

Community Interest Company (CIC) – a rough guide

A CIC is a relatively new form of company that might be suitable for your organisation. Available since 2005, it is designed for people that want to be involved in a business that exists to benefit the community rather than the owners, manager or employees.

Being registered as a CIC is like having an extra badge for your company. It tells people that you are not just an ordinary company, out to make profits, but you have a real aim to benefit the community.

This is NOT available to a charity, so you cannot be a registered charity and a CIC. That's because some of the things a CIC can do are not compatible with charitable status – paying the Directors for example. It is possible for a charity to control a CIC as a trading subsidiary, but if you are thinking of this then you need more specialist advice.

What's involved?

To be registered as a CIC you have to pass the Community Interest Test. You provide a statement when you apply showing how you will benefit the community, and your own rules must contain a number of restrictions that apply to CIC's unlike other companies. One example of this is the 'asset lock'. If you wanted to close down for example, the assets would have to go to another organisation with similar objectives, you can't just share it out and have a big party.

In most respects, a CIC is like any other company. This includes having to pay corporation tax on the profits of your trading activity. Not too surprising that this can get complicated, especially if the CIC receives grants as well.

Does it make any difference?

CIC's are relatively new, so it's a bit early to say if they work well. Some funders may be more open to giving grants and contracts to CIC's rather than ordinary companies because of the Community Interest aspects. Some larger CIC's will attract investors more easily.

Help

The best place is the CIC regulator's website

<https://www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies>