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Charities must deal with implementation of New Charities Act during 2010



The current economic climate presents many challenges for charities and not for profit organisations. Escalating pressures have impacted on fundraising and many charities are experiencing an unprecedented demand for services.

In addition, increased complexity can be expected when the Charities Act, introduced in 2009 is implemented in stages during 2010. There will be a consultation programme with the charities and not-for-profit sector during 2010 and this consultation review will discuss amongst many things the form and content of the Annual Report that charities will be obligated to submit to the new Charities Regulatory Authority ("CRA").

Commenting on the impact of the expected new legislation, Conor Woods, Partner, Russell Brennan Keane says "The key aims the proposed legislation is to bring added transparency to the Charities and Not for Profit sector in Ireland and may result in consolidation across the sector amongst a number of Charities'

The key aspects of the Act are:

- The establishment of the Register of Charitable Organisations ("the Register").
- The establishment of the Charities Regulatory Authority ("CRA").
- The obligation for all charities in Ireland to apply for registration with the Register.
- The definition of a charity.
- Charities already with a registered charitable status with the Revenue Commissioners will be automatically included in the Register.
- Definition of the requirement to maintain proper books and records and to complete a statutory audit on all charities where income or expenditure exceeds a predetermined threshold.
- Details of the financial, operational and management aspects of the charity to be contained in an annual report to be submitted to the CRA.
- The Companies Act will still apply to charities that are incorporated under the Companies Act.
- The establishment of a charities appeals tribunal.

The enactment of the Charities Act 2009 will place a legal framework around the obligations and responsibilities for trustees and directors of charities and charities themselves.

"It is critical that employees and management of Charities are aware of their roles and legal obligations around the Charities Act 2009" said Conor.

In this respect all charities will have to comply with the new regulatory framework – both in terms of reporting of financial information, and having such information audited in certain cases. The Act has raised the bar in terms of regulatory compliance, accountability and transparency for Charities in Ireland.

Taxation in relation to charities

The Commission on Taxation report in 2009 did make recommendations in terms of taxation matters for Charities. These are only recommendations however it is considered that some of these recommendations may come into force at a later stage in the year.

“One of the commission’s proposals was to reduce the qualifying threshold for tax relief on donations from €250 to €100. This is considered to be good for the sector, as it makes it easier for people to make what might be considered to be more affordable donations” continued Conor.

If you would like to discuss further or have any queries in respect of the Charities Act please contact Conor Woods, Partner, Russell Brennan Keane on 01 6440100, email cwoods@rbk.ie

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About RBK

Russell Brennan Keane is one of Irelands leading business advisory and accountancy firms. With 50 years experience providing professional advisory services to a range of clients in the mid to large corporate market in Ireland, from offices in Dublin, Athlone and Roscommon.

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