

CIC

Fast Facts

A Community Interest Company (CIC) is a type of limited company designed for businesses or activities benefiting the community, not purely for private profit, and is regulated by the CIC Regulator.

Key Features

- 1.** Purpose: To operate for the benefit of the community, rather than private gain
- 2.** Limited liability: CICs have limited liability, meaning members and directors are not personally liable for the company's debts.
- 3.** Regulation: CICs are regulated by the CIC Regulator, ensuring they operate for community benefit
- 4.** Not a charity: A CIC is a business entity and cannot be a charity
- 5.** Taxation: CICs are taxed like normal companies, subject to corporation tax and VAT
- 6.** Community interest test: To register, a company must provide evidence that it satisfies the community interest test, in the form of a community interest statement, and it must continue to satisfy the test for as long as it remains a CIC
- 7.** Directors: Like a regular limited company, a CIC will have directors who run the company
- 8.** Asset lock: CICs have an asset-lock, meaning any profits or assets must be used to benefit the community, not distributed to members
- 9.** Restrictions: CICs cannot be set up with unlimited liability, and political parties or organisations cannot become CICs
- 10.** Directors' remuneration: Directors may be paid (including a salary) for their services to a CIC, but it should never be more than is reasonable
- 11.** Reporting: CICs are required to submit an annual report to the CIC Regulator
- 12.** Types of reports: There are two types of CIC reports: detailed and simplified
- 13.** Filing fee: The filing fee for an online incorporation for a CIC is £65
- 14.** Certificate of incorporation: Once approved, you'll receive a certificate via email, confirming the company legally exists and showing the company number and date of formation