

# Frequently Asked Questions

- 1. What is this reporting requirement about?**
- 2. Why does the Office of the COC require charities to disclose overseas expenditure and capital outlay?**

A: The reporting requirement forms part of our on-going efforts to improve accountability of the charity sector and allows the Office of the COC to strengthen our oversight of the funds that charities remit or apply for overseas purposes. Charities are required to provide information about overseas expenditure, capital outlay, as well as remittance of funds received as an agent that is spent in, remitted to or benefitting locations outside Singapore. Such reporting will include the total quantum of financial resources applied overseas as well as the list of countries in which the overseas expenditure/capital outlay/remittance of funds are applied/remitted to, or where the overseas beneficiaries and partners are located. For remittances of funds as agents, charities will also be required to disclose the names of the overseas recipients.

- 3. What types of overseas expenditure need to be disclosed?**
- 4. How should my charity classify the disclosure of overseas expenditure?**

A: Charities are required to disclose the total quantum as well as the countries in which the overseas expenditure are incurred, spent in or has benefitted locations outside Singapore under the following categories of expenses:

- Donations to overseas beneficiaries
- Sponsorships
- Love gifts to affiliated charities or third parties
- Missions expenses
- Humanitarian relief expenses
- Disaster relief expenses
- Overseas community projects
- Overseas staff cost (employees/missionaries stationed overseas)
- Others<sup>1</sup>

- 5. What types of expenditure are exempted from detailed reporting?**

A: Charities only need to disclose the total quantum incurred for the following categories of overseas expenditure. They will not be required to disclose the countries in which such expenditure are incurred for:

- Overseas retreats/seminars/courses/conferences/training programmes
- Overseas pilgrimage tours
- Overseas performances
- Overseas competitions
- Overseas exchange programmes/scholarships

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<sup>1</sup> Overseas expenditure that cannot be classified in the above categories shall be categorised under "others". These would exclude expenses which are in the list of exempted expenditure categories (please refer to Question 5).

- Overseas travel/accommodation/allowances

**6. What types of overseas capital outlay need to be disclosed?**

**7. How should my charity classify the disclosure of overseas capital outlay?**

A: Charities are required to disclose the nature of capital expenditure incurred outside Singapore, the total quantum as well as the countries which the capital outlay are spent in under the following categories

- Capital injections into overseas subsidiaries/associated companies
- Overseas investments
- Purchase of immovable properties located overseas
- Loans to related or third parties located overseas
- Building of overseas infrastructure, property, building etc

**8. What does “overseas remittance of funds received as an agent or trustee” mean? When should such disclosures be made?**

A: This refers to the remittance of funds received by a charity which do not belong to the charity, for instance, where the charity receives the funds in circumstances where the charity, acting as agent or trustee of another charity, is legally bound to pay them over to a specified third party/the beneficiary charity and has no legal responsibility for ensuring the charitable application of the funds. In these circumstances, the charity that receives the funds as an agent or trustee would not recognise the funds received as income in the Statement of Financial Activities (refer to Charities Accounting Standard paragraph 75).

Charities that remit funds on behalf of another party are required to make the disclosure as long as these are intended for an overseas purpose. The charity will be required to disclose the quantum, overseas country as well as the name of the overseas recipient.

**9. How is this reporting requirement different from the overseas expenses that I am currently disclosing in the Online Financial Summary (OFS)?**

A: Currently, charities which complete the OFS are reporting overseas expenses as a lump sum figure. With the new reporting requirement, charities will be providing a breakdown of the overseas expenses, as well as the countries in which the beneficiaries/partners are located. The total amount of the detailed disclosure of overseas expenditure will be automatically tabulated by the system and populated as “overseas expenses” in the OFS. There is no impact on the OFS with respect to the new disclosures made in relation to overseas capital outlay and remittance of funds as agents.

**10. Can the Office of the COC provide some examples how charities should report the overseas expenditure/capital outlay/remittance of funds?**

A: We have illustrated below some scenarios that charities may come across in the normal course of their operations which involves overseas expenditure, capital outlay and remittance of funds as agents and how such disclosure shall be made:

Eg 1: In 2016, Charity A sends staff 1 to United Kingdom and staff 2 to China for seminars. For staff 1, charity paid seminar fees of \$3,000, air fare of \$1,200, overseas accommodation of \$900 and subsistence allowance of \$750. For staff 2, charity paid seminar fees of \$1,500, air fare of \$500, overseas accommodation of \$600 and subsistence allowance of \$400. Both payments are made to a local travel agent. In addition, Charity A made a one-off donation of \$5,000 to Charity B based in Cambodia. It also sent \$8,000 to its partner organisation in Bangladesh for a flood relief.

Charity A should make the disclosure as such:

Overseas Expenditure Exempted from detailed reporting		
Nature of Expenditure	Amount	
Overseas retreats / seminars / course ▼	4,500	
Overseas travel / accommodation/allo ▼	4,350	
Sub Total	8,850	

[ADD NATURE OF EXPENDITURE](#)

Overseas Expenditure		
Nature of Expenditure	Amount	Country
Donations to overseas beneficiaries ▼	5,000	Cambodia ▼
Disaster relief expenses ▼	8,000	Bangladesh ▼
Sub Total	13,000	

[ADD NATURE OF EXPENDITURE](#)

Total	21,850	
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As the disclosures for seminars fees, air fare, overseas accommodation and subsistence allowance do not require a breakdown by country, Charity A will report the overseas seminar fees and the travel-related costs spent for the entire Financial Year according to their nature. However, for the two donations made overseas, Charity A will have to provide the breakdown as depicted above. How the payment is made (through a Singapore travel agent or Singapore vendor) is not a relevant consideration in this case.

Eg 2: In 2016, Charity B received \$5,000 from Charity C which specified this donation was to be given to beneficiary XYZ in Bangladesh. Charity B also made a donation of \$10,000 to its partner organisation in Japan for earthquake relief efforts.

Charity B should make the disclosure as such:

Overseas Expenditure		
Nature of Expenditure	Amount	Country
Disaster relief expenses	10,000	Japan
<b>Sub Total</b>	10,000	
<b>ADD NATURE OF EXPENDITURE</b>		
<b>Total</b>	10,000	

Overseas Remittance of Funds as Agents		
Overseas Remittance of Funds as Agents	Amount	Country
XYZ	5,000	Bangladesh
<b>ADD OVERSEAS REMITTANCE</b>		
<b>Total</b>	5,000	

As Charity B acted as an intermediary in receipt of the \$5,000 donation from Charity C for an overseas purpose, the disclosure should be made under “Overseas Remittance of Funds as Agents”.

Eg 3: In 2016, Charity D provided financial support to missionaries sent to Cambodia, through a local mission agency which the missionaries work under. The financial support to the missionaries included employee’s remuneration (\$20,000), relocation allowance (\$5,000), financial support to the NGOs in Cambodia (\$10,000) and travel expenses (\$3,000).

Charity D should make the disclosure as such:

Overseas Expenditure exempted from detailed reporting		
Nature of Expenditure	Amount	
Overseas travel / accommodation/allo	3,000	
<b>Sub Total</b>	3,000	
<b>ADD NATURE OF EXPENDITURE</b>		

  

Overseas Expenditure		
Nature of Expenditure	Amount	Country
Missions expenses	10,000	Cambodia
Overseas staff cost (employees/missi	25,000	Cambodia
<b>Sub Total</b>	35,000	
<b>ADD NATURE OF EXPENDITURE</b>		
<b>Total</b>	38,000	

Other than the mission expenses and overseas staff cost (including relocation allowance), Charity D can report the other travel-related expenses as a lump sum.

Eg 4: In 2016, Charity E invited a subject-matter expert from the USA to be a panel-speaker at a conference held locally. An honorarium fee of \$1,500 was paid to the speaker as a token of appreciation. Following the training, the charity also ordered some books which amounted to \$800 from the USA which are intended for local usage. In this situation, no disclosure is required as the honorarium fee and the purchase of books were incurred for local benefit.

**11. Which charities will be affected by this change?**

**12. Is this mandatory for all charities?**

A: The reporting requirement will apply to charities that are required to have their financial statements audited. This will include all Institutions of a Public Character (“IPCs”), charities which are set up as companies limited by guarantee (“CLG”), and all other charities with gross income or total expenditure that exceeds \$500K annually.

**13. When will this requirement kick in?**

A: Charities will need to start reporting their overseas expenditure, capital outlay and overseas remittance of funds as agents via the OFS for financial periods beginning on or after 1 January 2016.

Illustrative Examples:

(a) If a charity’s financial year is from January to December, the reporting requirement will apply to the financial year beginning on 1 January 2016. The charity will be required to report the information in its OFS within 6 months from the end of the financial year (31 December 2016), i.e. due on 30 June 2017.

(b) If a charity’s financial year is from April to March, the reporting requirement will apply to the financial year beginning on 1 April 2016. The charity will be required to report the information in its OFS within 6 months from the end of the financial year (31 March 2017), i.e. due on 30 September 2017.

(c) If a charity’s financial year is from December to November, the reporting requirement will apply to the financial year beginning on 1 December 2016. The charity will be required to report the information in its OFS within 6 months from the end of the financial year (30 November 2017), i.e. due on 31 May 2018.

	<b>Financial Year</b>	<b>Takes Effect from Financial Year ending</b>	<b>1<sup>st</sup> Reporting Due</b>
<b>Charity A</b>	January to December	31 December 2016	30 June 2017
<b>Charity B</b>	April to March	31 March 2017	30 September 2017
<b>Charity C</b>	December	30 November 2017	31 May 2018

	to November		
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**14. Will my charity be required to make any changes to its accounting system?**

A: Charities may need to consider adding new account codes to their existing chart of accounts to track the various types of overseas activities they engage in. When recording information in the charities' accounting and reporting system in relation to overseas expenditure, capital outlay, or overseas remittance of funds as agents, charities will need to be more detailed in their description and indicate the countries that the overseas spend relate to. Charities may also need to make changes which will allow them to track expenditures by the countries to which funds flow.

**15. Are charities required to report the overseas expenditure/capital outlay/remittance of funds as agents as well as the corresponding countries in the financial statements?**

A: The Office of the COC does not require this information to be reported in the notes to the financial statements. However, it encourages charities to include more voluntary disclosures of such information, in the spirit of accountability and transparency.

**16. Will this information be made available to the public?**

A: The total overseas expenditure will be disclosed to the public via the OFS. However, details such as the geographical details of where resources are applied outside Singapore and the corresponding amount for each country, as well as overseas capital outlay and remittance of funds as agents will not be shared with the public. This information is strictly for the use by the Office of the COC.

**17. Will a charity be able to include such disclosures earlier than the specified effective date (i.e. for financial periods before 1 January 2016)?**

A: There is no requirement for early adoption. Charities will not be able to populate the information for financial periods before 1 January 2016 in the OFS as the reporting platform for the additional disclosures is only activated for financial periods beginning on or after 1 January 2016.

**18. I am unable to add more line items after line item 25 on the Charity Portal. What should I do?**

**19. I received a system prompt that I have reached the maximum number of entries, but my information is incomplete. How do I disclose the rest of the information?**

A: If your charity has exceeded the maximum of 25 line items for overseas expenditure on the website, please consolidate the remaining entries and enter the consolidated figures for the 25th line item, and select "Multiple Countries"

from the Country drop-down list. If your charity has exceeded the maximum of 25 line items for overseas capital outlay and/or overseas remittance of funds as agents, please contact [MCCY\\_Charities@mccy.gov.sg](mailto:MCCY_Charities@mccy.gov.sg).

You are required to populate and retain the details of the remaining entries in a separate spreadsheet under the tabs “Overseas Expenditure”, “Overseas Capital Outlay” or “Overseas Remittance”, whichever applicable. The link to the spreadsheet can be found [here](#). Your sector administrator may contact you should they require the details of the remaining entries.

For any other enquiries, please email to [MCCY\\_Charities@mccy.gov.sg](mailto:MCCY_Charities@mccy.gov.sg).