



NCVS information sheet

Charitable incorporated organisation (CIO)

The Charitable Incorporated Organisation (CIO) was introduced by the Charities Act 2006. A CIO will be a corporate body with a constitution, and will be registered with, and regulated by, the Charity Commission. It is hoped that the CIO will be suitable for most charities. Nevertheless, trustees will need to take advice if they are considering setting up a new charity as a CIO or would like to change an existing charity into a CIO as there are many things to consider.

However, the reform of company law which has taken place under the Companies Act 2006 may mean that the existing charitable company structure ends up being simpler to operate than the CIO structure.

The introduction of the CIO has been delayed several times and it is likely that it will not be available until 2011, or even 2012. Even when it is introduced, we would not advise an organisation to rush to use an untried structure but rather to wait until others have tested it. So our advice is that an organisation needing the advantages of incorporation should definitely consider becoming a charitable company now, rather than waiting for the CIO to become available.

The CIO is needed, but...At present any charity that wants to limit their liabilities must register as a company as well as a charity. The point of introducing the CIO into law was to create a structure that encompassed charitable status with the advantages of legal personality and limited liability. It is expected that the CIO will enable charities to obtain the benefits of incorporation without having to undergo dual registration and regulation.

What will be the advantages of CIOs over charitable companies?

The CIO has several advantages, all stemming from the fact that the organisation will only need to register with the Charity Commission. This single registration should save time, money and angst in the long term because there will be no requirement to provide accounts, reports and returns to Companies House.

It is hoped that anyone wanting to set up a new charity will be able to register it as a CIO. The Charities Act 2006 suggests that conversion of an existing charity into a CIO will be straightforward but more detail on the conversion process is required before we can be sure that this is the case. As we said above, reforms brought in under the Companies Act 2006 may mean that the existing charitable company structure ends up being simpler to operate than the CIO structure.

We will update this sheet as soon the information is available. The latest news will be on the Charity Commission website www.charitycommission.gov.uk

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