

LEGAL STRUCTURES OVERVIEW

Legal structure	Overview	Do you need to register?	Are the people who run the org legally and financial liable?	Can the people in charge pay themselves?	Are you exempt from Income Tax and Corporation Tax?	Possible sources of funding
Unincorporated association / Small charity	Simple to set up and run. Under £5000 annual income and likely to stay small. Model governing documents are available.	No. You don't need to register with the Charity Commission but you can register with HMRC for gift aid.	Yes. The org cannot employ staff or own premises in its own right.	No, trustees cannot be paid for their work.	Yes. Most of the income and gains received by charities are exempt from Income Tax and Corporation Tax provided that the money is used for charitable purposes only.	Small grants from local funders, donations, crowdfunding.
Community interest company (CIC) www.cicregulator.gov.uk	A limited company structure for social enterprises with a secure "asset lock" and focus on community benefit. Model governing documents are available.	Yes. You need to register and report annually to companies house and the CIC regulator. You can't register with the Charity Commission.	No Members' liability limited by guarantee (can be £1).	Yes, directors can be paid for their work.	No. CIC must pay corporation tax on any annual surplus and may be liable for business rates.	Usually has products or service that provide income. Some trusts and foundations will fund CIC's but generally prefer majority of Directors to be unpaid.
Charitable Incorporated Organisation (CIO)	For larger organisations. Get the benefits of a charity and the limited liability of a company. Foundation model CIOs: trustees only members. 'Association model CIOs: larger voting membership	Yes. You need to register and report annually to the Charity Commission but you can't register with Companies House.	No. Members either have no liability or limited liability.	No – trustees and members cannot be paid for their work. (Unless constitution, court or Charity Commission permit)	Yes. Most of the income and gains received by charities are exempt from Income Tax and Corporation Tax provided that the money is used for charitable purposes only.	Small grants from local funders, donations, crowdfunding, grants from larger Trusts and Foundations.

*These are not the only legal structures that are available. Find information about other structures at: <https://www.gov.uk/guidance/charity-types-how-to-choose-a-structure>