

## WHY YOU NEED TO REGISTER AS A CHARITY

*Because the law says so:* Organisations carrying out wholly charitable purposes and activities with an annual income over £5000 must register with the Charity Commission.

*Because it makes good sense:* The Charity Commission have a legal obligation to ensure that a charity meets the requirements laid down by the Charities Acts 2006. Registration will help bring recognition that the charity is properly and efficiently run.

### Eight good reasons to register:

- \* *Increasing your credibility:* People will see your cause as genuine and trustworthy. Registration demonstrates credibility and that the organisation is answerable to the Charity Commission.
- \* *Better funding opportunities:* When looking for funding from charitable trusts & corporate bodies, many will only make grants to registered charities.
- \* *Rate relief:* Relief on business rates for premises where occupied for wholly or mainly charitable purposes - mandatory 80%, discretionary 20% .
- \* *Relief from direct taxes:* Taxes such as capital gains tax, corporation tax, income tax and inheritance tax.
- \* *Exemption from tax:* On rents from land and property; grants from other charities; investments and dividends.
- \* *Tax benefits:* On covenanted donations, gift aid by companies and legacies.
- \* *Exemption from paying VAT:* On certain services, equipment and events.
- \* *Exemption from tax on trading profits:*
  - where the trading is carried out as part of the primary purpose of a charity eg an educational charity running a school.
  - where the trading activity is carried out mainly by beneficiaries of the charity eg charity for the benefit of disabled people selling goods manufactured by the beneficiaries.

## WHY YOU MAY NOT REGISTER

- *Political campaigning:* Certain political, campaigning and pressure group objectives are considered uncharitable and therefore cannot be undertaken.
- *Permanent Trading:* A charity cannot trade substantially in its' own right on a regular basis. If a charity wishes to trade to generate a regular income, it may be appropriate to set up a separate trading company which covenants its profits back to the charity.
- *Payment of trustees:* Trustees cannot personally benefit from a charity they administer. Out of pocket/reasonable expenses are all that a trustee may claim. However personal gain of trustees is not a good practice and would not be permitted as an exemption to registering.

## WILL YOU REALLY BENEFIT ?

- There is an instant positive benefit. Preparing for registration is a healthy exercise. It makes your organisation stop and think about its purpose and activities, its management and administration, which way it is going and what it is trying to achieve. These are all vital aspects of running a successful organisation. Registration encourages you to focus, perhaps for the first time. You will emerge on the other side all the better equipped to meet the challenge of working in today's increasingly demanding voluntary sector.