

Delays to CIO conversions

At present, new charities and existing unincorporated organisations can apply to register as a Charitable Incorporated Organisation (CIO). The Charities Act 2011 includes provisions to allow companies limited by guarantee (whether charitable or non-charitable), community interest companies (CICs) and industrial and provident societies (IPS) to convert to a CIO. The regulations governing these conversions were expected to be introduced in early 2014, but have now been delayed. The Charity Commission have no date set for bringing in the regulations, although they are hoped to come in later in the year.

The delay means that any existing companies looking to become a CIO will instead have to set up a new CIO and transfer its assets to it. This is a more complicated process than a conversion, and therefore it may be preferable to wait until the regulations are introduced before thinking about changing legal structures.

CIOs are a new legal structure for charities, which were introduced in January 2013. So far, approximately 1,400 organisations have been registered as CIOs with the Charity Commission. A CIO is an incorporated form of charity but is not a company. The CIO is therefore registered only with the Charity Commission and not Companies House, and is not subject to company law. The new structure was introduced in the Charities Act 2006 as a way of allowing charities to enjoy the benefits of incorporation without the dual burden of reporting to both the Charity Commission and Companies House. Our previous e-mail update on CIOs discussed some of the pros and cons of the CIO structure [available here](#).

The Charity Commission used a staged process to register CIOs based on the size of the organisation, but as of 1 January 2014 any organisation can register as a CIO even if its income is less than £5,000.

The Russell-Cooke charity & social business team has set up a number of CIOs, so please get in contact if you would like more information on the registration process.

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