

**Chartered Governance Institute
UK & Ireland**

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Charities (Amendment) Act 2024

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Charities (Amendment) Act 2024

Today's Agenda

1. Overview of the Act
2. Key changes under the Act - highlights
3. Questions

Charities (Amendment) Act 2024

Overview of the Act

- Developed to update and strengthen the regulatory framework for charities and provide clarity on certain issues which the 2009 Act did not fully address.
- Enacted on 10 July 2024.
- First Commencement Order brought 12 sections into force with effect from 27 Jan 2025.
- The majority of sections await further Commencement Orders - it is likely that future commencements will require advance engagement/guidance from the CRA.

Charities (Amendment) Act 2024

Charity Trustees

- Revised definition of “charity trustee” now includes those that are in a position equivalent to a shadow or de facto director or charity trustee (s2(1)). **Commenced.**
- Welcome clarification that a Company Secretary is not considered to be a charity trustee unless he or she is also a (i) director (ii) shadow director or (iii) de facto director (s2(1)). **Commenced.**
- Protection from liability for charity trustees appointed by the High Court in respect of anything done prior to their appointment, or in the performance of their functions (except in the case of bad faith or negligence (s31(c))). **Commenced.**

Charities (Amendment) Act 2024

Duties of Charity Trustees

Codification of the duties of Charity Trustees, echoing the principles already laid down in the CRA guidance (s54B(1)).
Awaiting commencement.

- To act in **good faith** in what the charity trustee considers to be the best interests of the charitable organisation;
- To act **honestly and responsibly** in the **advancement of the charitable purpose** of the charitable organisation;
- To **avoid any conflict** between the charity trustee's duties to the charitable organisation and the charity trustee's other (including personal) interests;
- To **exercise the care, skill and diligence** which would be exercised in the same circumstances by a reasonable person.

Charities (Amendment) Act 2024

Members

- New definition of members of a charity.
- For non-company charities its members will be those who are “*entitled to appoint, nominate or vote for the appointment of a person as a charity trustee of that organisation*” (s2(1)). **Commenced.**
- Introduction of a new requirement for non-company charities to keep an internal register of members (s54D)). **Awaiting commencement.**

Top tip – charities should check:

1. *Is there clarity on who qualifies as a “member”?*
2. *Is there a comprehensive and up to date register of members?*

Charities (Amendment) Act 2024

Agreements and Appointments

- Introduction of a mechanism which would permit a charity to enter into agreements with its members, trustees, or persons with whom the charity trustees have a personal connection, for the provision of goods or services where:
 - It does not contravene the charity's governing document; and
 - The charity trustees are satisfied the agreement is in the best interests of the charity (and a declaration to this effect must be included in their annual return) (ss 88B & 88C). **Awaiting commencement.**
- Breach = agreement is void and charity trustees guilty of offence.
- Detailed guidance on this mechanism is expected.

Charities (Amendment) Act 2024

Constitutional amendments

- In addition to the existing requirement to seek consent to a change of a charity's name, only changes to the charitable purpose or a CRA standard clause within a charity's constitution will require prior consent from the CRA (s42A). **Awaiting commencement.**

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Mandatory Notifications

- Introduction of a requirement to notify the CRA in writing of certain matters such as where:
 - the charity breaches a condition of its registration;
 - details on the Register of Charities cease to be correct;
 - information provided in an application for registration in respect of a charity trustee ceases to be correct;
 - it is proposed to wind up the charity; or
 - a charity trustee resigns or is appointed (s39(11A)).**Awaiting commencement.**

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Financial reporting

Financial reporting –Ss 17 & 18 (Awaiting commencement)

- Charities with gross income/expenditure under €250,000 can opt for simplified financial reporting.
- Charities that are companies must follow the Companies Act 2014 and Ministerial regulations for financial statements.
- *This may involve mandatory adoption of a SORP-like reporting system for certain charities.*
- New audit/examination thresholds: Charities with income/expenditure under the amount prescribed by the Minister (which cannot be set at a threshold greater than €1,000,000) may be exempt from audits.
- Charities meeting specific conditions (e.g., low income, balance sheet, no employees) are exempt from annual account preparation and audit.

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Other commenced sections as of 27 January 2025

- The High Court may now make an order upon application from the Regulator where “*there is no effective management or oversight of the activities of the charitable organisation by the charity trustees*” (s31).
- The CRA is required to disclose information to investigative bodies where they suspect an offence has been committed **other** than under the Charities Acts (s5), where they now have discretion as to whether to provide such information.
- Charities are no longer required to advise the Regulator of all legal proceedings relating to the charity that commence (s53).

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Other uncommenced sections

Human Rights

- “The advancement of human rights” will be a permitted charitable purpose.
- Application **must** be made no later than 6 months from the commencement of this section.

De-registrations

- Introduction of a new framework requiring High Court approval in the vast majority of instances before a charity can be deregistered.
- Although this is a positive change from the position earlier in the legislative process, charities still need to pay close attention to these sections.

Questions?



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