



The Charities Regulator publishes review of registered charities holding shares in section 110 companies on trust

(27 April 2017)

The Charities Regulator has completed a review of registered charities holding shares in section 110 companies on trust. The purpose of the review was to establish the number of registered Irish charities holding shares in section 110 companies and to determine whether they fell within the remit of the Charities Act 2009.

Main Conclusions

- Four registered charities were identified as holding shares in section 110 companies on trust.
- Of the identified registered charities, one was de-registered because the organisation fell within the scope of section 8 of the Charities Act. The remaining three registered charities were de-registered because, during the course of the review, they changed their structures from charities to trust service providers.
- The Charities Regulator recognises that registered charities can make investments and hold shares in order to achieve a return so that they can further their charity's aims. However, it is the view of the Charities Regulator that the holding of shares in itself should not be the motivation and reason for a charity's existence.
- Prospective organisations seeking to obtain charitable status and current registered charities should be mindful that in order to qualify for and maintain charitable status the organisation must have exclusively charitable purposes.

The public Register of Charities maintains details of de-registered charities. The Register is available to view here:

<http://www.charitiesregulator.ie/en/cra/pages/charitysearch>

The review is available to view on the Charities Regulator website:

<http://www.charitiesregulator.ie/en/cra/pages/wp16000069>

ENDS

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NOTES TO EDITOR

The Charities Regulator

The Charities Regulator is an independent statutory authority, established on 16 October 2014 under the Charities Act, 2009. The key functions of the Regulator are to increase public trust and confidence in the management and administration of charities, ensure the accountability of charitable organisations to donors, beneficiaries and the public, establish and maintain a public register of charitable organisations operating in Ireland and ensure their compliance with the Charities Acts.

Section 8 of the Charities Act, 2009

Section 8 of the Charities Act sets out specific criteria that, if met, result in certain trusts ('section 8 trusts') being exempt from the Act.

Section 8 - *The Act shall not apply to a trust the only property of which consists of –*

- a) *shares in a qualifying company established for the purposes of section 110 of the Taxes Consolidation Act 1997,*
- b) *shares in a company whose business consists solely of the leasing of plant and machinery,*
- c) *dividends paid in respect of such shares, being dividends that are not retained as part of the property of the trust for more than 12 months, or*
- d) *any other distribution of cash or assets made in respect of such shares, being cash or assets that are not retained as part of the property of the trust for more than 12 months.*

Section 110 companies

Section 110 of the Irish Taxes Consolidation Act 1997 provides the tax regime for Irish Special Purpose Vehicles (SPVs) that meet the requirements for "qualifying companies". Such qualifying companies are commonly referred to as "section 110" companies.

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