

# Quick Guide to.....Becoming a Charity

## What is Charitable Status?

There are approximately 23,500 charities in Scotland the majority of which are small with an income of under £25,000. 'Charitable Status' is a legal form which can have benefits particularly where certain taxes are concerned whilst being a charity can often help an organisation's fundraising. This said, it is always important to fully consider the implications of being a registered charity as the regulations and duties that apply to this status by law are certainly more onerous.

As a registered Scottish Charity an organisation becomes publicly accountable which means the information relating to the running of the organisation i.e. annual accounts etc, will be made publicly available. Charities are heavily regulated to ensure there is no misuse of the status and the charity is complying with the law. This means routine checks are carried out by the charity regulator OSCR (Office of the Scottish Charity Regulator) an independent body, at least once a year.

Charity trustees (the Board or Committee who manage the organisation) also have greater responsibilities. The majority of duties they have are the same as that of an ordinary Management Committee or Board of Directors but they do have additional legal responsibilities imposed on them by the regulator.

## What are the pros and cons of becoming a charity?

### The main advantages of being a registered charity are:

- Your organisation can qualify for certain tax relief e.g. corporation/income tax, council tax/rates etc.
- Many grant making trusts will only give grants to registered charities
- Charitable status can often help organisations with their general fundraising as the general public are more likely to make donations to 'charities'

### The main disadvantages of being a registered charity are:

- Charities are publicly accountable and **must** provide certain information to the charity regulator every year
- The amount and detail of information you need to provide OSCR with will depend on the organisation's income i.e. more detailed information is required for organisations with an income of £25,000 or over
- Charities must notify and get consent from OSCR before doing certain things.

## What is OSCR?

The **Office of the Scottish Charity Regulator** is the body set up to regulate Scottish Charities. It has the authority to grant organisations Charitable Status but it also monitors charities to ensure they are operating legally and comply with charity legislation. This tougher monitoring of Scottish Charities was in response to a number of high profile cases where bogus charities exploited the status for personal gain resulting in a loss in public confidence. OSCR is responsible for:

- ◆ Maintaining a register of Scottish Charities
- ◆ Dealing with applications for charitable status
- ◆ Monitoring registered charities
- ◆ Investigating misconduct in the running of a charity
- ◆ Dealing with the Scottish Government on matters relating to OSCR functions

## How to Become a Charity?

To apply to become a Scottish Charity an organisation must complete a **Charitable Status Application Form** and a **Charity Trustee Declaration Form** which are both available from OSCR or can be downloaded from their website, [www.oscr.org.uk](http://www.oscr.org.uk)

Both forms should be sent to OSCR along with a copy of the organisation's Constitution or other founding documents, a signed copy of the most recent accounts (unless the organisation is still within the first year of operating), and a document which outlines the future plans for the organisation i.e. a Business or Operational Plan, or any other document which provides this type of information.

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