

## Choosing the Right Legal Structure for Your Charity

Selecting the right legal structure is one of the most important decisions when starting a charity. It determines how your charity operates, its legal responsibilities, and how it can raise funds. Use this guide to choose the best option for your organisation.

### Charitable Incorporated Organisation (CIO)

- ✓ A legal entity that provides limited liability for trustees.
- ✓ Registered with the Charity Commission (no need to register with Companies House).
- ✓ Ideal for charities that want a simple structure with corporate status.
- ✓ Can enter contracts, employ staff, and hold property in the charity's name.
- ✓ Suitable for charities expecting to generate income over £5,000 per year.

### Charitable Company (Limited by Guarantee)

- ✓ A registered company with limited liability for trustees.
- ✓ Must register with both the Charity Commission and Companies House.
- ✓ More administrative work but offers a well-recognised structure for fundraising and growth.
- ✓ Can enter contracts, own property, and employ staff.
- ✓ Suitable for charities planning to engage in commercial activities or large-scale fundraising.

### Charitable Trust

- ✓ Best for charities that focus on grant-making or managing assets.
- ✓ Managed by trustees with no corporate status.
- ✓ No need to register with Companies House.
- ✓ Simple structure but trustees are personally liable for any debts.
- ✓ Suitable for charities that do not require staff or significant contracts.

### Unincorporated Association

- ✓ A flexible structure for small charities and community groups.
- ✓ No requirement to register with Companies House.

- ✔ Trustees are personally liable for debts and obligations.
- ✔ Cannot own property or enter contracts in the charity's name.
- ✔ Suitable for volunteer-led organisations with minimal financial risk.

## **How to Choose the Right Structure**

Ask yourself:

- ✔ Will your charity employ staff or own property? → Consider CIO or Charitable Company.
- ✔ Are you primarily grant-making? → A Charitable Trust might be best.
- ✔ Do you want a simple, low-cost structure? → An Unincorporated Association could work.
- ✔ Do you plan on major fundraising or contracts? → A CIO or Charitable Company is ideal.

**Making the right choice from the start can save you time and legal headaches later! Need help deciding? RS Charity Solutions is here to guide you.**

**Contact us today!**

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