



By Miranda Marshall – Director at
Hayes + Storr

Sweet Charity



TA completely new charity structure which is now possible. This is the Charitable Incorporated Organisation ("CIO"). The first of these were registered with the Charity Commission in January 2013, after much delay. The CIO was included in the Charities Act of 2006. It provides limited liability to trustees of charities, similar to a charitable company, but in the form of a charity registered only with the Charity Commission (and not with Companies House).

The Charity Commission is accepting applications for new charities to be formed as CIOs where annual income is expected to be above £5,000. The option for existing company charities to convert to CIO structure will not become available until 2014.

The simplicity offered by CIO status and lack of dual registration by both the Charities Commission and Companies House will generally be a good thing. There will be a saving on compliance, administration and therefore cost. It may, however, not be the best legal structures for all new charities. Advice should be taken, for example, members of a charitable company have the right to remove trustees but this does not apply to a CIO, unless it is specifically added to its constitution.

In terms of accounts, a CIO must submit financial statements to the Charity Commission, regardless of income, whereas other charities only submit them if their income is above £25,000. This is of course separate from the Companies House accounting requirements for charitable companies.

Let me add a quick word on Gift Aid. This is hugely valuable and is often overlooked by smaller charities when receiving small donations, because of the perceived administrative burden. The Small Donations Scheme came into effect on 6th April 2013. It will allow eligible charities and Community Amateur Sports Clubs (CASC) to claim Gift Aid on small cash donations of up to £20 without requiring the donor to provide a Gift Aid declaration. Claims can be made on up to £5,000 pa, which is equivalent to a £1,250 tax recovery. The charity must have made Gift Aid claims in 2 out of the preceding 4 years to be eligible.

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If you require advice on this matter please contact Miranda on 01328 710210. If you require advice on any other legal matter please telephone our Wells office on 01328 710210 or email law@hayes-storr.com.