

GOVERNMENT SEEKS PUBLIC VIEWS ON BUDGET 2007 IMPLEMENTATION DETAILS TO PROMOTE PHILANTHROPY

To promote charitable giving and develop Singapore as an attractive hub for philanthropic and other not-for-profit organisations, the Second Minister for Finance Mr Tharman Shanmugaratnam announced several changes to the taxation and regulatory frameworks for the charity sector in his 2007 Budget Statement.

2 The key changes announced were:

- a. *The 80:20 rule for income tax exemption for registered charities and exempt charities will be removed from Year of Assessment 2008.*

Charities will no longer need to spend at least 80% of their annual income receipts on charitable objects in Singapore within 2 years in order to receive income tax exemption. This will enable charities to optimise their investments and use of funds over time to sustain their charitable programmes.

- b. *The 80:20 fund-raising rule that applies to fund-raising appeals for foreign charitable causes will be waived for private donations raised by approved entities¹, but retained for donations raised from the general public.*

Approved entities will no longer need to spend in Singapore at least 80% of the private donations raised for foreign charitable causes. This will provide better support for the charitable work of reputable organisations and grantmakers with an international or regional orientation, while ensuring that funds raised from the general public goes primarily towards benefiting the Singapore community.

- c. *Double tax deductions will be allowed for donations to qualifying grantmaking philanthropic organisations as long*

¹ These include registered charities that can meet governance standards set by the Commissioner of Charities office, and not-for-profit organisations (NPOs) approved under the NPO tax incentive scheme administered by MAS and EDB.

as the donations are channelled to Institutions of a Public Character (IPCs) in Singapore.

Donors will no longer need to donate directly to local IPCs to enjoy double tax deduction on their donations. They may choose to donate through an intermediary who can facilitate a more structured and sustained form of giving to local IPCs.

3 MOF and MCYS invite members of the public to give their views on the following:

- a. The proposed guidelines to distinguish between private donations and donations raised from the public, so as to facilitate the waiver of the 80:20 fund-raising rule for private donations.
- b. The proposed conditions to be applied to qualifying grantmaking philanthropic organisations, which would allow them to issue double tax deduction receipts to donors for donations that are subsequently channelled to local IPCs.

4 The consultation paper on these changes is published in the government's consultation portal at <http://www.reach.gov.sg>, as well as MOF's website at http://www.mof.gov.sg/consultation_current/index.html. Respondents may send their comments to MOF online or send it in the prescribed template via email, fax or post.

5 The consultation exercise is open for one month from **18 July 2007** to **17 August 2007**.

MINISTRY OF FINANCE

and

MINISTRY OF COMMUNITY DEVELOPMENT, YOUTH AND SPORTS

17 July 2007