Charitable status



Are we going to set up a charity?

Being a charity means that an organisation has a specific status. To be a charity your group must satisfy two key legal requirements –

- Your group must operate for exclusively 'charitable purposes'. The law sets out 13 purposes which are legally considered as being charitable
- Your group must operate for the public benefit. This means that your group's activities must benefit the public generally or a sufficiently large section of the public. The benefit must also be identifiable and capable of being evidenced

If you are considering setting up and registering charity, we strongly recommend that you read all the Charity Commission guidance before starting your application.

You can also decide to set up a small charity and register at a later date, once your income reaches the threshold for charity registration (currently £5,000 per year).

It may be that your group doesn't meet the criteria for becoming a charity, but you can still operate for the benefit of the community in other ways.

This is a detailed area and you will probably need help to work through this. Your local county voluntary council (CVC) will be able to support you and provide information and advice.

> Advice about setting up a charity is available to voluntary organisations through the network of local voluntary councils (CVCs).

Other sources of information

The Charity Commission has a range of guidance for people thinking about setting up a charity:

Whether being a charity is the right option

What makes a charity

Charity registration

If your group wishes to benefit from charitable status then there are additional requirements relating to registration that you will need to be aware of.

Groups setting up as a Charitable Incorporated Organisation will be registered automatically with the Charity Commission (who are the regulator for charities in England and Wales) as part of the setting up process.

All other charities need to be registered with the Charity Commission if:

- the charity has, or expects to have, an annual income of over £5,000
- the charity is not an exempt or excepted charity

The list of charities that benefit from exemption or exception is fairly limited but the detail can be found on the Charity Commission website:

Exempt charities

Excepted charities

Under these rules you may be required to register your charity when it is first set up, or later if your group reaches the income threshold. It is important to note that even if your charity is not registered you will still have to follow charity law and more information about this is available in our Governance section.

Charity registration can be a difficult and involved process but help is available from your local county voluntary council.

Other sources of information

Charity Commission guidance on how to register a charity

LawWorks' free video on charity registration