



Resources for **small groups**

Charity Registration

The *Charity Commission* has a duty both to register and regulate charities in England and Wales. If your group meets certain criteria, you must register and your group then becomes accountable to the Charity Commission for the way it acts.

Who should register as a charity?

The criteria for registration are:

1. the objects of your group (as set out in your constitution) are charitable as defined by the Charity Commission and
2. your income from all sources is in excess of £5,000 per year, or
3. your group has a permanent endowment (e.g. funds that have been given to the group on the condition that they are never spent, or property that is not allowed to be sold), or
4. your group has the rateable use of any land or buildings (charity registration entitles a group to a reduction of 80% on business rates).

Many voluntary and community groups will meet at least one of 2), 3) or 4) above (e.g. even small groups will often have an income of over £5,000 in a year). The key issue with regard to charity registration therefore tends to be around criterion 1), whether the group's objects, its overall aims, can be defined as charitable.

Charitable objects and public benefit

To be considered a charity, a group must exist exclusively for the benefit of the public. All of the group's activities must benefit a significant section of the public. The implications of this are:

- All of the group's activities must be charitable, not just some of them.
- The definition of a 'significant section of the public' depends on the type of work the group is engaged in.
- The charity must exist for the benefit of the public, rather than for specific individuals. Therefore self-help groups tend not to be accepted as charitable, as they benefit the people who formed the group, rather than the wider public.

Charitable objects and the 13 heads of charity

In addition to its definition of public benefit, the Charity Commission uses other criteria (known as heads) to determine whether a groups objects are charitable. The 13 heads of charity are:

1. the prevention or relief of poverty;
2. the advancement of education;
3. the advancement of religion;
4. the advancement of health or the saving of lives;
5. the advancement of citizenship or community development;

6. the advancement of the arts, culture, heritage or science;
7. the advancement of amateur sport;
8. the advancement of human rights, conflict resolution or reconciliation or the promotion of religious harmony or equality and diversity;
9. the advancement of environmental protection or improvement;
10. the relief of those in need, by reason of their youth, age, ill-health, disability, financial hardship or other disadvantage;
11. the advancement of animal welfare;
12. the promotion of the efficiency of the armed forces of the Crown or of the police, fire and rescue services or ambulance services; and
13. the other purposes currently recognised as charitable and any new charitable purposes which are similar to another charitable purpose.

Responsibilities of Charity Registration

- informing the Charity Commission of changes you make to your constitution (in some cases, you must get their prior approval to make these changes).
- sending an annual return to the Charity Commission and
- accounting for your funds in a way specified by the Charity Commission's Statement of Recommended Practice (SORP).

Benefits of Charity Registration:

- greatly increases the number of potential funders for your group, as many grant-giving trusts only fund registered charities
- improves your public image
- provides some financial benefits in terms of tax and VAT.

In summary, currently to register as a charity a group must:

- exist for the public benefit;
- have objects which can be defined as charitable and have activities which further those objects;
- have a constitution which contains procedures which are recognised and approved by the charity commission;

and either have:

- income in excess of £5,000 per year, or
- a permanent endowment, or
- use of land or buildings.

