

## Advice for groups with an income under £5k

### How do we define our charity if we are too small to register?

As long as you adhere to the legal definition of a charity (ie. have charitable purposes and can prove public benefit), you may refer to your organisation as a charity. **DO NOT** use the word(s) "registered" or "charity status" or anything else that may mislead donors or the public. If your charity has an HMRC number, you may wish to state this fact e.g. "our charity is a not-for-profit organisation recognised as charitable by HMRC for tax purposes" but **DO NOT** quote your actual tax number - this could make your charity vulnerable to fraud.

Further information about charitable purposes and public benefit can be found here:

[What makes a charity?](#)

### How do we prove our legitimacy to funders and donors without a registration number?

Be as open and transparent as possible when you market or fundraise on behalf of your charity and be very careful not to mislead potential funders and donors with confusing language regarding your non-registered status. The key is to build trust and confidence with your funders and donors and there are a number of ways you can do this:

- Have an online presence so that potential funders and donors can read about your work.
- Make your governing document (or parts of it) available on your website or in printed form to demonstrate clearly your group's purpose and how it is organised.
- Register with HMRC for tax purposes (any charity can do this, no matter how small). This is particularly useful when claiming gift aid. By registering with HMRC you receive recognition for your charitable purposes and so give your charity further legitimacy.

### How do we register with HMRC for tax purposes?

Visit the HMRC charities webpage (more specifically, the part about [charitable recognition](#)). You will need to apply either [online](#) or complete the [ChV1 form](#) and send it by post. Do read all the guidance provided to do this. Please be aware that, as part of your application, you will need to provide supporting evidence of your charitable purposes, and normally a small charity constitution will not suffice. You will probably have to consider developing one of the longer [model governing documents](#) provided by the Charity Commission. HMRC also expects your charity to have already set up a bank account.

Further information is available here:

[Applying for recognition as a charity for tax purposes - HM Revenue & Customs](#)

[Registering for Gift Aid infographic - HM Revenue & Customs](#)

If you have any questions, call the HMRC Charities Helpline (0300 123 1073). They are usually very helpful.

### **How do we open a bank account if our charity is not registered?**

Unfortunately, there's not a lot of consistency when it comes to opening a bank account. Some banks insist on an HMRC number, and others will only recognise registered charities. However, it is possible to open a charity bank account or similar specialist account without being registered with HMRC or the Charity Commission.

As well as charity bank accounts, some banks offer other specialist accounts, such as "community", "not for profit" or "clubs and charities" accounts (e.g. NatWest). There are also specialist charity banks (e.g. Charities Aid Foundation (CAF) Bank, Unity Trust Bank).

Finding the right bank for your organisation can be a difficult process, so it is worth spending some time researching and speaking personally to a number of banks to find out if they can meet your needs and what they require from you.

If for whatever reason it is not possible to register a bank account in the charity's name, your treasurer may consider opening a personal one, but should do so separately from any other account he or she may have. If possible, facilitate two signatures to sign cheques. Additionally (but certainly if the latter cannot be done) make a statement to the other trustees to the effect that the treasurer holds money in account X on behalf of the charity, and to file that statement with the charity's records.

For more resources, visit [www.3va.org.uk](http://www.3va.org.uk).

You can also contact us at [info@3va.org.uk](mailto:info@3va.org.uk) or on 01323 639 373.

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registered in England and Wales.