



Brexit - will your charity be impacted?

After a historic EU referendum, the UK is set to leave the European Union. It is likely that UK-based charities will no longer be entitled to receive EU funding in support of their charitable activities. This potential withdrawal of funding, coupled with the fall in the value of sterling and the increased uncertainty within the sector, could have a detrimental effect on charities operating solely from the UK with overseas operations.



What next?

UK charities who wish to avail of EU funding should consider incorporating in a neighbouring European jurisdiction before the UK leaves the European Union. The Republic of Ireland is an ideal location for charities as:

- It has no language barrier
- Charity and tax law is similar across both jurisdictions
- Both the UK and Ireland have the same accounting and reporting requirements
- Both jurisdictions operate in a regulated charity sector

Setting up a charity in Ireland

The charity must decide what form of legal structure would best suit its operations. There are two main forms of legal structures - Company Limited by Guarantee and Charitable Trust.

Larger charities may wish to set up a Company Limited by Guarantee, thereby protecting its members by availing of limited liability. There are three key stages in setting up a charity in Ireland as a Company Limited by Guarantee:

1. Register your company with the Companies Registration Office. This is a relatively straightforward process and takes approximately 7-10 working days.
2. Once your company is incorporated, you register with the Charities Regulatory Authority ("CRA"). The CRA is Ireland's national statutory regulatory agency for charitable organisations. All charities must be included in the Register of Charities. This registration process can take between 6 and 9 months so it is important to get this process under way as soon as possible.
3. Although not a legal requirement, charities can apply to the Revenue Commissioners for charitable tax exemption. Once approved, the charity is issued with a CHY number which provides exemption from certain taxes.

Charities may also set up as a Charitable Trust. However this structure has more limitations and restrictions and thus most charities opt for the company limited by guarantee where possible.

Charities that employ staff are not exempt from operating payroll taxes, must register as an employer with the Revenue, and will be obliged to submit monthly payroll tax returns and discharge any associated liabilities.

Indirect obligations for charities registered in Ireland

The CRA has recently published draft accounting regulations which set out the requirement for statutory audit and reporting.

Charities with gross income or total expenditure exceeding €100,000 are required to have a statutory audit and comply with the applicable Statement of Recommended Practice when preparing their financial statements.

Charities must file an Annual Return containing information similar to that contained within the Annual Return required by the UK Charity Commissioners. This return must be filed within 10 months of the financial year end.

In addition to the above, charities that are companies are required to comply with the Companies Act 2014. Much of the legislation contained therein is consistent with that in the UK. Companies are obliged to lodge their financial statements with the Companies Registration Office, together with an Annual Return Form B1, on an annual basis.

Next Steps

Our dedicated not-for-profit team can assist you in understanding the rules for incorporating a charity in the Republic of Ireland.

Crowe Ireland works closely with the notfor-profit team in Crowe Clark Whitehill, a leading provider of services to charities and not-for-profit organisations in the UK. Both firms are members of the Crowe Global network.

About Us

Established in 1941, Crowe is a leading accountancy and business advisory firm in Ireland. Throughout our 75-year history, we have developed an unrivalled understanding of the Irish business environment and built a national reputation in auditing, tax and business consultancy.

We work with a variety of clients across commercial and public sectors. Our services include Audit & Assurance, Tax, Corporate Insolvency & Recovery, Corporate Finance, Consultancy, and Outsourcing.

We are also independent members of the eighth-largest accountancy network in the world, with colleagues in over 750 offices across 130 countries. Through this global reach we are able to offer clients a seamless service when trading internationally.

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