



Stringer House, 34 Lupton Street, Hunslet, Leeds LS10 2QW
Tel: 0113 297 7920 • Fax: 0113 297 7921 • Minicom: 0113 297 7941
Email: info@val.org.uk • Website: www.val.org.uk

Charities Act 2006: Registration as a charity

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INTRODUCTION TO THE CHARITIES ACT 2006

The Charities Act 2006 – called “the Act” in this factsheet – was passed by parliament in November 2006. The Act contained a number of key elements – this factsheet focuses on the changes to the process of registering as a charity that have been introduced. Further information about the Act can be found at the following locations:

- to download The Charities Act 2006 go to the website of the Office of Public Sector Information at www.opsi.gov.uk.
- the Cabinet Office and the Charity Commission have produced an excellent summary of the main changes introduced by the Act. “Charities Act 2006: What trustees need to know.” To order a copy call: 0845 015 0010 or visit: http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/charities_act_web.pdf.
- the Cabinet Office’s general pages on the Charities Act 2006 can be found at: http://www.cabinetoffice.gov.uk/third_sector/law_and_regulation/charities_act_2006.aspx
- the Charity Commission’s website at www.charitycommission.gov.uk provides more detailed guidance on all aspects of the Act as well as up to date information on implementation.
- useful details can also be found on Sandy Adirondack’s website (including updates on the new legal structure introduced by the Act – the Charitable Incorporated Organisation – the CIO): www.sandy-a.co.uk/managing.htm.

THE REGISTRATION THRESHOLD

Only organisations with charitable purposes and with an annual income above £5,000 must register with the Charity Commission. This is an increase from the previous limit of £1,000. It is known as “the registration threshold”.

Eventually, small charities with an income below £5000 will be able to register voluntarily. In the meantime the Charity Commission will consider requests from organisations below the registration threshold that have a particular need to be registered on a case by case basis.

Existing registered charities with an annual income below the registration threshold can ask to be removed from the Charity Commission register. However, they will remain charities and will have to comply with charity law. The Charity Commission has produced Operational Guidance on this subject (OG17 – Removal of organisations from the register); in addition, contact the Small Groups Development Worker at VAL for further clarification.

More information on the registration threshold:

Charity Commission website: www.charitycommission.gov.uk

- CC21 – Registering as a charity
- OG17 – Removal of organisations from the register

CHARITABLE PURPOSES

The Act defines a charity as a “body or trust that is for charitable purpose that provides benefit to the public.” The Act list 13 charitable purposes and any charity must have purposes that fall within the 13. (You will find your charitable purposes in the “objects” clause of your governing document.)

The 13 charitable purposes 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 or racial harmony or equality and diversity
9. The advancement of environmental protection or improvement
10. The relief of those in need by reason of 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 the efficiency of the police, fire and rescue services or ambulance services
13. Other purposes that are currently recognised as charitable or in the spirit of any purposes currently recognised as charitable

More information on charitable purposes:

- Commentary on the description of charitable purposes in the Charities Act 2006: <http://www.charitycommission.gov.uk/spr/corcom1.asp>

PUBLIC BENEFIT

All charities must have charitable purposes that benefit the public. The Act requires that all organisations on the register of charities must be able to demonstrate that their purposes benefit the public.

All organisations applying for registration must provide evidence that their charitable purposes will be for the public benefit.

More information on public benefit:

- <http://www.charity-commission.gov.uk/publicbenefit/default.asp>

MORE INFORMATION IS AVAILABLE FROM

- Guidance and training for the voluntary sector in the Metropolitan District of Leeds is available from the Small Groups Development Worker at Voluntary Action Leeds.
- The Charity Commission has a help line and the telephone number is: 0845 300 0218.
- The Charity Commission also has a comprehensive website and contains full information relating to registration including examples of charitable objects and purposes, model governing documents and application forms for registration.

FINAL WORD OF ADVICE

Do not spend hours completing the application form unless you have taken advice that you are in fact required to register.

Voluntary Action Leeds

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Registered Office: Stringer House, 34 Lupton Street, Hunslet, Leeds LS10 2QW