, any relief unused in a particular year can be carried forward to later years as long as the year is within the 5-year investment period.

**Example:** A saver put £15,000 into a CITR 17th Issue on 9th April 2022. The amount for each tax year for which relief may be claimed is £15,000.

Tax relief of £750 (5% of £15,000) may be claimed for the tax year 2022/23 (the tax year in which the saving was made) and for each of the four subsequent tax years.

In the case of a corporate investor, the company's corporation tax liability would be reduced:

- for the accounting period in which the date of the investment falls and
- for each of the accounting periods in which the subsequent four anniversaries of that date fall

Providing the company has sufficient taxable profits income to use it all, the amount of relief available for each of those accounting periods is 5% of the funds invested.

Investments made in accounting periods commencing on or after 1 April 2013 have a measure of carry forward in the same way as that for individual investors.

If on reducing the tax liability to zero in any accounting period the company has been unable to use their full entitlement of 5% of the invested amount, the unused excess may be carried forward and set against later years, where capacity is available.

The carry forward of unused relief may not be made to a period subsequent to the 5 year claim period for the particular investment. Any unused relief at the end of the 5 year period is lost.

The deposit in the qualifying 5-year Community Account is treated completely separately from the CITR 17th Issue account.

## Savings interest paid by Charity Bank:

In addition to HMRC tax relief, Charity Bank pays savings interest on the CITR 17th Issue account.

On top of the tax relief, Charity Bank also pays interest on the account. **The interest rate is 0.05% p.a. gross.** It is possible to elect to waive your interest, which in turn allows us to lower the interest charged to our borrowers.

**Interest rates are fixed for the duration of the 5-year term.**

Interest is calculated daily and added to your account quarterly in March, June, September and December.

Interest will be paid in the following ways:

- Interest will be paid gross, which means interest is paid to you without tax being deducted from it. If the total amount of interest you earn exceeds your Personal Savings Allowance then you may have to pay tax directly to HM Revenue and Customs. For more information please see the latest Government information, or visit the HMRC website or call them on 0300 200 3310.
- For sole traders and individual partnerships interest will be paid without tax deducted (gross). If the total amount of interest you receive in any tax year exceeds any Personal Savings Allowance to which you're entitled, you may have tax to pay at the applicable rate. This would need to be paid directly to HMRC. For more information, please visit gov.uk and search for 'Personal Savings Allowance'.
- For corporate customers interest will be paid gross.

Interest paid by Charity Bank on the qualifying 5-year Community Account is separate and explained in the product specific Additional Terms and Summary Box.

The following worked examples include the qualifying account interest to show the effect on the blended return.

## Worked examples:

1:1 CITRA 17 qualified with a 5 year Community Account: worked examples (Individuals)				
CITRA 17 - Year 1		Community A/c - Year 1		
Interest 0.05% (net)	£4.00	Interest 5.75% (net)	£460.00	
5% CITRA tax relief	£500.00			
Total	£504.00	Total	£460.00	£964.00
Equivalent gross AER return required to achieve the same interest return is 6.02%				
Assumptions: Basic Rate Taxpayer Community A/c pays 5.75% gross All interest exceeds £1k PSA - taxed at 20% £10,000 deposited on CITR 17 / £10,000 on 5 year Community A/c				

1:1 CITRA 17 qualified with a 5 year Community Account: worked examples (Individuals)				
CITRA 17 - Year 1		Community A/c - Year 1		
Interest 0.05% (net)	£3.00	Interest 5.75% (net)	£345.00	
5% CITRA tax relief	£500.00			
Total	£503.00	Total	£345.00	£848.00
Equivalent gross AER return required to achieve the same net interest is 7.06%				
Assumptions: Higher Rate Taxpayer Community A/c pays 5.75% gross 40% tax paid on all interest (personal saving allowance fully utilised) £10,000 deposited on CITR 17 / £10,000 on 5 year Community A/c				

1:1 CITRA 17 qualified with a 5 year Community Account: worked examples (Corporate)				
CITRA 17 - Year 1		Community A/c - Year 1		
Interest 0.05% (net)	£4.05	Interest 5.75% (net)	£465.75	
5% CITRA tax relief	£500.00			
Total	£504.05	Total	£465.75	£969.80
Equivalent gross AER return required to achieve the same net interest is 5.99%				
Assumptions: Corporation Tax 19% Community A/c pays 5.75% gross 19% tax paid on interest (25% from 01/04/2023) £10,000 deposited on CITR 17 / £10,000 on 5-year Community A/c				

1:1 CITRA 17 qualified with a 5 year Community Account: worked examples (Individuals)				
CITRA 17 - Year 1		Community A/c - Year 1		
Interest 0.05% (gross)	£5.00	Interest 5.75% (gross)	£575.00	
5% CITRA tax relief	£500.00			
Total	£505.00	Total	£575.00	£1,080.00
Equivalent gross AER return required to the same return is 5.40%				
Assumptions: Basic Rate Taxpayer Community A/c pays 5.75% gross No tax paid on Charity Bank interest (within personal saving allowance) £10,000 deposited on CITR 17 / £10,000 on 5 year Community A/c				

*These examples are for indicative purposes and proper professional advice should be taken at all times before making any decision. These worked examples are not intended to serve as tax advice. We recommend you consider your tax affairs and seek professional advice where necessary.*

### CITRA 17th Issue withdrawals:

The HMRC scheme rules stipulate that to obtain maximum tax relief under the CITR Scheme investors must keep their savings in the account for at least five years. However, savers are allowed to receive some of their funds back in years' 4 and 5. Any repayments in years' 4 and/or 5 will inevitably reduce the tax relief available to the investor, as tax relief will not be due on deposits that have been repaid.

The amounts that can be withdrawn without penalty in each year are shown below. At least 90 days' notice must be given for any withdrawal from a CITR 17th Issue account.

Permitted withdrawals during the 5-year tenor	Upper limit of permitted withdrawals
Year 1 (from the Saving Date to first anniversary)	No withdrawals permitted
Year 2	No withdrawals permitted
Year 3	No withdrawals permitted
Year 4	Up to 25% of amount originally saved
Year 5	Up to 50% of amount originally saved
End of Year 5	100% of the amount saved or the balance of the account, whichever is smaller.

When you open a CITR 17th Issue account, Charity Bank will send you a CITR tax relief certificate relating to the savings. Only one CITR tax relief certificate is issued in respect of each saving. Statements will be sent to you once a year showing the balance and movements on the account.

To make withdrawals from your CITR 17th Issue account within the permitted limits as outlined above, **we will need 90 days' notice of withdrawal to be made in writing**. We will then transfer the funds to the account in your name from which the funds originated (your Nominated Account).

### Depositor Protection:

Eligible deposits in CITR 17th Issue and qualifying 5-year Community Accounts are protected by The Financial Services Compensation Scheme (find out more here: <http://www.fscs.org.uk/>). Further details are available on request from Charity Bank.

### On Maturity:

We shall send a reminder at least one week prior to the maturity of your CITR Account. Following the maturity we will provide you with a statement showing the interest earned and paid on your account.

In the absence of any contrary instructions, your CITR Account will mature into an Ethical 33-Day Notice Account (personal) or an Ethical 40-Day Notice Account (organisations). The full notice period relating to your account must be served.

### Further guidance:

#### HM Revenue and Customs

The HMRC has published Guidance Notes on the CITR Scheme which can be accessed from its website at <http://www.hmrc.gov.uk/manuals/citmanual/CITM9900.htm>.

The HMRC produce CITR help sheets that explain how individuals can claim their tax relief: [www.gov.uk/government/publications/community-investment-tax-relief-hs237-self-assessment-helpline](http://www.gov.uk/government/publications/community-investment-tax-relief-hs237-self-assessment-helpline).

HMRC guidance concerning corporate investors: <https://www.gov.uk/hmrc-internal-manuals/community-investment-tax-relief-manual/citm6051>

#### Department for Business, Energy & Industrial Strategy (BEIS)

The BEIS publishes material concerning the accreditation of CDFIs. This can be found at <https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>.

**Registered Office:** The Charity Bank Limited, Fosse House, 182 High Street, Tonbridge, TN9 1BE. Company registered in England and Wales No. 4330018. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register No. 207701. Member of the Financial Services Compensation Scheme (FSCS).