



**An Rialálaí
Carthanas**

**Charities
Regulator**

Review of Registered Charities'

Compliance Rates with

Annual Reporting Requirements 2017

December 2018

The Charities Regulator, in accordance with the provisions of section 14 of the Charities Act 2009, carried out a review of registered charities compliance rates with annual reporting requirements 2017.

1. Purpose and scope of the review

The Charities Regulator commenced a review of charities on its public Register of Charities (the 'Register') for the purpose of establishing the number of registered charities compliant with annual reporting requirements in 2017¹.

The scope of the review relates to registered charities that have completed the registration process and were required to submit an annual report in 2017 to the Charities Regulator.

How organisations become registered charities

There are two distinct methods by which an organisation can become a registered charity within the Charities Act 2009 (see Figure 1 below).

Figure 1 - Methods of Registration

Method A:

Section 40 Charities:

Automatically registered charities

Section 40 of the Charities Act 2009 provides automatic registration for those organisations which, as of 16 October 2014, held a valid charitable tax exemption (CHY number) issued by the Revenue Commissioners. Such charities are deemed registered with the Charities Regulator so long as they are entitled to hold this charitable tax exemption.

¹ This Report is in relation to the Annual Report required by the Charities Regulator which includes a short narrative and financial information, rather than the document produced and usually published on a charity's website for its stakeholders

Method B:

Section 39 Charities:

Organisations apply to the Charities Regulator to become registered charities

Section 39 of the Charities Act 2009 sets out the information required of charitable organisations when applying for charitable status. Charitable organisations established before 16 October 2014 (pre-established) which did not have a charitable tax exemption (CHY number) and charitable organisations established after that date must apply for inclusion on the Register regardless of size, legal structure or income.

2. Annual Reporting

Once a charity has completed its registration with the Charities Regulator, it is required to report annually on its charity's finances, resources and activities. The **annual filing date is due 10 months after the charity's financial year end.**

Annual reporting by registered charities is essential in keeping the Register up to date and is a legal requirement.

Section 52(1) of The Act provides that *"The charity trustees of a charitable organisation shall, not later than 10 months or such longer period as the Authority may specify, after the end of each financial year, prepare and submit to the Authority a report (in this section referred to as the 'annual report') in respect of its activities in that financial year."*

3. Number of Registered Charities

As at 31 December 2017, there were 9,061 charities included on the Register and 7,743 of those charities had completed the registration process by providing the required information on their charities to the Charities Regulator (See Table 1 below).

Table 1

31 December 2017	Completed registration	Did not complete registration	Total
Section 39	1841	n/a	1841
Section 40	5902	1318	7220
Total	7743	1318	9061

At the end of 2017, 1,318 charities, which had been automatically deemed registered under Section 40 of the Act, had not completed their details on the Register and filed their due annual report(s). The Charities Regulator is taking steps to ensure that the charities which have yet to engage either:

- Complete their registration and reporting requirements,
or;
- Are removed from the Register.

During 2017, 722 charities were removed from the Register. The vast majority of these section 40 charities were no longer operating and had their tax exemption withdrawn by the Revenue Commissioners which resulted in their automatic removal from the Register.

4. Findings

Of the 9,061 charities on our Register at end 2017, around 6,100 charities were due to file an annual report in 2017¹.

71% of registered charities have a financial year end of 31 December resulting in an annual reporting deadline of 31 October (i.e. 10 months after their year-end).

Over 6,000 of the 6,100 annual reports due to be filed in 2017 have now been filed (up to 31 July 2018).

Following an analysis of the annual reporting compliance rates, the Charities Regulator has found that 98% of registered charities submitted their annual report for 2017 (54% filed on time, 28% filed within three months of the filing deadline and the remainder filed more than three months late). The total number of annual reports outstanding for 2017 stood at 95. This represents 2% of the total number of annual reports due in the same period (see Table 2 below).

Table 2

		2017		2016	
Submitted on time		3297	54%	2215	42%
Submitted late	Less than 90 days	1716	28%	1586	30%
	More than 90 days	992	16%	699	13%
Did not submit as at 31 July 2018		95	2%	751	14%
Source: "Charities Regulator's analysis of data contained on the Register of Charities"					

¹ The difference relates to newly registered charities where their first annual report was not due in 2017. Additionally, the vast majority of schools have yet to commence the filing of annual reports. The Regulator is engaged with the Department of Education and Skills and FSSU with the view of receiving all school returns centrally to avoid an administrative burden. It is envisaged that this project will commence in 2020.

5. Conclusion

The Charities Regulator welcomes the high level (98%) of registered charities that have submitted their annual report to the Charities Regulator and the improvement in the numbers filing on time. The Charities Regulator would like to remind charity trustees that failure to submit an annual report to the Regulator is an offence under Section 52(8) of the Act. A key function of the Charities Regulator is to monitor compliance with the Act and it will take appropriate action to ensure that charity trustees adhere to the requirements of the Act.

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