



# Charity Registration

**What you need to consider if you're thinking about registering as a charity.**

## What is a charity?

- An organisation is a charity if it is established for exclusively charitable purposes i.e. if its objects are exclusively charitable. The objects, or aims of an organisation are set out in its constitution or other governing document.
- It is the law which defines a charity. Your group may well be charitable in the eyes of the law even though you have not yet thought of it as a charity.
- Registering with the Charity Commission does not make a group into a charity; registering simply turns an existing charity into registered charity.

## Charitable Purposes

An organisation will almost certainly be a charity if it meets the following four conditions:

**1. Its objects fall under one of the four categories below:**

- the relief of hardship
- the advancement of education
- the advancement of religion
- certain other purposes for the benefit of the community i.e. promoting rural and urban regeneration; relief of unemployment; the relief of old age, sickness, disability etc.; promoting racial harmony, the provision of recreational facilities open to everyone.

**2. Its objects are also for the public benefit:** the work of the group must benefit the community or a significant part of it.

**3. It has not been set up to undertake political or propaganda activities or regular trading activities,** though charities may carry out some trading in order to raise funds.

**4. It has not been set up to benefit personally its trustees or employees,** though it may of course employ staff.

The Charity Commission will look carefully at the Objects clauses in your constitution or other governing document to determine whether the purposes of your group are exclusively charitable. The Charity Commission provides examples of charitable objects on its website which you may wish to copy.

## Public Benefit

A charity must be for the benefit of the community as a whole or a significant part of it. In broad terms, the community may be a geographical area or a community of interest.

- A charity operating within a geographical area must demonstrate that it provides a benefit to the whole area. If a community association defines its area of interest as a particular electoral ward then it must be open to all who live within the ward.
- A community of interest may, for example, be disabled people or those suffering from a specific illness. In this case, the charity must be open to anyone within that particular community of interest.



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- There is one exception to the rule of public benefit: charities whose object is the relief of financial hardship may define their beneficiaries in a more restricted way. For example, they may limit their help to everyone with the same employer.

## Which Charities need to register?

By law every charity must register with the Charity Commission if it:

- Has a gross income of more than £5,000 or
- It occupies or uses rateable land
- Has a permanent endowment ( investments)

If your charity has less than an annual income of £5,000 can voluntarily register. If your charity wants to register but has an income less than £5,000 your paper work will be sent back to you, unless you have formal offer of funding that will take you above this limit.

## Main advantages of being a registered charity

- It is easier to raise funds. Many funders give grants only to registered charities. However, there is a certain amount of funding available for community groups which aren't registered.
- You are entitled to tax relief on several taxes and reduced business rates on your premises; and you may reclaim the tax on covenants and other donations by individuals.
- Registration lets the public know that your group is legitimate organisation and is being monitored by the Charity Commission.

## Obligations of a registered charity

- Any charity must keep to its charitable purposes at all times.
- A registered charity must follow Charity Commission rules concerning its annual report and accounts.

## How to register

The Charity Commission provides a clear Registration Application Pack containing an application form with notes and a trustees' declaration form.

You will need to send the Charity Commission

- The completed application form
- A copy of your constitution or other governing document which has been officially adopted.

The Charity Commission produces a model governing document for each of the three forms of charity organisation; it is essential that the governing document of you own group takes account of all the points in the relevant model .

- The Trustee Declaration form signed by all of your committee members declaring that they are willing to act as charity trustees.
- A copy of your accounts, or other financial information if you are a new group
- Background information, such as publicity material or newspaper articles which give a picture of your group's activities.

To find out more **[www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)** Or **0845 3000218**  
This is information only, details need to be obtained from Charity Commission