

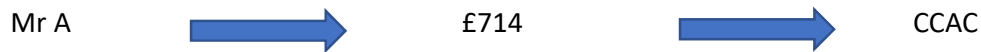
# SITR CASH FLOW



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



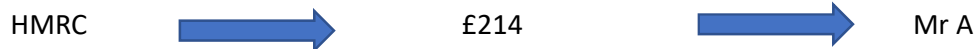
CCAC send a compliance statement to HMRC.

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 ( $£714 \times 30\%$ ) from HMRC

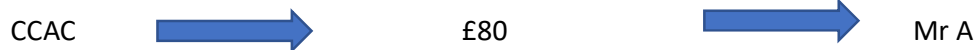
(NB 30% is the standard claim for UK taxpayers no matter what rate of tax they pay)



## STEP 3

### Loan only

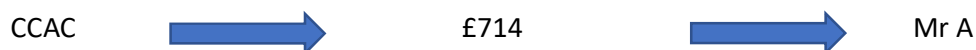
Mr A gets 10% interest of £80 over 5 years from CCAC



## STEP 4

### Shares & Loan

The loan is repaid or the shares are cancelled



# CASH FLOWS

<b>1. Mr A</b>	<b>IN</b>	<b>OUT</b>
Shares/loan made (Step 1)		714
HMRC Repayment (Step 2)	214	
Interest received (Step 3)	80	
Loan/Shares redeemed (Step 4)	714	
Totals	<u>1008</u>	<u>714</u>
<b>Gain to Mr A</b>		<b><u>294</u></b>

<b>2. CCAC</b>		
Shares/loan made (Step 1)	714	
Interest paid – loan only (Step 2)		80
Loan/shares redeemed (Step 4)		714
Totals	<u>714</u>	<u>794</u>
<b>Cost to CCAC</b>	<b><u>80</u></b>	

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

<b>3. HMRC</b>		
Repayment to Mr A		<u>214</u>
<b>'Contribution' from HMRC</b>		<b><u>214</u></b>