

What Is Does Charitable Status Mean?

Charitable Status means that the Charity Commission (the charities' regulatory body answerable to the UK parliament) has approved your governing document and registered you as a charity. An organisation can still call itself a charity if it is not registered but it is a legal requirement for charities with an annual income of over £5000 to register.

When Should I Register as a Charity?

If your annual income is over £5000, you **MUST** register as a charity as it is a legal requirement.

Some charities may wish to register with the Charity Commission earlier than that if they:

- Want to access some of the benefits that charitable status brings.
- Anticipate their organisation will grow.
- Want to access grants that require charitable status.

What Are The Benefits of Registering as a Charity?

- Your governing document is checked by the Charity Commission and, if approved, you can have confidence that the document is reliable.
- Charitable Status means others can have confidence in your organisation.
- Some grant making bodies (particular major ones) will only fund registered charities
- Tax and rates advantages. These include:
 - Full exemption from corporate tax for the primary purpose of your charity (on permitted trading and investment) (ancillary purposes are also allowed - things that are attached to and necessary for the primary purpose)
 - No stamp duty on land or other transactions
 - Gift Aid tax relief from donors (individuals and corporate)
 - Inheritance tax relief
 - Relief on gift or shares and some gifts in kind
 - Some VAT reliefs
 - Charities get a mandatory 80% relief from business rates (some local authorities give up to 100%)

What Are The Disadvantages of Registering as a Charity?

- You are not allowed to trade beyond your organisations primary purpose
 - A trading subsidiary can be set up to trade beyond this.
- Trustees cannot generally be paid (they cannot also be employees for example)
- You have to follow rules including fundraising, sponsorship etc
- Organisation's activities are limited to the purposes in their governing document.

Further Information

- Governing Documents Information Sheet (CVS Website)
- Charity Commission Website: www.charitycommission.gov.uk

Contact CVS Hounslow

If you would like help with this or any other issue, get in touch with Clare Sewell, the Development Officer at CVS Hounslow who would be happy to help.

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