



Community &  
Voluntary Services  
cheshire east

[www.cvsce.org.uk](http://www.cvsce.org.uk)

[advice@cvsce.org.uk](mailto:advice@cvsce.org.uk)  
01270 763 100

## Setting up as a Registered Charity

Many organisations want to be a charity and there are benefits in having charitable status and being able to say you are a registered charity. However it is important to understand that calling yourself a charity does not describe the legal form or structure of your organisation. Having charitable status sits on top of the legal structure of your organisation.

An organisation must meet certain criteria to register as a charity, including:

- Existing for purposes that the law recognises as exclusively charitable
- Existing for the public benefit
- Having an annual turnover /income of at least £5000 in the past year unless you are a Charitable Incorporated Organisation (CIO)

In the simplest terms, an organisation must have exclusively charitable purposes or aims, and must have an income of over £5k a year, unless a CIO, in order to be considered by the Charity Commission to be registered as a charity. Its aims must also be for the public benefit. To find out more about the public benefit requirement go to:

<https://www.gov.uk/how-to-write-charitable-purposes#about-charitable-purposes>

### Benefits to Registering as a Charity:

Financially, charities benefit in that they often do not pay income/corporation tax, capital gains tax, stamp duties, or inheritance tax in the case of gifts. Normal business rates for buildings used by charities are usually capped at no more than 20% and, whilst charities are generally subject to the same VAT rules as other organisations, there are some circumstances in which they can get favourable VAT treatment.

Gift Aid is another benefit which means that a charity can claim tax back on donations, so that a donation of £1 is actually worth £1.25 to a charity.



Being a charity also means that the organisation is recognised by the general public as a true non-profit making organisation. This may mean that people and businesses are more inclined to support and donate. As charitable organisations are closely monitored by the Charity Commission and there are rules that must be followed, the public can be confident that donations are being used in a proper manner.

Some but not all grant funders and statutory funders require groups to have registered charity status before agreeing to grant fund or contract with them.

## Registration process

There is an online application process which must be completed on the Charity Commission's website. <https://www.gov.uk/how-to-register-your-charity-cc21b>

You will need to send the following documents:

- your charity's main bank or building society details (sort codes, account/roll numbers)
- your charity's public contact details, including a postal address - this cannot usually be a PO Box address except in special circumstances (such as for a refuge)
- a copy of your charity's governing document as a PDF file - which has been signed and witnessed as necessary
- if your charity is a company: a copy of the certificate of incorporation and memorandum
- proof that your charity's income is over £5,000 (unless it's a CIO) - this can be its latest annual accounts, a recent bank statement or a formal offer of funding from a recognised funding body

You must also send signed Trustee Declaration forms for each Trustee of your organisation.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/316308/trustee-declaration-v4.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/316308/trustee-declaration-v4.pdf)

In some cases the wording of the constitution might have to be amended to fit the Charity Commission's criteria for a charity constitution, but CVS Development Officers can offer advice on this.

Once you have been registered by the Charity Commission you will receive a registered charity number and can then apply to HM Revenue & Customs for recognition as a charity for tax purposes online via this link <https://www.gov.uk/charity-recognition-hmrc>

## Unregistered Charities

If your income is below £5k but your organisation has charitable purposes and is operating solely for the benefit of the public, you can still be recognised as a charitable organisation and can apply for certain tax reliefs from HMRC. To find more information about this, go to:

[http://www.hmrc.gov.uk/charities/guidance-notes/chapter2/chapter\\_2.htm](http://www.hmrc.gov.uk/charities/guidance-notes/chapter2/chapter_2.htm).

In these circumstances you can describe yourself as a charitable organisation but you must take care not to lead anyone to believe you are a registered charity unless you have been registered by the Charity Commission and have a registered charity number.

Further information can also be found at [www.smallcharities.org.uk](http://www.smallcharities.org.uk) or by contacting CVS Cheshire East [advice@cvsce.org.uk](mailto:advice@cvsce.org.uk)

