

## Appendix 2- Legal Structures for Voluntary Organisations

This is a summary of the legal structures most commonly associated with voluntary organisations, more detailed information [is available here.](#)

Legal Structure	Summary	Charitable status and tax benefits?	Does it have a legal identity distinct from those who run it?	Governance
<a href="#">Scottish Charitable Incorporated Organisation</a> (Two tier or one tier) NOTE: OSCR is the regulator of this legal form, not just its charitable status. Removal from the Charitable Register equals dissolution.	Ready-made corporate structure specifically designed for charities.	Yes, cannot be anything but a charity and must meet the criteria for being a charity.	Yes. A SCIO can hold property, take out leases and employ people in its own right. Title to land and buildings will be held in name of the SCIO (advantage in terms of succession). Members and trustees' liability limited in most cases, not liable to contribute if wound up.	Some charity trustee duties apply to members. Minimum of one members' meeting every 15 months Bar on transfer of membership Minimum of 2 members. Minimum of 3 charity trustees. Duty to keep and supply to the public a register of charity trustees; and to keep and supply to the members a register of members.
<a href="#">Unincorporated Association</a>	Informal, no general regulation, need to make own rules. Little bureaucracy or set up costs.	Yes, if it meets the criteria for being a charity.	No. Some or all of charity trustees must undertake transactions on behalf of the body. Title to land and buildings must be held in the name of one or more individuals on behalf of the charity.	Governed according to its own rules, but if a charity, constitution must be approved by OSCR.

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			Charity trustees may have personal liability for charity's actions and unlimited liability if it is wound up.	
<a href="#">Trust</a>	Best suited to small groups of people who want to manage money or property. Assets owned by trustees and managed in interests of beneficiaries on the terms of the trust.	Yes, if it meets the criteria for being a charity.	No. Some, or all, of the charity trustees must undertake transactions on behalf of the body. Title to land and buildings must be held in the name of one or more trustees. Charity trustees may have personal liability for the body's actions, although there are certain protections for trustees in trust law and common law.	Governed according to its own rules, but if a charity, trust deed must be approved by OSCR.
<a href="#">Company Limited by Guarantee</a> NOTE: Have to report to OSCR and Companies House.	Before SCIOs the most frequently adopted corporate structure for charities. Directors manage business on behalf of members.	Yes, if it meets the criteria for being a charity	Yes. Company can undertake transactions in its own right. Title to land and buildings will be held in	Defined statutory procedures for meetings, resolutions, etc. Additional statutory duties on directors, which in certain cases

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			the name of the company (advantage in terms of succession). Members (incl Board) have limited liability (usually £1) to contribute if wound up. Offers creditor protection.	exceed duties of charity trustees. Must produce accrued accounts no matter the size of turnover. Must keep up to date records of Board members and inform Companies House of changes. Must keep register of members. Board members liable for fines imposed for late annual returns.
<a href="#"><u>Community Interest Company (CIC)</u></a>	Limited company structure for social enterprise with secure 'asset lock' and focus on community benefit	No	Yes. Members' liability limited to amount unpaid on shares or by guarantee.	As for other limited companies, but subject to additional regulation to ensure community benefits. Can pay limited dividends to private investors.
<a href="#"><u>Community benefit society</u></a>	Incorporated body with the benefit of limited liability. Must exist primarily for the benefit of the wider community and profits must be used for the benefit of the community.	Yes, but only if it has aims that are exclusively charitable and a Statutory Asset Lock specifying that any assets would be transferred to another charity if the organisation wound up.	Yes. Members have limited liability. Can hold property, enter into leases and employ people.	Owned by its members who hold shares and control the society democratically on a one-member one-vote basis. Committee/officers manage on behalf of members.

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<a href="#"><u>Co-operative society</u></a>	<p>Incorporated body with the benefit of limited liability. Its main purpose is to provide services to its members rather than the wider community and profits may be distributed to members providing this is not the primary purpose of the organisation.</p>	<p>No because its beneficiaries are its own members rather than the public.</p>	<p>Yes. Members have limited liability. Can hold property, enter into leases and employ people.</p>	<p>Owned by its members who hold shares and control the society democratically on a one-member one-vote basis. Committee/officers manage on behalf of members.</p>



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