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BRIEFING PAPER

THE DIFFERENCES BETWEEN CICs AND CIOs

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THE DIFFERENCES BETWEEN CICs AND CIOs

Community Interest Company (CIC)

The CIC is a "Community Interest Company". It is a company registered with the CIC Regulator at Companies House. It can be a trading company, it can be a wholly owned subsidiary trading company of a charity. It does have to show that it was set up to serve a particular community or communities in a particular way.

A Community Interest Company pays corporation tax and cannot claim Gift Aid. It costs a little more to set up and it has to pay an annual filing fee of £15 when submitting accounts. It also has to show how it benefited the Community during the year. It is normally an "asset-locked" body meaning that in the event of dissolution any remaining assets would be given to a nominated body which could be a charity.

The CIC is currently available.

Charitable Incorporated Organisation (CIO)

The Charitable Incorporated Organisation (CIO) is a new structure specifically for charities. It offers all the current benefits of a charitable company: limited liability, corporate entity, exemption from Corporation Tax, Gift Aid. It will be simpler to run: it will only need to register with the Charity Commission.

There are simpler accounting requirements for CIOs. Small CIOs will be able to prepare receipts and payments accounts, whilst large ones will prepare standard Charities Act accruals accounts. CIOs are only accountable to the Charity Commission thus reducing the dual reporting requirements for charitable companies who have to report to both the Charity Commission as well as Companies House.

The CIO is likely to be available during 2008. Existing charitable companies will be able to convert to the CIO with the Charity Commission liaising with Companies House over the dissolution of the Company. New charities will also be able to register as CIOs and any new CIO will have to register with the Charity Commission regardless of its turnover. All CIOs will also have to prepare accounts to meet the SORP requirements and submit these to the Charity Commission regardless of turnover.

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