

Good Practices on Internal Controls¹ for the Reporting of Tax-Deductible Donations

Type of Controls	Points to Note on the Controls
Document work procedures	<ul style="list-style-type: none"> • The document should include work procedures on: <ul style="list-style-type: none"> - recording of donation received from various sources such as walk-in donation, donation received through mail and on-line donation portal - transmission of tax-deductible donation information to IRAS and Office of the Commissioner of Charities - amendment to donation record (e.g. amend donor's identification number, amend donation amount) - cancellation of tax-deductible receipt (e.g. erroneously issue tax-deductible receipt for donation that does not qualify for tax deduction) • Review the work procedures regularly to keep it up to date. • Common understanding of work procedures ensures work consistency which lead to accuracy of donation records.
Keep Supporting Documents	<ul style="list-style-type: none"> • Keep and maintain supporting documents to substantiate the occurrence of transactions (e.g. supporting documents to substantiate amendment to donation record). • File the documents properly for easier tracking and verification. • To have procedures in place to check that every transaction is supported with documentary evidence.
Check and record the rightful donor's name	<ul style="list-style-type: none"> • Exercise due diligence when verifying the identity of the rightful donor as tax deduction will be given automatically to the donors when their tax assessments are reviewed by IRAS.
Verify the validity of the identification number	<ul style="list-style-type: none"> • Verify donor's identification number against supporting documents, where applicable (e.g. request for donor's identity card for verification). • Accurate information would benefit all parties involved, i.e. IPCs, donors and IRAS as it would eliminate the inconvenience of contacting donors in the event donation information transmitted has invalid identification numbers.

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<p>Ensure that donation information provided by a third party fundraiser is accurate before transmitting it to IRAS.</p>	<ul style="list-style-type: none"> • To have procedures in place to check that donation information provided by a third party fundraiser is accurate. • It is still the IPCs' responsibility to ensure that donation information transmitted to IRAS is complete and accurate.
<p>Ensure that donation information transmitted to IRAS is for qualifying donation made within the approved IPC status period.</p>	<ul style="list-style-type: none"> • To have procedures in place to keep you in check of the approved IPC status period as you can only issue tax-deductible receipt for donation received within the approved period. • Transmit to IRAS only information on donation that is made within the approved IPC status period.

¹ Do note that this list may not be exhaustive