

What is a "Community Interest Company"?

The Community Interest Company (CIC) is a type of company introduced in 2005 for the purpose of social enterprises wanting to apply their profits and assets towards the greater public good, but where the formation of a charity would not be suitable. Any profit or surplus generated in such a business is intended to be utilised solely for investment in the community in accordance with the company's specified objects and the asset lock built into the regulations governing the operation of CICs ensures this.

The formation of a CIC is controlled by the CIC Regulator, who is independent of Companies House. A CIC incorporation requires formal approval from the Regulator before the incorporation can be submitted to Companies House, so the process is more time consuming than forming a normal company.

CICs can include diverse organisations such as those involved in local community enterprises, co-operatives, physical well-being, the arts, education, health and social enterprises.

Key Points

- Can be either limited by shares, limited by guarantee or a public company
- Intended for use by social enterprises who wish to utilise their profits and assets for public benefit
- Asset lock ensures benefit for the social enterprise for which the CIC is established
- Cannot be politically motivated
- Requires approval from the CIC Regulator before incorporation
- Cannot have charitable status
- Directors maintain strategic control and can be salaried – not possible with a charity
- Do not benefit from tax advantages of a charity