



Chris Robinson

*Legal Consultant
Clarity & experience
in corporate law*

Charity vaunteth not itself

The new Charitable Incorporated Organisations

Whoever said, “every charitable act is a stepping stone towards heaven” probably didn’t contemplate the Charities Act 2006!

We will be getting a new form of incorporated body: the Charitable Incorporated Organisation, or **CIO**. It joins a very select band of forms of incorporation with limited liability. For years we had only the Companies Act company, industrial and provident societies, and companies incorporated by statute or Royal Charter; in recent years they have been joined by the open-ended investment company (OEIC), the LLP, the community interest company (CIC), the European EEIG and SE, and now the CIO.

For many years it has been common for charities to be registered as companies, not least to get limited liability for the trustees. The relationship between charity and company law has always been a little tense, and it started to become necessary for the Companies Act to make special provision for charitable companies. Now it has been realised that it makes more sense to have an entirely separate form of incorporation for charities, overseen by the Charity Commission rather than Companies House and the BIS.

Unfortunately there have been long delays in bringing the new legislation into force, and there is still no sign of it happening. To avoid a logjam of applications, existing charitable companies may not be allowed to apply for some time after the starting-gun. There will be a procedure for converting existing companies to CIOs, so there will be no need to transfer assets from the old company to the new CIO – though that will still be needed to turn an unincorporated charity into a CIO.

Charities with complicated governance structures or membership schemes would be well advised to start drafting their new constitutions now, if they want to take up the new format as soon as it becomes

+44 (0)7770 601840 – chris@cirobinson.co.uk – www.clarityincorporatelaw.co.uk – 58 Augusta Avenue, Northampton NN4 0XP
Blog: <http://clarityincorporatelaw.blogspot.com>. On behalf of Chris Robinson Ltd (registered in England and Wales no 7246040 r/o as above) which does not provide legal services to the public and which advises clients only as agent on behalf of law firms regulated by the Solicitors Regulation Authority. When I am not retained by another regulated law firm, services are provided by Excello Law Limited. This article is intended to provide only general information and must not be relied on as legal advice or otherwise. No solicitor-client relationship is created with the reader. Subject to the terms (including limits on liability) and disclaimers at <http://clarityincorporatelaw.co.uk/legalstuff>. Any advice contained in this article is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the U.S. Internal Revenue Code or (ii) promoting, marketing or recommending to another party any U.S. federal tax transaction or matter. This article addresses only the law of England and Wales. © C I Robinson 2011.

available. More information is on the [Charity Commission's website](#). The legislation setting out much of the detail on how CIO's will work (which is not yet in force) is in [Schedule 7 to the Charities Act 2006](#).

Chris Robinson

May 2012

© Chris Robinson 2012. I don't usually mind friends reproducing my articles with acknowledgement – just ask.

Please comment or discuss this article using the links below.

+44 (0)7770 601840 – chris@cirobinson.co.uk – www.clarityincorporatelaw.co.uk –

Blog: www.clarityincorporatelaw.blogspot.com – Facebook: www.facebook.com/ClarityinCorporateLaw

LinkedIn: <http://uk.linkedin.com/in/chrisrobinsonlawyer> – Twitter: <https://twitter.com/#!/ChrisRobinson58>