

Comparison of CIC s and CIOs

Community Interest companies	Charitable incorporated organisations
Corporate entity with limited liability but not charitable	Corporate entity with limited liability and charitable status
Two-tier structure with members/shareholders and directors	Two-tier structure with members and charity trustees
Governed by company law (with additions for CIC regulator)	Governed solely by charity law – always focused on charitable objects
Asset-locked body subject to community interest test	Asset-locked body subject to charitable purpose only
Can have paid directors (as long as remuneration is reasonable)	Normally governed by unpaid trustees (payment to trustees only allowed in exceptional circumstances)
No special tax concessions; a CIC is taxed like a commercial company: <ul style="list-style-type: none"> • Must pay corporation tax on profits • No access to charity VAT concessions • Any reductions on rates only at local authority discretion for voluntary organisations 	Wide range of charity tax concessions; eg <ul style="list-style-type: none"> • No tax on primary purpose trading • No tax on capital gains or investment income • Automatic 80% relief from business rates • No inheritance tax on legacies • Some VAT concessions; eg charitable premises, adverts, fundraising events
Not very attractive for grants and donations <ul style="list-style-type: none"> • Can usually only attract grants for business purpose • Many grant-making trust will only fund charities, not CICs • No gift aid on donations 	Charitable status is very important for attracting grants and donations <ul style="list-style-type: none"> • Individual donations can be made under gift aid • Charitable trusts are keen to support • For public sector funders, charity regulation sometimes seen as offering better protection
Members must give a small financial guarantee towards wind-up costs, or they can be shareholders if desired (subject to strict limits on distribution of profits)	Has members but no members guarantee required and no distribution of profits.
Governed by Memorandum (of formation) and Articles	Governed by a Constitution
Accounts must comply with company law and a community interest report must be filed	Accounts comply only with charity law: but with charity rules on independent examination/audit
Available UK-wide	Different forms in England & Wales, Scotland and Northern Ireland

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