# *SITR CASH FLOW*

SCENARIO: Mr A wants to invest £500 of his own money and is a tax payer.

*STEP 1*

Mr A writes a cheque for £714.00 to CCAC

Mr A → £714 → CCAC

CCAC send a compliance statement to HMRC.

HMRC agree the shares/loan qualify for SITR and issues compliance certificates to CCAC, who then complete and send the compliance certificate to Mr A.

*STEP 2*

Mr A claims £214 tax (£714 x 30%) from HMRC

(NB 30% is the standard claim for UK taxpayers no matter what rate of tax they pay)

HMRC → £214 → Mr A

*STEP 3*

*Loan only*

Mr A gets 10% interest of £80 over 5 years from CCAC

CCAC → £80 → Mr A

*STEP 4*

*Shares & Loan*

The loan is repaid or the shares are cancelled

CCAC → £714 → Mr A

# *CASH FLOWS*

## 1. Mr A

| | IN | OUT |
|---|---|---|
| Shares/loan made (Step 1) | | 714 |
| HMRC Repayment (Step 2) | 214 | |
| Interested received (Step 3) | 80 | |
| Loan/Shares redeemed (Step 4) | 714 | |
| Totals | 1008 | 714 |
| ***Gain to Mr A*** | | ***294*** |

## 2. CCAC

| | IN | OUT |
|---|---|---|
| Shares/loan made (Step 1) | 714 | |
| Interest paid – loan only (Step 2) | | 80 |
| Loan/shares redeemed (Step 4) | | 714 |
| Totals | 714 | 794 |
| ***Cost to CCAC*** | ***80*** | |

(NB. But for SITR, CCAC would only receive £500 from Mr A. It therefore benefits by £214.)

## 3. HMRC

| | | |
|---|---|---|
| Repayment to Mr A | | 214 |
| ***'Contribution' from HMRC*** | | ***214*** |