

## CHURCHES AS CHARITIES

Churches whose income is over £100,000 per annum are legally required to register as charities. This arises under the Charities Act 2006. In due course the figure of £100,000 will be reduced until all churches - other than those with a very low income, currently under £5,000 per annum – have registered. Therefore all church officers should give serious consideration to the following information, but those whose income is over £100,000 per annum should do so as a matter of priority.

However, if a church's income is over £100,000 one year because of an exceptional reason, say the receipt of a very large legacy or gifts in connection with a building project, and the church's income is usually less than £100,000, the church should not register. Instead, the church should write to the Charity Commission explaining the situation and enclosing a copy of their previous year's accounts showing that their normal income is less than £100,000 and the Charity Commission ([www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)) will confirm that the church does not need to register.

The requirement for churches to register as charities deals only with the “working funds” of the church. A church's property assets - such as the chapel and manse - are covered by separate trusts having their own trust deeds and trustees. These particular trusts are not affected by the issues raised in this Factsheet.

The technical point at issue is that, in the past, churches have been afforded charitable status by virtue of “excepting regulations” (a Statutory Instrument passed under the authority of Parliament) whereby they are treated as charities but “excepted” from having to go through the formalities of registration. Following the passing of the Charities Act 2006, “excepted status” is coming to an end and churches have to retain their charitable status by the normal means of registration.

Some churches have expressed concern over state interference in church life, but the Charities Act 2006 does not give rise to any fundamental considerations that are any different from those that have existed since 1601 under what was then the 1601 Charitable Uses Act, when the advancement of religion was first recognised as a charitable purpose. The Charity Commission have always had jurisdiction over churches and so, from that perspective, the situation has not changed.

A Church Charity Constitution (devised by the Grace Baptist Trust Corporation in conjunction with the Area Associations of Grace Baptist Churches) has been recognised and approved by the Charity Commission. This means that Grace Baptist churches that apply for registration using this particular constitution will be fast-tracked through the registration process without being asked detailed questions by the Charity Commission – unless there are obvious errors in the paperwork.

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A copy of the [Approved Church Charity Constitution](#) is available to download or print from our website or may be obtained on request from the office, in addition to [explanatory notes](#) on the same.

The constitution is a minimalist document that sits alongside a church's existing constitution. It covers the very least that is legally required in a charity's governing document and excludes an enormous amount of internal regulations that govern the day to day life of a church. To avoid confusion, churches that use this constitution will have to rename their existing "constitution" as their "Rules and Regulations" but normally will not need to make any other changes. Very occasionally it may be necessary to alter a church's "Rules and Regulations" so that they are not in conflict with the Approved Church Charity Constitution, but such alterations are likely to be minor.

Some churches have expressed concern at having to revise existing constitutions which they might have spent a number of years producing. However, that will not be necessary. All that is required is for a church to rename its constitution as its "Rules and Regulations", make sure that there are no conflicts with the Approved Church Charity Constitution and then apply for registration as a charity. Churches that may not have a comprehensive set of "Rules and Regulations" may [download or print](#) a model set from our website or obtain a copy on request from the office.

Churches are at liberty to disregard the Approved Church Charity Constitution and proceed in a manner which they consider to be appropriate. However, churches that take this approach will not be fast-tracked through the Charity Commission's registration process and their applications will be scrutinised very closely by the Charity Commission's registration department.

The Approved Church Charity Constitution must be used exactly as it is, subject to relevant information being inserted or options being selected, as appropriate. Any alteration, however slight, will alter its status from being an Approved Church Charity Constitution (resulting in fast-tracking) to that of a general constitution (resulting in Charity Commission scrutiny).

Churches that wish to use the fast-track process must register on-line using the Charity Commission's On Line Application for Registration routine (OLAR). Technical guidance notes that sit alongside each screen on the Charity Commission's Website, explaining how each question needs to be answered, are available on request from the office.

Some churches suppose that because they are registered with the tax office for gift aid tax refunds (with a number like XN12345) they are also registered charities. That is not the case. Such churches are 'excepted charities' not 'registered charities', and will have to go through the process of registering with the Charity Commission when their income reaches the compulsory level.

Once a church is registered as a charity, the law requires that the church indicates their registered charity status on all official documents, such as letterheads, cheques, information leaflets seeking funding for projects and so on. Incidentally, it is not a legal requirement for churches to state their charity registration number on such documents but many charities choose to do so. Similarly a church's website should make it clear that they are a registered charity.