

## Getting Charitable Status

Not all voluntary organisations are charities, however worthy their aims. To become a charity an organisation must have purposes which the law sees as exclusively charitable. These are broadly covered by the four purposes of charity:

- the relief of poverty
- the advancement of education
- the advancement of religion and
- other purposes beneficial to the community.

An organisation which wishes to be a charity also needs to work for the benefit of either the public as a whole or a significant section of the public. This excludes organisations set up for the benefit of the trustees or of individuals and also some pressure groups and campaign organisations.

Arts organisations, for example, can become charities if their work is perceived to be of educational benefit to the public and provided the work is of high artistic merit. Encouraging participation in the arts is also recognised as beneficial. An arts charity must adhere to its objects: not producing pure entertainment which has no perceivable educational value or engaging in permanent trading activities.

As the funding climate changes, and trusts and other funders become more important, an ever growing number of voluntary organisations are registering as charities. This Information Sheet has been designed to guide you through the process of becoming a charity. The procedure varies between the four nations of the UK and is different again in the Republic of Ireland. The sheet focuses on England and also includes addresses for further information.

### What are the benefits of charitable status?

Charitable status has a number of benefits for organisations including better access to funding and sponsorship (some Trusts and Foundations cannot give to non-charities and cannot claim a tax reduction even if they do); exemption from Corporation Tax, and various other tax reliefs (VAT exemption does not apply as a charity). It also makes your organisation more attractive to individual donors.

### What are the responsibilities of Trustees?

Trustees meet regularly to administer a charity. If yours is not a new organisation then they will generally be made up of the Board of Directors. They can either run the charity on a daily basis themselves or employ staff, but even when there is staff the legal responsibility for the running of the charity remains with the trustees.

Trustees must act reasonably and with a high standard of care. Trustees who cause loss to their charity through lack of care or dishonesty may be required to repay the loss from their own pockets. They must never place themselves in a position where personal interest might conflict with their interests as trustees.

### Choosing a legal form for your charity

VAN operates as a charitable company limited by guarantee and most charities are also registered as companies. However, it is possible to register as an unincorporated charitable association. This is simple to operate provided the terms of its constitution are clear and workable. A charitable company is more complex but offers greater security to its Board of Directors, as discussed in the Information Sheet on Incorporation.

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### Registering as a charity in England and Wales

Almost all charities in England and Wales need to be registered with the Charity Commission. It is sensible to consult the Charity Commissioners before finalising the governing instrument or constitution of your charity. The Commissioners publish a green form containing questions designed to help determine whether the organisation is suitable to become a charity. It is important to take great care when completing the form, any inaccuracies can cause delays. The Commissioners usually ask organisations to submit the questionnaire along with two copies of their draft governing instrument and their financial records. The Commissioners will also check the name of the proposed charity and if it is the same as or similar to an existing charity you will be asked to change it.

Unless the application is very straightforward, the Commissioners will consult with the Inland Revenue who may recommend further changes to the charity's governing instrument. Once the application has been approved, the trustees can go ahead and set up the charity and send in the completed application form along with a certified copy of the governing instrument. A registration number will then be allocated to the charity and this should be quoted in any future correspondence with the Commissioners or the Inland Revenue.

### To find out more or begin the registration process contact:

The Charity Commission (England and Wales)  
St Albans House, 57-60 Haymarket, London  
SW1Y 4QX  
Telephone: 0171 210 4517  
[www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)

If you are considering setting up as a charity in England and Wales it is worth getting hold of a copy of Francesca Quint's book *Running a Charity* published by Jordans of Bristol (ISBN 0 85308 188 3).

### Other Related Information Sheets

Incorporation  
Community Interest Companies

Developed with thanks to  
Voluntary Arts Network [www.voluntaryarts.org](http://www.voluntaryarts.org)



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