

Charitable incorporated organisations – Not yet approved

From early 2008, you will be able to set up as a charitable incorporated organisation (CIO). This form is specifically tailored for charities registered in England and Wales. It will be available to new organisations and existing charities that meet all the criteria for being a charity but do not want to use the charity form.

Converting to a CIO

Under certain conditions, the following organisations may be able to apply to the Charity Commission for conversion to a CIO, and for the CIO to be registered as a charity:

- an existing company which is registered as a charity
- a charity which is a regulated industrial and provident society

Exempt charities and companies or regulated societies with a share capital - where any of the shares are not fully paid up - will not be able to apply for conversion to a CIO.

Special features of CIOs

CIOs will differ from traditional charities in the following ways:

- Although CIOs will not use company terminology - directors will be called charity trustees - they will be closer to companies than charities are.
- Traditional charities may or may not be incorporated, depending on their legal form. As CIOs are always incorporated, they will be separate legal entities and their members will have either no liability or limited liability.
- CIOs - like Community Interest Companies and community benefit societies - will have their assets locked in for the benefit of the community. They will not be able to distribute profits or assets to their members.
- Unlike charities, CIOs will report only to the Charity Commission, not to Companies House or the Financial Services Authority.
- A choice of formats and administration will be available to suit organisations of all sizes, with or without a membership structure.