

## VOLUNTARY ORGANISATIONS AND TAX

Charities, voluntary organisations and Social Enterprises, whether incorporated or not can be potentially liable for tax. There are opportunities for tax exemptions or reliefs however an organisation must apply to HMRC for recognition before exemptions can be considered or applied for. You can find out more about how to apply to HMRC for recognition and subsequently any tax reliefs [here](#).

### VAT

An organisation must register for VAT if the organisations develops trading activity surpasses the HMRC set income threshold. The current threshold is £85,000 for the 2016/17 trading period. You will be able to find the most up to date threshold [here](#). HMRC has a dedicated section of their website for Charities dealing with VAT which can be accessed [here](#).

It should be noted that VAT is charged on income made from traded goods or services delivered, the following forms of income are either exempt or outside the scope of VAT:

- Voluntary donations
- Grants
- Fundraising events (within limits)
- Sponsored fundraising events

### Corporation Tax

Limited companies and unincorporated organisations are liable for Corporation Tax on their profits, however organisation registered as a charity are generally exempt via number of tax exemptions. A registered charity will only be likely to be liable for Corporation Tax if there is income that is not covered by a relief or exemption. It should be noted that if your organisation is not a registered charity then your organisation will be liable for Corporation Tax, this includes unincorporated organisations, Limited Companies without charitable status and Community Interest Companies.

You can find out more on the HMRC website about Corporation Tax for [charities](#) or here for information for [noncharities](#).

### Capital Gains Tax

This is a tax on any profit made when an organisation sells an asset that has increased in profit since purchase. You are taxed on the profit generated rather than the full payment. Charities are exempt from Capital Gains Tax however as before any organisation without charitable status will be liable for this tax should an asset be sold. Further information on this can be found [here](#) on the HMRC website.