This factsheet should be read in conjunction with 'Factsheet 1a: Starting a new group', 'Factsheet 1b: Setting up a new group', 'Factsheet 9: Choosing a legal structure' and guidance from the Charity Commission.

A charity is an organisation with exclusively charitable purposes that benefit the public. This means that each charity must be able to demonstrate that all of its aims are for public benefit and falls within 13 descriptions of purposes set out in the Charities Act 2011. The 13 descriptions of purposes can be found here:
www.gov.uk/government/publications/charitable-purposes/charitable-purposes

Why become a registered charity?
Most charities with an annual income of over £5,000 have to register with the Charity Commission unless they are applying to become a Charitable incorporated Organisation (CIO). Although charities with an income of £5,000 or less don't have to register, they still have to abide by Charity Law.

The main advantages of charitable status are:

Public recognition and trust
Charities are widely recognised as existing for social good. This can assist with fundraising.

A lock on assets
Organisations with charitable status cannot use assets for any purpose other than the pursuit of charitable objectives. The assets of a charity can never be used for private benefit.

Tax relief
Charities benefit from a variety of tax reliefs including:
- exemption from corporation tax on profits from trading undertaken in the course of charitable provision (primary purpose trading)
- 80% mandatory and 20% discretionary relief from business rates (rate relief)
- Gift Aid relief on donations from individuals
- Stamp duty land tax relief on freehold property and leases acquired for charitable purposes
- As a charity you will not pay VAT on some goods and services. Find out what's exempt here: www.gov.uk/charities-and-tax

Funding
Certain sources of grant funding are open only to organisations with charitable status.

When to register
The Charity Commission regulates and administers all registered charities in the UK. A voluntary and community group (or organisation) can become a registered charity through the Charity Commission if:

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- It is using an appropriate governing document
- Its yearly income is more than £5,000 (except in the case of Charitable Incorporated Organisations (CIO's)
- Its purposes or aims are exclusively charitable and for the benefit of the public

Set up a charity
There is an online application process which must be completed on the Charity Commission's website: www.gov.uk/how-to-register-your-charity-cc21b

You will need to provide:
- your charity's main bank or building society details (sort codes, account/roll numbers)
- your charity's public contact details, including a postal address – this cannot usually be a PO Box address except in special circumstances (such as for a refuge)
- a copy of your charity's governing document as a PDF file – which has been signed or witnessed as necessary
- if your charity is a company: a copy of the certificate of incorporation and memorandum
- proof that your charity's income is over £5,000 (unless it's a CIO) – this can be its latest annual accounts, a recent bank statement or a formal offer of funding from a recognised funding body

Information about your trustees
Each trustee must read and sign the trustee declaration form to confirm they can act as a trustee of the organisation named on the declaration form. The commission will check that all those named in the application as trustees are eligible.

Once registered, you will have to abide by the Charities Act and must comply with Charity Commission regulations. These include:
- The completion of financial returns
- Approval by the Charity Commission of any changes to your governing document
- Informing the Charity Commission of any changes to your trustees

For more information on charity registration, visit:
www.gov.uk/government/organisations/charity-commission

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