



When must a charity 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 £5000 a year.

Charities which have an annual income of less than £5000 a year are not obliged to register with the Charity Commission and, at the moment, we are unlikely to register them unless there is a good reason for doing so. However, we expect to allow small charities, with incomes below £5000 a year, the right to opt into registration in the future.

What are the advantages of being a charity?

There are many advantages to being a charity – as well as the financial benefits, there are the benefits of reputation and public confidence in charities. Charities do not normally have to pay income/corporation tax, capital gains tax or stamp duty. In addition gifts to charities are exempt from inheritance tax. They often do not have to pay any more than 20% of business rates on buildings they use and occupy in furtherance of their charitable purposes. Charities can get special VAT treatment and are often able to raise funds from the public, grant-making trusts and local government more easily than non-charitable bodies. In addition, charities often command more support and respect from the general public than other organisations.

Registration does not confer charitable status. It is an obligation for most organisations which are charitable. Registration is, however, evidence that the Commission has accepted that an organisation is charitable and provides the public with the assurance that it is regulated by us.

What obligations are there on charities?

A registered charity must have exclusively charitable purposes (in other words organisations which have a range of activities, of which some are charitable and some are not, cannot register as charities). Charities have to abide by charity law, which imposes various restrictions on their activities. For example, there are certain reporting requirements which a charity is legally obliged to fulfil. There are also restrictions on how involved a charity can become in politics and campaigning. Strict rules also apply to trading by charities. Trustees are generally not allowed to benefit financially from a charity with which they are involved and they must avoid any situation where personal and charitable interests conflict.

A constituent wants to commemorate someone by setting up a charity in their name, how can they do this?

Instead of setting up a new charity it may be more practical to create a separate, named fund within an existing charity. This can be just as effective whilst reducing the administrative burden and regulatory requirements that can be part of registering a new charity. Existing charities can be found via the Register of Charities or by telephoning Charity Commission Direct on 0845 300 0218.

A constituent wants to do something to in response to a national or international disaster, what are the rules?

Instead of setting up a new charity it may be worth advising your constituent to offer their resources or services to an existing organisation, for example the Disasters Emergency Committee. People considering setting up a new charitable appeal fund should consult our guidance 'Disaster appeals' which can be found at www.charitycommission.gov.uk/publications/cc40.asp

An organisation in my constituency wants to apply for Lottery money; do they have to register as a charity first?

No. Organisations do not have to be registered charities in order to apply for Lottery funding. There are many different lottery grants 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 ring on 0845 275 0000.

A constituent wants to set up a charity to benefit a specific person suffering from a disease/disorder, how can they go about doing this?

Generally it is not charitable to provide specific benefits for a named individual or individuals. In order to be charitable an organisation would have to define the people who can benefit from their work much more widely – for example, to benefit all children suffering from a particular disease. A non-charitable trust fund could be set up to benefit the named individual(s) or consideration could be given to joining forces with an existing charity that is already set up to benefit sufferers of, and/or carrying out research into, the particular disease/disorder.

My constituent has considered all of these factors and still wishes to set up a new charity, how do they go about this?

The Commission publishes various model governing documents which it considers are suitable for a charity. Once your constituent has decided what type of organisation they wish to establish and has set it up, they can register the charity online at www.charitycommission.gov.uk. We have a very simple series of online forms which can be used to register an organisation as a charity quickly and simply. Alternatively they can ring Charity Commission Direct on 0845 300 0218 for further information and advice.