



MP Factsheet

Registering as a charity

Who is required to register with the Charity Commission?

An organisation is generally required to register with the Charity Commission if it:

- is set up in England and/or Wales for exclusively charitable purposes (as defined by the Charities Act 2006); **and**
- has an income above £5,000 a year.

Charities with an annual income of under £5,000 a year don't have to register with the Charity Commission, although they're still charities and have the benefits and responsibilities of charitable status.

What does registering with the Charity Commission mean?

Once an organisation is registered as a charity, it will be entered on the Register of Charities and its details will be available to view on the Charity Commission website.

Registration doesn't confer charitable status; it's an obligation for most organisations which are charitable. Registration is, however, evidence that the Commission has accepted an organisation is charitable and assures the public that it's being regulated.

What are the advantages of being a charity?

There are many advantages of being a charity. Charities normally don't have to pay income or corporation tax, capital gains tax or stamp duty. In addition, donations to charities are exempt from inheritance tax and may be eligible for Gift Aid. Charities often don't have to pay more than 20% of business rates on the buildings they occupy and may qualify for special VAT treatment.

As well as the financial benefits, there are the benefits of reputation and public confidence that result from registering as a charity. Registered charities are better able to raise funds from the public, grant-making bodies and local government compared to non-charitable organisations. Generally speaking, registered charities enjoy high levels of public trust and confidence.

What obligations do registered charities have?

A registered charity must have exclusively charitable purposes. In other words, organisations which have a range of activities, some of which are charitable and some are not, can't register as charities.

All charities must be set up for the public benefit. A separate factsheet is provided in this subject, which anyone thinking of setting up a charity will need to consider. There's lots of advice on starting up a charity on our website: www.charitycommission.gov.uk/Start_up_a_charity/default.aspx.

Charities have to abide by charity law, which imposes various restrictions on their activities. There are certain reporting requirements that charities are legally obliged to fulfil (for example, charities with an income of over £10,000 a year must submit their accounts to the Charity Commission). There are also restrictions on charities' involvement in politics, campaigning and trading. Trustees generally aren't allowed to benefit financially from a charity and must ensure there are no conflicts of interest.

A constituent wants to set up a charity. What do they need to think about first?

We're delighted your constituent is thinking of setting up a charity. However, before they start the registration process, it may be helpful for them to consider alternative ways of achieving their objectives. For example, if they want to commemorate someone, it's sometimes more practical to create a separate, named fund within an existing charity. If a constituent wants to respond to a national or international disaster, they could consider offering funds or resources to the Disasters and Emergency Committee (DEC), an umbrella organisation for humanitarian aid agencies: www.dec.org.uk.

It's also advisable to check the Register of Charities to see if there are existing charities with the same objectives and activities. There are clear benefits from charities joining forces with each other and pooling their resources, rather than competing.

What are the next steps in registering a charity?

The Charity Commission website provides guidance on choosing a charity name, finding trustees and setting out a charity's aims and objectives. We also provide model governing documents for the various different types of charity. Once your constituent has established their charity, they can register it online at www.charitycommission.gov.uk. We have a series of online forms which can be used to complete the registration quickly and simply.

How long does it take the Charity Commission to register a charity?

The average time to register a charity is 28 working days. If you apply online using a standard governing document and the application is relatively straightforward, we'll normally be able to approve the application and provide the registration number within 10 working days.

An organisation in my constituency wants to apply for Lottery money. Do they have to register as a charity to do this?

No. Organisations don't have to be registered charities in order to apply for Lottery funding. There are many different lottery grant distributors and each has their own eligibility requirements. Information on lottery funding can be found at www.biglotteryfund.org.uk. Alternatively, you can get information on all lottery distributors at www.lotterygoodcauses.org.uk, or by telephone at 0845 275 0000.

Our senior staff are always happy to meet with parliamentarians to brief them on an issue, to address specific concerns, or to discuss the work of the Charity Commission generally. If such a meeting would be useful to you, contact our Public Affairs Officer, Andrew Rudd, by telephone on 020 7674 2322 or by email at andrew.rudd@charitycommission.gsi.gov.uk