

Social Investment Tax Relief (SITR)

The legislation governing SITR will not become law until the Finance Bill receives Royal Assent, expected to be in July 2014. This guidance is based on HM Revenue and Customs' (HMRC) understanding of the legislation as the Government has indicated it intends to enact it; however it may be subject to change between the date of publication of this Note, and the date the Bill receives Royal Assent.

This draft guidance for social enterprises and investors is divided into four parts:

Background

Provides general background, including details of tax reliefs available.

Investment and investor requirements

Explains how investments and investors qualify. It also explains when tax relief may be withdrawn or reduced.

How does a social enterprise qualify?

Deals with the social enterprise requirements.

Procedures for using the scheme

Explains the procedures for using the scheme.

HM Revenue & Customs (HMRC) recommends that you read all of the guidance, irrespective of whether you are a potential investor or a social enterprise considering using the scheme. This guidance provides an overview of SITR. It does not cover all the rules in full detail, and social enterprises and investors should seek further advice from HMRC's Small Company Enterprise Centre or from a professional adviser, if in doubt.

HMRC cannot advise social enterprises on how to find investors, and cannot provide information about prospective social enterprises seeking investment.

It is the Government's intention that the legislation, and the tax reliefs available, will apply in respect of investments made on or after 6 April 2014. HMRC cannot accept an SITR Compliance Statement before the date of Royal Assent, although it can provide advice on how the legislation is likely to apply assuming it is enacted as intended.

Background

The Social Investment Tax Relief (SITR) is designed to support social enterprises seeking external finance by offering a range of tax reliefs to individual investors who invest in new shares or new qualifying debt investments in those social enterprises. SITR applies for investments made on or after 6 April 2014.

In this section:

- Tax reliefs available - Income Tax relief
- Tax reliefs available - capital gains hold-over relief
- Tax reliefs available - capital gains disposal relief

Tax reliefs available - Income Tax relief

Income Tax relief is available to individuals who subscribe for qualifying shares or make qualifying debt investments in a social enterprise which meets the SISR requirements, and who have UK tax liability against which to set the relief. Investors need not be UK resident.

Relief is not available on any investment in respect of which the investor has obtained relief under the Enterprise Investment Scheme, the Seed Enterprise Investment Scheme or the Community Investment Tax Relief scheme.

The investment must be held for a period of 3 years from the date the investment is made for relief to be retained. If it is disposed of within that 3 year period, or if any of the qualifying conditions cease to be met during that period, relief will be withdrawn or reduced.

Relief is available at 30% of the amount invested, on a maximum annual investment of £1,000,000. The relief is given by way of a reduction of tax liability, providing there is sufficient tax liability against which to set it. A claim to relief can be made up to 5 years after the 31 January following the tax year in which the investment was made.

Example 1

Margaret invests £100,000 in the tax year 2014-15 (6 April 2014 to 5 April 2015) in SISR qualifying shares. The SISR relief available is £30,000 (£100,000 at 30%). Her tax liability for the year (before SISR relief) is £45,000 which she can reduce to £15,000 as a result of her investment.

Example 2

Jim invests £200,000 in the tax year 2014-15 in SISR qualifying debt. The relief available is £60,000. His tax liability for the year (before SISR relief) is £50,000. Jim can reduce his tax bill to zero as a result of his SISR investment, but loses the rest of the relief available.

There is a 'carry-back' facility which allows all or part of the amount invested in one tax year to be treated as though the investment had been made in the preceding tax year. The SISR rate for that earlier year is then applied to the investment, and relief given for the earlier year. This is subject to the overriding limit for relief each year. Please note that there is no SISR for a year earlier than 2014-15, so there is no scope for carrying relief back before that year.

Tax reliefs available - capital gains hold-over relief

The payment of tax on a capital gain can be deferred where the gain is reinvested in shares or debt investments which also qualify for SISR Income Tax relief. It is not however necessary for the investor to have made a claim for SISR Income Tax relief. The gain can arise from the disposal of any kind of asset, but must arise in the period from 6 April 2014 to 5 April 2019. The SISR qualifying investment must be made in the period one year before or three years after the gain arose.

There is no minimum period for which the investment must be held; the deferred capital gain is brought back into charge whenever the investment is disposed of or the social enterprise ceases to meet the requirements of the scheme, but if an amount equal to the gain is once more invested in shares or debt investments which also qualify for SISR Income Tax relief then the gain may be held-over again.

The Capital Gains Manual gives guidance on when an asset is disposed of for CGT purposes, starting at paragraph CG14250.

Example 1

Fiona sells an asset on 5 November 2014 for £200,000 and realises a chargeable gain of £80,000. If she makes qualifying investments of £20,000 in SISR investments by 4 November 2017, she can claim that a gain of £20,000 is deferred until the SISR investment is disposed of. She will remain liable to CGT on a chargeable gain of £60,000 in the tax year 2014-15 on the disposal of the asset on 5 November 2014.

(Allowable losses and the CGT annual exempt amount can be set off against the remaining £60,000 chargeable gain in the normal way).

When the SISR investment is subsequently disposed of the £20,000 gain that was deferred will be liable to CGT at the rate applicable to the tax year of that disposal.

Example 2

Linda sold an asset on 31 March 2013 for £200,000 and realised a chargeable gain of £80,000. Even if she makes a qualifying SISR investment on or before 30 March 2016, she will not be eligible to defer the original gain as it arose on a disposal prior to 6 April 2014.

Tax reliefs available - capital gains disposal relief

If you have received Income Tax relief (which has not subsequently been withdrawn) on the cost of the investment, and the investment is disposed of after it has been held for at least three years, any gain on the investment itself is free from Capital Gains Tax.

Please note: if no claim to Income Tax relief is made, then any subsequent disposal of the investment will not qualify for exemption from Capital Gains Tax.

Investment and investor requirements

In this section:

- Investment requirements
- Investor requirements
- When relief will be withdrawn or reduced

Investment requirements

Investments must be in newly issued shares or new qualifying debt investments. Investments must have been paid up in full, and in cash, at the time the investment is made.

An investment in shares is considered to be “made” when the shares are issued to the investor by the social enterprise.

When an investment in a qualifying debt instrument will be considered to be “made” will depend on the nature of the agreement between the investor and the enterprise. In straightforward cases involving a single advance of money, an investment will be “made” when a loan agreement takes effect and an investor makes an advance of money to the enterprise.

In cases where an agreement allows the enterprise to “draw down” parts of the amount committed by the investor, rather than the investor paying the whole amount over at once, the investment will usually be considered to be “made” at the time of each advance of money rather than at the time the agreement is entered into. If the relevant investment instruments are not issued to the investor, or the investment agreement otherwise does not take effect until after advances of money have been made, the investment will be “made” when the instruments are issued or the agreement otherwise takes effect.

Please note: one of the most common reasons for investments failing to qualify for relief under EIS, which may also apply to SISR, is that shares are issued to investors without the company having received payment for them. This sometimes happens when a new company is registered at Companies' House and shares are issued to members as part of the registration process, but the company takes some time to set up a bank account and the shares are not paid for until that has happened.

HMRC would advise social enterprises and investors to ensure that any investments on which it is intended SISR relief will be claimed, are not issued during the social enterprise registration process but are issued only at a later date when the social enterprise is able to receive payment for them.

If the investment is in shares those shares must be full-risk ordinary shares, which includes not carrying any rights to a fixed return (whether a fixed amount or fixed by reference to the amount invested). The shares must also not carry any rights to the social enterprise's assets in the event of a winding up which rank above the debts of, or other shares in, the social enterprise.

To be a qualifying debt investment the debt must be in the form of a debenture which must not carry any charge over assets and must not offer more than a commercial rate of return. The debt must also be subordinated to all other debts of the social enterprise and must rank equally with shares that do not rank above any other shares so far as the law allows.

There must be no arrangements to protect the investor from the normal risks associated with investing, and no arrangements for the investment to be sold at the end of the relevant period. There must also be no arrangements at the time of the investment for either the cessation of the social enterprise's trade or the disposal of a substantial amount of its assets.

Investor requirements

As an investor you may be eligible for tax relief providing:

- You have invested in qualifying debts or shares which have been issued to you, or have taken effect, and were fully paid up at the time of investment. You may invest via a nominee.
- During the period from one year before the investment to the third anniversary of the investment you must not own more than 30 per cent of the social enterprise's
 - ordinary share capital
 - loan capital
 - voting rights, or

Investments of associates are taken into account in arriving at the 30 per cent figure.

'Associates' include business partners, trustees of any settlement of which the investor is a settlor or beneficiary, and relatives. Relatives for this purpose are spouses and civil partners, parents and grandparents, children and grandchildren. Brothers and sisters are not counted as associates for SISR purposes.

- You are not employed by, a partner of, a trustee of, or a paid director of the social enterprise at any time during the period from one year before the investment to the third anniversary of the investment.
- The investment may not be acquired using a loan made available on terms which would not have applied other than in connection with the investment in question.
- The investment must not be made under any arrangements which provide for
 - an individual to invest in a social enterprise
 - a person other than that individual investing in a company other than the social enterprise, and
 - where a party to those arrangements would not have met the requirements above had they been the person to invest in the social enterprise.

When relief will be withdrawn or reduced

'Tax relief' in this section means both Income Tax relief and capital gains hold-over relief.

HMRC will **withdraw** tax relief if, at any time during the three years from date of the investment:

- you become employed by the social enterprise without being an unpaid director of the social enterprise

- your holding in the social enterprise exceeds the 30 per cent limits mentioned above
- the social enterprise loses its qualifying status

Tax relief will be either **withdrawn or reduced** if at any time during the three years from date of the investment:

- You dispose of all or some of the investment (other than to a spouse or civil partner – in those circumstances the investment is treated as though the spouse or civil partner had made it).
- You or an associate receive 'value' from the social enterprise, or from a person connected with that social enterprise. The rules to do with receiving value from the social enterprise are similar (but not identical) to those for the Enterprise Investment Scheme, which are available in the Venture Capital Schemes Manual. It can include the social enterprise repaying any of its investments which you hold; repaying a debt owed to you, if that repayment is in connection with the making of the investment; you receiving a loan or benefit from the social enterprise; the social enterprise selling an asset to you at less than market value (or you selling an asset to the social enterprise at more than market value); or the social enterprise making goods or services available to you at a discount to the price it would normally charge customers (including providing them free). How much tax relief is withdrawn will depend on the amount of the value received. Insignificant amounts of value received can be ignored, and there is also scope for relief to be retained if the value received is made good by the investor as soon as is practicable.
- The social enterprise repays, redeems or repurchases any of its share capital held by another person who would not have SI relief withdrawn as a result of that repayment, redemption or repurchase.

If any relief falls to be withdrawn this will be done as follows.

- For the withdrawal of SI Income Tax relief, an assessment to tax withdrawing relief will be made for the tax year in which the relief was claimed.
- For the withdrawal of Capital Gains Hold-Over Relief, the deferred gain will be deemed to arise and become chargeable when the event causing relief to be withdrawn occurs. Any gain will be taxed at the rate of Capital Gains Tax applicable to that later year.

Please note: you are required by law to notify HMRC within 60 days of any of the above events occurring.

How does a social enterprise qualify?

For its investors to be able to claim and keep the Social Investment Tax Relief (SITR) relating to their investments, the social enterprise in which the investments are made has to meet a number of requirements. Some of these apply only at the time the investment is made. Others must be met continuously from the date of the investment to the third anniversary of the investment. If the social enterprise ceases to meet one or more of those conditions, investors may have their tax relief withdrawn.

Finally, there are requirements as to how the social enterprise must use the monies raised from the making of the investment.

In this section:

- Requirements to be met at the time of the investment
- Requirements to be met continuously from the date of the investment
- How the money raised by the relevant investment must be used
- Which trades qualify?

Requirements to be met at the time of the investment

- the investment must be in a social enterprise. A social enterprise means a community interest company, a community benefit society or a charity. A charity can have the legal form of either a company or a trust
- the social enterprise must be unquoted at the time of the investment. That means its shares cannot be listed on the London Stock Exchange or any other recognised stock exchange. It may become quoted later without the investors losing tax relief, but not if there were arrangements for it to become quoted in existence when the shares were issued.
- it must have fewer than 500 full-time equivalent employees. If the social enterprise is the parent company of a group, that figure applies to the whole group. Where a social enterprise has part-time employees they should be included as a fraction that is just and reasonable
- it must have no more than £15,000,000 in gross assets immediately before the investment and £16,000,000 immediately after the investment. If the company is the parent company of a group, that figure applies to total of the gross assets of the company and its subsidiaries. Shares in, and loans to, subsidiaries, are ignored for this purpose

Additionally, the social enterprise is restricted as to the amount of money it may raise under SISR. That amount is determined by the following formula:

$$\left(\frac{€200,000 - M}{RCG + RSI} \right) - T$$

where –

T is the total of any earlier SISR investments made in the previous three years
M is the total of any other de minimis aid received in the previous three years by the social enterprise, or by a qualifying subsidiary
RCG is the highest rate of Capital Gains tax in the previous three years, and
RSI is the highest rate of SISR income tax relief in the previous three years.

This provides that the total amount of potential tax relief available on investments must not exceed €200,000, reduced by any other de minimis aid received according to EU regulations, in the period of three years ending with the day on which the SISR investment is made. For these purposes the potential tax relief is the amount of the investments multiplied by the sum of the highest rate of capital gains tax and the highest rate of SISR income tax relief in that three year period.

If the investment is made in a currency other than the euro, the amount of the investment should be converted into Euros at an appropriate spot rate of exchange for the date of the investment.

Example 1

ABC Ltd has not raised any previous SISR investments and has not received any other de minimis aid. During the previous three years the highest rate of capital gains tax has been 28% and the highest SISR rate has been 30%.

ABC Ltd can therefore raise $\left(\frac{€200,000}{28\% + 30\%} \right) = €344,827$ under SISR.

Example 2

XYZ Ltd has previously received €50,000 of SISR qualifying investments and had also received a grant of €20,000 which constituted de minimis aid. During the previous three years the highest rate of capital gains tax has been 28% and the highest SISR rate has been 30%.

XYZ Ltd can therefore raise $\left(\frac{€200,000 - €20,000}{28\% + 30\%} \right) - €50,000 = €260,344$ under SISR.

Requirements to be met continuously from the date of the investment

- the social enterprise must not be controlled by another company, or by another company and any person connected with it; and there must be no arrangements in place for it to be controlled by another company
- neither the social enterprise nor any of its 90% subsidiaries may be a member of a partnership
- the social enterprise may have subsidiaries, but if it does they must all be subsidiaries in which the company has more than 50 per cent of the ordinary share capital and which are not controlled (by other means) by any other company
- the social enterprise may not control another company which isn't a qualifying subsidiary, and there must be no arrangements in place which would allow that to happen
- if not a parent company, the social enterprise must either be a charity or exist wholly for the purpose of carrying on a qualifying trade. If it is the parent company of a group, the group's business is looked at as though it were one business which must, in the main, meet the requirements of the scheme
- the social enterprise or a 90% subsidiary which is itself a social enterprise must either be carrying on the qualifying trade for which the money was raised or preparing to carry on that trade with the trade commencing within two years of the date of the investment.

Please note: you are required by law to notify HMRC within 60 days if any of the above requirements cease to be met.

How the money raised by the relevant investment must be used

Within 28 months of the date of the relevant investment, all the monies raised from that investment must be employed for the purposes of the chosen trade, carried on either by the social enterprise itself or by a 90% subsidiary of the social enterprise which is itself a social enterprise. **If this condition is not met, investors will lose their tax relief.** The condition will be considered to be met if an insignificant amount is used for a non-qualifying purpose, or remains unspent.

Monies raised by an investment are not regarded as being employed for a qualifying business activity if they are used to buy shares or stock in a company. This does not prevent the social enterprise from investing the monies in a subsidiary, providing that the monies are thereafter used by a 90% subsidiary for the purposes of a qualifying trade.

Please note: you are required by law to notify HMRC within 60 days if the monies are not employed within these time limits.

Which trades qualify?

A qualifying trade is one which is conducted on a commercial basis with a view to the realisation of profit.

Most trades qualify, but some do not. A trade does not qualify if it consists wholly, or substantially, of 'excluded activities'. HMRC will regard activities as not being 'substantial' if they are less than 20% of the whole. The following activities are excluded:

- dealing in land, in commodities or futures, in shares, securities or other financial instruments
- banking, insurance, money-lending, debt-factoring, hire-purchase financing or other financial activities (with the exception of lending money to another social enterprise)
- property development

- activities in the fishery and aquaculture sector that are covered by Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products
- the primary production of products listed in Annex I to the Treaty on the Functioning of the European Union (agricultural etc products)
- generating or exporting electricity which will attract a Feed-in Tariff
- road freight transport for hire or reward
- providing services to another person where that person's trade consists, to a substantial extent, of excluded activities, and the person controlling that trade also controls the company providing the services

Where activities are excluded by reference to regulations and treaties of the European Union these are publically available on the internet.

Procedures for using the scheme

The Social Investment Tax Relief (SITR) is administered in HM Revenue & Customs (HMRC) by the Small Company Enterprise Centre (SCEC). The contact details for SCEC can be found below. The SCEC decides if a social enterprise and an investment qualify, and is responsible for monitoring social enterprises to ensure that they continue to meet the requirements of the scheme for the duration of the qualifying period for any investment.

In this section:

- Formal company approval following an investment
 - How do I claim my tax relief?
 - SCEC contact details
 - Emailing the Enterprise Centre
-

Formal company approval following an investment

Before investors can claim any tax relief, the social enterprise must complete an SITR Compliance Statement and send it to HMRC.

The Compliance Statement is expected to contain a declaration that, at the time of completion, the social enterprise has already met the requirements of the scheme to the extent that those requirements have to be met at the time of issue of the investment and to the date of the declaration; and that it expects to meet all other requirements.

The social enterprise cannot submit a Compliance Statement until it has been trading for at least four months.

If HMRC accepts that the social enterprise, its activities, and the investment all meet the requirements of the scheme, it will grant the social enterprise authority to issue Compliance Certificates to the investors. Investors are only entitled to claim relief once they are in receipt of a Compliance Certificate.

This process must be followed for every investment in respect of which it is intended SITR relief will be claimed.

As noted at the start of this guidance, whilst it is the Government's intention that the legislation, and the tax reliefs available, will apply in respect of investments made on or after 6 April 2014, HMRC cannot accept an SITR Compliance Statement before the date of Royal Assent. Until that

time we can provide advice on how the legislation is likely to apply assuming it is enacted as intended.

How will I be able to claim tax relief?

You cannot claim tax relief until the social enterprise has sent in a Compliance Statement, as described above, and you have been issued with a Compliance Certificate by the company. It is anticipated that you will be able to make a claim on your Self Assessment tax return for the tax year in which the investment was made. It is also expected that if you have a Compliance Certificate for a year for which you have not yet received a tax return, you will be able to request a change to your PAYE tax code, or an adjustment to any Self Assessment payment on account due. You will still have to make the claim itself on your tax return when you get it.

If the investment was made in a year for which it is too late to make or amend a Self Assessment, or if the claim is for capital gains re-investment relief, you will be able to make a separate claim for any tax reliefs due.

You will be able to make a claim for relief up to five years after the 31 January following the tax year in which the investment was made.

Please note: this is a longer period than for most reliefs, to take account of the fact that it is partially dependent on what the social enterprise does.

SCEC contact details

Small Company Enterprise Centre (Admin Team)
Medvale House
Mote Road
Maidstone
Kent
ME15 6AF

Telephone: 03000 588907

Emailing the Enterprise Centre

Please note we cannot guarantee the security of emails you send to us or we send to you over the internet. Information sent by email over the internet is not secure and is at risk of being intercepted and read by people other than those it was intended for. Any information you send to us by email is at your own risk. If you would like us to reply by email, please confirm in your message that you understand and accept the risks involved. However, if our response to you contains any personal or confidential information we will only reply to you by letter or telephone.

You can e-mail the Enterprise Centre at enterprise.centre@hmrc.gsi.gov.uk

If you have any doubt about the authenticity of an email you receive which claims to come from HMRC please do not follow any links within the email, disclose any personal details or respond to it.

Forward emails of doubtful authenticity to: phishing@hmrc.gsi.gov.uk

Social Investment Tax Relief (SITR) frequently asked questions

Social enterprise questions

Q: How do I register my social enterprise for the scheme?

A: There isn't a registration process as such. The social enterprise receives investments, and then applies to HM Revenue & Customs (HMRC) for approval. Once approved, HMRC will give the social enterprise claim forms for its investors so that they can claim their tax relief.

Q: Does HMRC offer any form of advance assurance facility or other review of social enterprises prior to investments being made?

A: A decision on whether such a facility will be offered will be announced in due course. At this time HMRC can only offer general advice on the operation of the scheme.

Q: The social enterprise has already received investments from investors. What do we do now?

A: Once it is eligible to do so, the social enterprise should complete a Compliance Statement and send it to HMRC. This applies only to investments made on or after 6 April 2014.

Q: Can I submit a Compliance Statement electronically?

A: HMRC expects that a method of submitting Compliance Statements electronically will be available, however, this cannot be guaranteed at this time. Further guidance on the method of submitting Compliance Statements will be issued in due course.

Q: What types of social enterprises can qualify for the scheme?

A: SITR is only available for investments in community interest companies, community benefit societies and charities.

Q: Does the social enterprise have to be trading in order to qualify?

A: No. But if it hasn't started trading, the monies raised by the investment must be used in preparation for a qualifying trade which the social enterprise intends to start and proceeds to start within two years of the investment. However, the social enterprise cannot apply for approval until the relevant trade has been carried on for a minimum period.

Q: Can friends and relatives get tax relief for investing in my business?

A: It depends. An investor doesn't qualify if he or she has more than a 30 per cent holding in the social enterprise. That 30 per cent is calculated by taking account of any holdings of associates of the investor. For this purpose, that includes spouses, parents, grandparents, children and grandchildren, but not siblings, cousins, aunts and uncles. It also includes fellow partners in another business. So if you already own most or all of the social enterprise, then your wife or mother would not be able to get tax relief for investing, but your brother could. There's no restriction for friends.

Q: What trades qualify?

A: Most trades qualify, but some don't. Details of particular activities which do not qualify are available in the section of this introduction on how a social enterprise qualifies.

Q: Is the amount a social enterprise can raise an annual limit or is that the total amount my social enterprise can raise?

A: The limit applies to a three year period.

Q: What if my social enterprise needs more than we can raise within the limits?

A: The social enterprise can still raise money from further investments, however, any investments beyond the SITR limits will not qualify for tax relief.

Q: The social enterprise must have no more than £15,000,000 in assets immediately before the investment. Is that before or after taking liabilities into account?

A: That's a gross asset figure without taking account of any liabilities.

Q: My social enterprise hasn't drawn up a balance sheet yet - what figure should I use for the assets limit?

A: You should include whatever assets you would include on a balance sheet if you were to draw one up immediately before the investment is made.

Q: The social enterprise has to have fewer than 500 employees. How should a social enterprise deal with part-time or seasonal employees?

A: The social enterprise must have fewer than 500 full-time equivalent employees on the date the investment is made, and you can calculate this in any way that is reasonable. You don't have to count staff on maternity or paternity leave, apprentices or students on vocational training

Q: Is it possible for an investor to invest more than the founders and still meet the 30 per cent tests?

A: Yes, this is possible where investments are made in shares. The 30 per cent of ordinary share capital test is calculated by reference to the nominal (face) value of the shares, not by reference to how much was paid for them. For example, the founders could have 4,000 £1 shares for which they paid £4,000, and a later investor could have, say, 1,000 £1 shares for which he paid £50,000. The £49,000 difference between the face value of the investor's shares and the share price will be shown on the social enterprise's balance sheet as a premium paid for the shares. The issued share capital will be shown as 5,000 £1 shares, of which the founders will have 80 per cent and the investors 20 per cent. You should however note that if the investor also holds loan capital this will be subject to the separate test as to whether they hold 30 per cent of the enterprise's loan capital.

Investor questions

Q: Is there a maximum amount I can invest?

A: Yes; it's £1,000,000 a year, however, each individual social enterprise can receive less than this in investments.

Q: Can I invest in more than one social enterprise?

A: Yes, so long as you invest no more than £1,000,000 in total in a year.

Q: Can I invest in SITR in the same year as SEIS and EIS?

A: Yes, the SITR limit of £1,000,000 is independent of any investments under SEIS and EIS which are subject to their own annual investment limits. However the same investment can't qualify for both EIS/SEIS and SITR relief.

Q: Will I get tax relief if I invest in my relative's business?

A: It depends. An investor doesn't qualify if he or she has more than a 30 per cent holding in the social enterprise. That 30 per cent is calculated by taking account of any holdings of associates of the investor. For this purpose, that includes spouses, parents, grandparents, children and grandchildren, but not siblings, cousins, aunts and uncles. It also includes fellow partners in another business.