Community Investment Tax Relief (CITR)

Base Rate Tracker

Scheme Details & Summary Box (Product Information)

The CITR scheme encourages investment in disadvantaged communities by giving tax relief to savers who back businesses and other social enterprises in less advantaged areas in the UK by investing in accredited Community Development Finance Institutions (CDFIs). This is the terminology used by the government to describe responsible finance providers such as Charity Bank who are accredited to use CITR. You can find out more by referring to the 'Further guidance' section later in this document.

The objectives of the CITR scheme are:

- To stimulate private investment into disadvantaged communities
- To support a thriving CDFI sector

The CITR scheme is jointly administered by His Majesty's Revenue & Customs (HMRC) and Department for Business, Innovation, Science and Trade (BIST). BIST is responsible for accreditation of new CDFIs and the ongoing management of the CITR scheme. HMRC oversees the tax relief and can advise Charity Bank's savers.

Key features about the way Charity Bank offers CITR:

- One application/account combining tax relief and savings interest (a change to previous issues also requiring a qualifying account)
- 75% of your deposit qualifies for CITR tax relief (Refer to worked examples in this document)
- 100% of the total funds placed into a CITR account are eligible to receive savings interest
- The savings interest payable tracks 3.25% below the prevailing Bank of England Base Rate for the duration of the account being open, but will not fall below 0.00% if the base rate falls below 3.25%
- You can access and monitor the official Bank of England Base Rate at https://www.bankofengland.co.uk

The combination of savings interest and tax relief enable our savers to earn an impressive return usually in excess of market leading 5-year fixed term deposit interest rates. This is achieved while enabling the Bank to make more loans to charities and social enterprises and keep them affordable. Which allows us to 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 CITR scheme and our account to determine your own return.

This document provides information on our CITR account and how they relate to the Government's 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 the saver take independent tax and financial advice. A CITR saver is responsible for their own or their organisations tax affairs and the Bank has no responsibility in relation to such matters.

HMRC provide guidance ("The HM Revenue and Customs Guidance") on the CITR scheme for savers.

How do I open and manage my account:

UK residents aged 16 or over or organisations liable to pay corporation tax in the UK can apply for a CITR account via our online platform. Alternatively, you can print an application form from our website or request a copy from us using the details below:

- **phoning** Charity Bank's Savings team on 01732 441944
- **writing** to The Charity Bank Limited, Fosse House, 182 High Street, Tonbridge, Kent TN9 1BE
- **emailing** enquiries@charitybank.org

On receipt of your application, once all regulatory checks have been satisfied, we shall open a CITR account in your name or the name of your organisation. Once we have confirmed with you that your account has been opened and we have requested for you to fund it, you will have a maximum funding period of 14 calendar days. You are not able to pay in any further funds to your account after the funding period, on the conclusion of which we shall send you a welcome pack including your CITR tax relief certificate, which you should store securely for use when claiming tax relief.

The minimum deposit is £5,000 and initial deposit(s) into your accounts must be made either by cheque, drawn from the nominated account of the applicant, by electronic payment from your nominated account or an internal transfer of existing funds held with Charity Bank. If this is not possible, please contact us by phone: 01732 441944 or by email: enquiries@charitybank.org for alternative options. Your nominated account is the UK building society or bank account held in the name of the applicant which was verified during the account opening process. We can only hold one active nominated account on your record, which will be used across all accounts held at Charity Bank.

Within the funding period you may fund your account with one or multiple deposits from your nominated account either electronically or by cheque up to a maximum of £500,000. If your account exceeds the maximum limit without this being pre-approved by us, the excess funds will be returned to your nominated account.

Once the funding period has ended or if the CITR account is no longer available, you will be unable to make further deposits. However, you can visit our website to see when there is availability again should you wish to apply for a further CITR account(s).

You can manage your account by post and email or if registered via our mobile banking app.

Tax relief from HMRC:

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

For Individuals: Savings in a CITR account would reduce the saver'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 has sufficient taxable income to use it all, the 5% tax relief is attributable to 75% of the total funds deposited in the account for the 5-year period.

For savings placed on or after 6 April 2013, any tax relief unused in a particular year can be carried forward to later years if the year is within the 5-year period.

Example: A saver put £15,000 into a CITR account on 18th April 2026. The amount for each tax year for which tax relief may be claimed is £11,250 (75% of £15,000).

Tax relief of £562.50 (5% of £11,250) may be claimed for the tax year 2026/27 (the tax year in which the account was opened and funded) and for each of the four subsequent tax years.

For Corporate Savers: 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 to use it all, the 5% tax relief available for each of those accounting periods is attributable to 75% of the total funds deposited in the account.

For credits into your account 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 savers.

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

Savings interest paid by Charity Bank:

In addition to HMRC tax relief, Charity Bank could pay savings interest on funds deposited into CITR accounts.

What is the interest rate? In addition to tax relief, savings interest payable is applicable to 100% of the balance in your CITR account and tracks 3.25% below the prevailing Bank of England Base Rate for the duration of the account being open.

Can Charity Bank change the interest rate? Yes. The interest rate tracks Bank of England Base Rate and can go up and down. Interest rate changes shall take effect on the same day as any changes to the Bank of England Base Rate. The minimum interest rate is 0.00% which means we will pay no interest on your account once Bank of England Base Rate is 3.25% or lower.

Interest is calculated daily and added to your CITR 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 (PSA) then you may have to pay tax directly to HMRC. 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 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.

What would be the estimated return after 12 months?

The following worked examples show, over the first 12 months, the blended return from tax relief and savings interest for private individuals at different levels of base rate (4.00% and 2.00%) *, income tax and whether savings interest would exceed any available personal savings allowance (PSA). There are also examples for organisations benefiting from corporation tax relief.

*Although 2.00% base rate has been used, this example illustrates the minimum return for any prevailing base rate from 3.25% and below.

Worked examples:

The examples all assume an investment of £100,000, that the saver does not have any PSA to utilise against the interest earned and that the base rate remains unchanged over the 12 month period. They show the net of tax interest in pounds over the first year and what gross Annual Equivalent Rate (AER) return would be required to produce the same net of tax interest on a standard savings product. This calculation of gross AER return assumes that the benefit from the first tranche of CITR tax relief is received exactly one year after the account is opened.

Additional Rate Taxpayer Base rate 4.00% - no PSA	
Net interest at **0.75%** (base rate minus 3.25%)	£412.50
5% CITRA tax relief (£75k)	£3750.00
Total	£4162.50
Equivalent gross AER return required to achieve the same interest return is 7.57%	

Assumptions:

Bank of England base rate 4.00%
Additional Rate Taxpayer (45%)
No Personal Savings Allowance (PSA)
£100,000 deposited (100% attributable for savings interest where the base rate exceeds 3.25%)
CITR certificate applies to £75,000 (75% of total deposit)

Additional Rate Taxpayer Base rate 2.00% - no PSA	
Net interest at **0.00%** (base rate minus 3.25%)	£0.00
5% CITRA tax relief (£75k)	£3750.00
Total	£3750.00
Equivalent gross AER return required to achieve the same interest return is 6.82%	

Assumptions:

Bank of England base rate 2.00%
Additional Rate Taxpayer (45%)
No Personal Savings Allowance (PSA)
£100,000 deposited (100% attributable for savings interest where the base rate exceeds 3.25%)
CITR certificate applies to £75,000 (75% of total deposit)

Higher Rate Taxpayer Base rate 4.00% - PSA fully committed	
Net interest at **0.75%** (base rate minus 3.25%)	£450.00
5% CITRA tax relief (£75k)	£3750.00
Total	£4200.00
Equivalent gross AER return required to achieve the same interest return is 7.00%	

Assumptions:

Bank of England base rate 4.00%
Higher Rate Taxpayer (40%)
All interest exceeds £500 PSA - taxed at 40%
£100,000 deposited (100% attributable for savings interest where the base rate exceeds 3.25%)
CITR certificate applies to £75,000 (75% of total deposit)

Higher Rate Taxpayer Base rate 2.00% - PSA fully committed	
Net interest at **0.00%** (base rate minus 3.25%)	£0.00
5% CITRA tax relief (£75k)	£3750.00
Total	£3750.00
Equivalent gross AER return required to achieve the same interest return is 6.25%	

Assumptions:

Bank of England base rate 2.00%
Higher Rate Taxpayer (40%)
All interest exceeds £500 PSA - taxed at 40%
£100,000 deposited (100% attributable for savings interest where the base rate exceeds 3.25%)
CITR certificate applies to £75,000 (75% of total deposit)

Basic Rate Taxpayer Base rate 4.00% - PSA fully committed	
Net interest at **0.75%** (base rate minus 3.25%)	£600.00
5% CITRA tax relief (£75k)	£3750.00
Total	£4350.00
Equivalent gross AER return required to achieve the same interest return is 5.44%	

Assumptions:

Bank of England base rate 4.00%
Basic Rate Taxpayer (20%)
All interest exceeds £1000 PSA - taxed at 20%
£100,000 deposited (100% attributable for savings interest where the base rate exceeds 3.25%)
CITR certificate applies to £75,000 (75% of total deposit)

Basic Rate Taxpayer Base rate 2.00% - PSA fully committed	
Net interest at **0.00%** (base rate minus 3.25%)	£0.00
5% CITRA tax relief (£75k)	£3750.00
Total	£3750.00
Equivalent gross AER return required to achieve the same interest return is 4.69%	

Assumptions:

Bank of England base rate 2.00%
Basic Rate Taxpayer (20%)
All interest exceeds £1000 PSA - taxed at 20%
£100,000 deposited (100% attributable for savings interest where the base rate exceeds 3.25%)
CITR certificate applies to £75,000 (75% of total deposit)

Corporation Taxpayer Base rate 4.00%	
Net interest at **0.75%** (base rate minus 3.25%)	£562.50
5% CITRA tax relief (£75k)	£3750.00
Total	£4312.50
Equivalent gross AER return required to achieve the same interest return is 5.75%	

Assumptions:

Bank of England base rate 4.00%
Corporation Taxpayer (Main rate 25%)
£100,000 deposited (100% attributable for savings interest where the base rate exceeds 3.25%)
CITR certificate applies to £75,000 (75% of total deposit)

Corporation Taxpayer Base rate 2.00%	
Net interest at **0.00%** (base rate minus 3.25%)	£0.00
5% CITRA tax relief (£75k)	£3750.00
Total	£3750.00
Equivalent gross AER return required to achieve the same interest return is 5.00%	

Assumptions:

Bank of England base rate 2.00%
Corporation Taxpayer (Main rate 25%)
£100,000 deposited (100% attributable for savings interest where the base rate exceeds 3.25%)
CITR certificate applies to £75,000 (75% of total deposit)

These examples are for indicative purposes, use current tax bandings/personal savings allowances and professional independent tax advice should be sought at all times before making any decision. These worked examples are not intended to serve as tax advice.

Can I withdraw funds from CITR accounts?

The HMRC scheme rules stipulate that to obtain maximum tax relief under the CITR scheme savers must keep their savings in the account for the full 5-year duration. 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 saver, as tax relief will not be due on deposits that have been repaid and could reduce the amount of savings interest paid by Charity Bank (depending on the level of base rate).

The amounts that can be withdrawn without penalty in each year are shown below. At least 91 days' notice must be given for any withdrawal from a CITR account.

Permitted withdrawals during the 5-year CITR period	**Upper limit of permitted withdrawals**
Year 1 (from account opening 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 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 account. Statements will be sent to you annually in April or May showing the balance and transactions on the account.

To make withdrawals from your CITR account within the permitted limits as outlined above, we will need 91 days' notice of withdrawal to be made in writing. This notice can be given in advance of the relevant anniversary date that payment can be drawn from. 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 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.

Notifying you about the expiry of your CITR tax relief certificate

Towards the end of the fifth year, we shall send a reminder about the expiry of your CITR tax relief certificate and explain how you could apply a further certificate, to your CITR account and explain any other options available to you.

As with permissible withdrawals in earlier years from your CITR account, should you wish to withdrawal funds upon the expiry of your CITR tax relief certificate we will need 91 days' notice of withdrawal to be made in writing. We will then transfer the funds to the account we verified in your name from which the funds originated (your Nominated Account).

Additional information:

CITR accounts are subject to availability and may be withdrawn from sale at any time without notice.

If you change your mind within 14-days of opening your account, we will cancel your account without penalty or notice. This is known as a cooling off period.

Gross is the interest rate without tax deducted.

AER stands for Annual Equivalent Rate and illustrates the interest rate if it was paid and compounded once each year.

Further guidance:

His Majesty's 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-helpsheet.

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

Department for Business, Innovation, Science and Trade (BIST)

The BIST publishes material concerning the accreditation of CDFIs. This can be found at https://www.gov.uk/government/organisations/department-for-business-and-trade .

Responsible Finance

The national body for responsible finance providers provides information relating to CITR on its website which can viewed here or at https://www.responsiblefinance.org.uk/the-community-investment-tax-relief-citr/community-investment-tax-relief-citr/.

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).

Summary Box

Community Investment Tax Relief (CITR) Base Rate Tracker

Community Investment Tax Relief (CITR) Base Rate Tracker - Summary Box

How do I open and manage my account?	- UK residents aged 16 or over or organisations liable to pay corporation tax in the UK can apply for a CITR account. - You can apply via our online platform, or you can print an application form from our website or request a copy from us. - You can manage your account by post and email or if registered via our mobile banking app.
What is the funding period once the account is opened?	- Once we have confirmed with you that your account has been opened and we have requested for you to fund it, you will have a maximum funding period of 14 calendar days. You are not able to pay in any further funds to your account after the funding period. - The minimum deposit required to open this account is £5,000 and must be made either by cheque, drawn from the nominated account of the applicant, by electronic payment from the nominated account or an internal transfer of existing funds held with Charity Bank.
What is the interest rate?	- The rate of interest received on this account tracks at 3.25% below Bank of England Base Rate. - The minimum interest rate is 0.00% which means we will pay no interest on your account once the Bank of England Base Rate is 3.25% or lower. - 100% of the funds held in the account are eligible for interest. - Interest is calculated daily and applied to your CITR account quarterly following month end in March, June, September and December.
When do I receive my CITR tax relief certificate?	- We shall issue your CITR tax relief certification along with your welcome letter upon conclusion of the funding period. - Only one certificate will be issued, which covers the full 5 years. Please keep the certificate safe. - We shall write to you ahead of the certificates' expiry date with options available to you at the time.
What percentage of tax relief can I claim?	- Provided the individual or organisation has a sufficient tax liability, 75% of the funds deposited in the account are eligible to claim tax relief of 5%. - Relief can be claimed from the tax year funds are deposited and each of the four subsequent years. - **Example:** £15,000 deposited, eligible funds are £11,250 resulting in 5% tax relief per year of £562.50.
Can the interest rate change?	- Yes. The interest rate is variable and can go up and down. Interest rate changes shall take effect on the same day as any changes to the Bank of England Base Rate.
What is the tax status?	- Interest will be paid gross* without the deduction of income tax
Can I withdraw money?	- To obtain maximum tax relief under the CITR scheme savers must keep their savings in the account for the full 5-year duration of the CITR tax relief certificate. - However, savers are permitted to receive some of the fund deposited in years 4 & 5 are shown below; **Year 4:** Up to **25%** of amount originally saved **Year 5:** Up to **50%** of amount originally saved - Notice of 91 days must be given in writing prior to any withdrawal. Your money can be returned to your nominated account or transferred to any other Charity Bank account you hold with us that allow deposits.
Additional Information	- If you change your mind within 14 days of opening your account, we will close your account without penalty or notice. - We reserve the right to withdraw this product from sale at any time. - *Gross is the interest rate without tax deducted. - AER stands for Annual Equivalent Rate and illustrates the interest rate if it was paid and compounded once each year.

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