

<b>Comparing legal forms</b>							
	<b>Charity</b>	<b>Company limited by shares</b>	<b>Company limited by guarantee</b>	<b>Community Interest Company</b>	<b>Society for the benefit of the community</b>	<b>Bona-fide co-operative</b>	<b>Unincorporated association</b>
<i>Incorporated with separate legal identity?</i>	Yes	Yes	Yes	Yes	Yes	Yes	No
<i>Limited liability for members?</i>	No	Yes	Yes	Yes	Yes	Yes	Members are unlikely to incur liability unless there is an indemnity in the constitution
<i>Limited liability for directors / committee?</i>	No	Yes	Yes	Yes	Yes	Yes	No
<i>Constitutional document?</i>	Constitution	Memorandum & articles of association	Memorandum & articles of association	Memorandum & articles of association, community interest statement	Rules	Rules	Various names may be used.
<i>Objects (what does it do?)</i>	Must be charitable	Any	Any	Must be some benefit to the / a community	Must be for the benefit of the community	Must follow co-operative principles.	Any
<i>Charitable status?</i>	If income over £5,000 then obligatory	Usually not	Can be	No	Can be	Usually not	Can be
<i>Regulator</i>	CC	CH	CH	CH	FSA	FSA	None
<i>Registration with regulator</i>	Dependent on income	Yes	Yes	Yes	Yes	Yes	No
<i>Fees for registration?</i>	Free	£20	£20	£20	£100 - £950	£100 - £950	Not applicable
<i>Debt financing available?</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Equity</i>	No	Yes	No	No	Not	Not	No

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<i>Financing?</i>					conventional equity	conventional equity	
<i>Protection of social purpose</i>	Object protected by constitution	None unless charitable, but some safeguards can be built into constitution	None unless charitable, but some safeguards can be built into constitution	Protected by memorandum & articles, community interest statement, asset lock	FSA must approve rule changes and will protect purpose	FSA must approve rule changes and will protect purpose	Possible
<i>Membership voting</i>	Usually one member one vote	Usually one share one vote	Usually one member one vote	Usually one member one vote	Usually one member one vote	One member on vote	A per constitutional document, usually one member one vote
<i>Stakeholder involvement</i>	Possible	Possible if built into the structure explicitly	Possible if built into the structure explicitly	Possible	Possible if built into the structure explicitly	Normal	Possible
<i>Corporation tax</i>	No	Yes	Yes	Yes	Yes	Yes	Yes
<i>VAT</i>	No (but can register)	Yes	Yes	Yes	Yes	Yes	Yes
<i>Capital gains tax</i>	No	Yes	Yes	Yes	Yes	Yes	Yes
<i>Stamp duty</i>	No	Yes	Yes	Yes	Yes	Yes	Yes
<i>Tax on bank interest</i>	No	Yes	Yes	Yes	Yes	Yes	Yes

*Abbreviations;*

CC = Charity Commission

CH = Companies House

FSA = Financial Services Authority

*Definitions;*

Capital Gains Tax = tax payable when you dispose of an asset (and you sell it for more than you bought it) or receive a sum of money in respect of an asset (if it is a capital sum ie one that is not part of your income for tax purposes). A home is not subject to Capital Gains Tax.

Corporation Tax = tax on the profits of the organisation ie its income or profits tax.

Equity financing = raising money by selling a “stake” (often shares) in the organisation.

Stamp Duty = Stamp Duty Land Tax; tax paid when you purchase buildings.

VAT = Value Added Tax. Tax payable on final consumption of a good. If you buy something that you will then sell on you can reclaim the VAT.

For more information see –

HM Revenue & Customs - <http://www.hmrc.gov.uk/>

Companies House - <http://www.companieshouse.gov.uk/>

Charity Commission - <http://www.charity-commission.gov.uk/>

Financial Services Authority - <http://www.fsa.gov.uk/>

It is advisable to consult an accountancy or legal professional for detailed information on these matters.