

**CHARITIES ACT**  
(CHAPTER 37)

**CHARITIES**  
**(INSTITUTIONS OF A PUBLIC CHARACTER)**  
**REGULATIONS**

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**CHARITIES ACT  
(CHAPTER 37, SECTION 40C)**

**CHARITIES  
(INSTITUTIONS OF A PUBLIC CHARACTER)  
REGULATIONS**

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[1st March 2007]

PART I

PRELIMINARY

**Citation**

1. These Regulations may be cited as the Charities (Institutions of a Public Character) Regulations.

**Definitions**

2. In these Regulations, unless the context otherwise requires —  
“applicant” means an institution or fund in respect of which an application for approval as an institution of a public character has been made;  
“commercial fund-raiser” means any person who for reward solicits or otherwise procures money or other property for, or purportedly for, the benefit of an institution of a public character;  
“Comptroller of Income Tax” means the Comptroller of Income Tax appointed under section 3 (1) of the Income Tax Act (Cap. 134);

“governing instruments”, in relation to an institution of a public character, shall include the memorandum and articles of association, constitution, trust instruments or any rules or regulations governing the objects and administration of the institution of a public character;

“Sector Administrator” —

- (a) in relation to an applicant in a sector where a Sector Administrator has been designated, means that Sector Administrator;
- (b) in relation to any other applicant, means the Commissioner;
- (c) in relation to an institution of a public character approved by a Sector Administrator, means that Sector Administrator;
- (d) in relation to an institution of a public character approved by the Commissioner, means the Commissioner;
- (e) in relation to an institution of a public character that, before the coming into operation of these Regulations, had been granted approval as an approved institution of a public character under the Income Tax (Central Fund Administrators) Regulations 2004 (G.N. No. S 40/2004), means —
  - (i) where a Sector Administrator has been appointed to supervise the sector that the institution of a public character is in, that Sector Administrator; or
  - (ii) in any other case, the Commissioner;

“tax deductible donation” means a donation that qualifies for tax deduction under section 37 of the Income Tax Act (Cap. 134);

“trustees” means the persons having the general control and management of the administration of an institution of a public character, and shall include the following persons:

- (a) the directors, where the institution of a public character is a company or corporation within the meaning of the Companies Act (Cap. 50);

- (b) the officers, where the institution of a public character is a society registered under the Societies Act (Cap. 311);
- (c) the trustees appointed under the trust instruments, where the institution of a public character is a trust.

## PART II

### APPROVAL OF INSTITUTIONS OF A PUBLIC CHARACTER

#### **Conditions for approval of institution of a public character**

**3.—**(1) An institution or fund may be approved as an institution of a public character if it satisfies the following conditions:

- (a) it is —
  - (i) a charity registered under section 5 of the Act;
  - (ii) an exempt charity or other charity that is not required to be registered by virtue of section 5 (4) of the Act; or
  - (iii) an institution or fund that is described within paragraphs (a) to (i) of the definition of “institution of a public character” under section 40A of the Act;
- (b) its governing instruments are approved by the Sector Administrator;
- (c) its activities are exclusively beneficial to the community in Singapore as a whole and are not confined to sectional interests or groups of persons based on race, belief or religion;
- (d) its activities meet its objectives under its governing instruments and the objectives of the Sector Administrator;
- (e) it is administered by trustees —
  - (i) at least half of whom are independent; and
  - (ii) at least half of whom are citizens of Singapore;
- (f) its trustees are accountable for the management of donations received;
- (g) its auditor is approved by the Sector Administrator; and
- (h) it meets such other conditions that the Sector Administrator may impose.

(2) The conditions set out in paragraph (1) (c) or (1) (e) (ii) may be waived in respect of an applicant if such waiver is approved by the Minister.

(3) The condition set out in paragraph (1) (e) (i) may be waived in respect of an applicant if such waiver is approved by the Commissioner.

(4) For the purposes of paragraph (1) (e) (i), a trustee shall be deemed to be not independent if —

- (a) the trustee is related to any individual or institution that established the applicant;
- (b) the trustee is related to any individual who is involved in the general control and management of the administration of any institution that established the applicant; or
- (c) the trustee is one of a number of trustees of the applicant who are related to each other and who collectively constitute at least half of the total number of trustees of the applicant.

(5) For the purposes of paragraph (4), a trustee is related to an individual or another trustee if the trustee is a family member of that individual or other trustee and, for this purpose, a “family member” means a child, sibling, parent, spouse, spouse’s parent, spouse’s sibling, grandparent or grandchild.

(6) For the purposes of paragraph (4), a trustee is related to an institution if the trustee is —

- (a) a director (other than an independent director) or senior executive of —
  - (i) the institution; or
  - (ii) a holding company or subsidiary of the institution, where the institution is a company or corporation within the meaning of the Companies Act (Cap. 50);
- (b) an officer of the institution, where the institution is a society registered under the Societies Act (Cap. 311);
- (c) a trustee of the institution, where the institution is a trust; or
- (d) involved in the general control and management of the administration of the institution, in any other case.

(7) For the purposes of paragraph (1) (e) (ii), where the trustee is a company, it shall be treated as a citizen of Singapore if at least half of the number of directors of the company are citizens of Singapore.

### **Application for approval as institution of a public character**

**4.—**(1) An institution or fund may apply for approval as an institution of a public character by submitting an application form accompanied by such information and documents as the Sector Administrator may require.

(2) Where —

(a) an application complies with paragraph (1); and

(b) the applicant satisfies the conditions set out in regulation 3, the Sector Administrator may, in his discretion, approve the applicant as an institution of a public character.

(3) An approval under paragraph (2) shall be valid for such period not exceeding 2 years as may be specified in the approval.

### **Extension of approval of institution of a public character**

**5.—**(1) An institution or fund may apply for approval as an institution of a public character to be extended by submitting an application form accompanied by such information and documents as the Sector Administrator may require.

(2) Such application shall be made —

(a) at least 2 months before the expiry of the current approval; or

(b) within such time as may be specified by the Sector Administrator.

(3) Upon receiving such an application, the Sector Administrator may, in his discretion, approve the institution of a public character for a further period not exceeding 5 years as may be specified in the approval.

(4) In deciding whether to approve an application under this regulation, the Sector Administrator may take into account the following factors:

(a) whether the institution of a public character has complied with these Regulations at all times;

- (b) whether the institution of a public character meets the conditions set out in regulation 3 at the time of the application;
- (c) the amount of tax deductible donations received during the current period of approval;
- (d) the activity level of the institution of a public character during the current period of approval;
- (e) whether there is or has been any mismanagement, misconduct, incompetence or negligence in the administration of the institution of a public character;
- (f) whether any audit report on the institution of a public character has been qualified in any way and, if so, whether appropriate action has been taken to address the concerns raised; and
- (g) whether any new conditions that the Sector Administrator may impose can be met.

**Suspension or withdrawal of approval of institution of a public character**

**6.—**(1) The Sector Administrator shall withdraw the approval of an institution of a public character if it appears to the Sector Administrator that —

- (a) the institution of a public character has ceased to operate; or
- (b) the institution of a public character no longer serves a purpose for the benefit of the community in Singapore.

(2) The Sector Administrator may suspend or withdraw the approval of an institution of a public character if it appears to the Sector Administrator that —

- (a) the institution of a public character has failed to comply with any of these Regulations at any time during its period of approval;
- (b) the institution of a public character fails to satisfy any condition specified in regulation 3 at any time during its period of approval;



- (c) there is or has been any mismanagement, misconduct, incompetence or negligence in the administration of the institution of a public character; or
  - (d) such action is necessary or desirable in the public interest.
- (3) Where the approval of an institution of a public character has been suspended or withdrawn under this regulation —
- (a) any donation made to the institution of a public character shall not qualify as a tax deductible donation;
  - (b) the institution of a public character shall not issue any tax deduction receipt under regulation 9 in respect of donations made to it after its approval has been suspended or withdrawn;
  - (c) the Sector Administrator shall take reasonable steps to inform the general public of such suspension or withdrawal, and of the matters specified in sub-paragraphs (a) and (b); and
  - (d) any donation made to the institution of a public character after its approval has been suspended or withdrawn, but before the general public has been informed by the Sector Administrator of such suspension or withdrawal, shall be refunded to the donor without any deduction upon the donor's request.

### **Amendment of governing instruments**

**7.—**(1) An institution of a public character shall not amend its governing instruments except with the approval of the Sector Administrator.

(2) Where an institution of a public character amends its governing instruments, it shall submit a copy of the amended governing instruments to the Sector Administrator within 30 days from the date of the amendment.

## PART III

FUND-RAISING, USE OF  
DONATIONS, MAINTENANCE  
AND AUDIT OF RECORDS**Duty to donors**

**8.—**(1) An institution of a public character conducting a fund-raising appeal shall ensure that —

- (a) any information provided to donors or to the general public is accurate and not misleading;
- (b) the following information is disclosed to every person from whom a donation is solicited —
  - (i) the name of the institution of a public character to which the donation will be given;
  - (ii) the purpose for which the donation will be used; and
  - (iii) whether any commercial fund-raiser has been engaged in soliciting the donation;
- (c) any information relating to donors is kept confidential, and no information relating to a donor is given to any other person without the consent of the donor; and
- (d) any arrangement to solicit donations has adequate control measures and safeguards to ensure proper accountability and to prevent any loss or theft of donations.

(2) Where any commercial fund-raiser is engaged by an institution of a public character to solicit donations —

- (a) the total amount of all donations collected by the commercial fund-raiser shall be paid directly to the institution of a public character;
- (b) any payment due to the commercial fund-raiser from the institution of a public character shall be paid separately by the institution of a public character; and
- (c) the commercial fund-raiser shall not deduct or set off any payment or expenses due to him from the donations collected.

**Issue of tax deduction receipts**

**9.—**(1) The Sector Administrator may, in his discretion, authorise an institution of a public character to issue tax deduction receipts in respect of tax deductible donations made to the institution of a public character.

(2) Where an institution of a public character has been authorised to issue tax deduction receipts under paragraph (1), it may, upon receipt of a tax deductible donation, issue a tax deduction receipt to the donor.

(3) A tax deduction receipt shall be in such form as may be specified by the Commissioner or the Sector Administrator and shall —

(a) incorporate the following statement:

“This donation is tax deductible. For individual donors: This receipt is for your retention. You do not have to claim the deduction in your tax form if you have given your NRIC/FIN number. The deduction will be automatically included in your tax assessment. For other donors: Please retain this receipt for submission to the Comptroller of Income Tax.”;

(b) state the name of the Sector Administrator, where applicable;

(c) be serially numbered; and

(d) be signed by either the treasurer of the institution of a public character or by any person to whom such function is delegated by its trustees.

(4) An institution of a public character shall not issue a tax deduction receipt except in such circumstances and under such conditions as may be prescribed in writing by the Comptroller of Income Tax.

(5) An institution of a public character may use such electronic medium as may be specified by the Comptroller of Income Tax to issue the tax deduction receipt.

(6) Where there is a change in the name of an institution of a public character, the institution of a public character shall issue every tax deduction receipt under its new name with immediate effect from the date of such change.

(7) An institution or fund shall not issue any tax deduction receipt —

- (a) where its approval as an institution of a public character has expired; or
- (b) where its approval as an institution of a public character has been suspended or withdrawn under regulation 6.

(8) Where an institution of a public character has not been authorised to issue tax deduction receipts under paragraph (1), the Sector Administrator shall issue tax deduction receipts in respect of tax deductible donations made to that institution of a public character.

### **Duty to maintain donation records**

**10.—**(1) Every —

- (a) institution of a public character that is authorised to issue tax deduction receipts under regulation 9 (1); and
- (b) Sector Administrator that issues any tax deduction receipt in respect of any institution of a public character under regulation 9 (8),

shall maintain a record showing the particulars of every tax deductible donation received.

(2) The record shall include, in respect of every donation —

- (a) the receipt number (in numerical sequence);
- (b) the name of the donor;
- (c) the identification number, or corporate or business registration number, of the donor;
- (d) the date on which the donation was received;
- (e) the type of donation received;
- (f) the amount or value of the donation received; and
- (g) any terms and conditions under which the donation was made.

(3) The record shall be maintained for a minimum period of 5 years from the end of the year of assessment relating to the year in which the donation was received.

(4) In paragraph (3), “year of assessment” has the same meaning as in the Income Tax Act (Cap. 134).

### **Use of donations**

**11.**—(1) An institution of a public character shall use any donation received by it in accordance with this regulation.

(2) Where the donor has specified an intention that the donation should be used for any specified lawful purpose, the donation shall be used for that purpose.

(3) Where the donor has not specified such an intention, the donation shall be used according to the purpose communicated to the donor under regulation 8 (1) (b) (ii).

(4) Where no purpose referred to in paragraph (2) or (3) has been specified or communicated respectively, and the donation is a tax deductible donation, the donation may be used to fund any activity carried out by the institution of a public character —

- (a) that is exclusively beneficial to the community in Singapore as a whole and is not confined to sectional interests or groups of persons based on race, belief or religion; and
- (b) that meets its objectives under its governing instruments and the objectives of the Sector Administrator.

(5) Where no purpose referred to in paragraph (2) or (3) has been specified or communicated respectively, and the donation is not a tax deductible donation, the donation may be used to fund any activity carried out by the institution of a public character that meets its objectives under its governing instruments and the objectives of the Sector Administrator.

(6) An institution of a public character may invest any donation that is not immediately required for use for any purpose or activity referred to in paragraphs (2) to (5) in such investments as are permitted by law.

(7) Where a donation, or any part of it, cannot be used under paragraphs (2) to (6), the institution of a public character shall —

- (a) refund the amount to the donor; or
- (b) use the amount for such other purpose as may be approved by the Sector Administrator.

(8) Where an institution of a public character refunds any tax deductible donation, or any part of it, to a donor under paragraph (7) (a), it shall immediately inform the Comptroller of Income Tax of that fact.

### **Duty to maintain accounting records**

**12.**—(1) An institution of a public character shall maintain accounting records which shall contain entries showing —

- (a) all the donations received and disbursed;
- (b) details of all the income received and the expenses incurred;
- (c) the extent to which the amount of donations received has met any target set by the institution of a public character; and
- (d) the period during which the institution of a public character is approved to collect tax deductible donations.

(2) Where an institution of a public character is a fund that is approved to collect tax deductible donations for a limited period or of a limited amount only, the trustees shall maintain separate accounting records for moneys received for the fund and shall comply with the limits to the approval period and to the approved amount for donations to be collected.

(3) An institution of a public character shall maintain every accounting record for a minimum period of 5 years from the end of the financial year to which the accounting entry relates.

### **Power of Sector Administrators to inspect records and appoint auditors**

**13.**—(1) A Sector Administrator —

- (a) shall at all times have full and free access to the donation records and accounting records of every institution of a public character approved by it; and
- (b) may, without fee or reward, inspect, copy or make extracts from any such records.

(2) A Sector Administrator may appoint any person to audit or review the management of any institution of a public character approved by it.

**Fund-raising appeals of \$1 million or more**

**14.** Where the total gross receipts of an institution of a public character from any single fund-raising appeal are not less than \$1 million, the institution of a public character shall —

- (a) maintain separate financial accounts in respect of that fund-raising appeal; and
- (b) at the end of the financial year, disclose on its own Internet website or, where it does not have its own Internet website, on the Internet website of the Sector Administrator —
  - (i) the total gross receipts from the fund-raising appeal;
  - (ii) the total expenses incurred in the fund-raising appeal; and
  - (iii) the purposes for which the funds raised in the fund-raising appeal were used or will be used.

**Fund-raising expenses**

**15.—(1)** The total relevant fund-raising expenses of an institution of a public character for the financial year ending on or after 1st April 2008, and for every subsequent financial year, shall not exceed 30% of the total relevant receipts from fund-raising and sponsorships for that financial year, as determined by the following formula:

$$\frac{(E + S)}{(R + S)} \times 100\% \leq 30\%$$

where E refers to the total expenses relating to fund-raising for the financial year, including —

- (a) direct and material indirect expenses of any kind; and
- (b) payments made to commercial fund-raisers engaged by the institution of a public character,

but excluding, in a case of the sale of goods by or on behalf of the institution of a public character for fund-raising (and not trading), the cost of the goods sold;

R refers to —

- (a) in a case of the sale of goods by or on behalf of the institution of a public character for fund-raising (and

not trading), the total receipts from such sale (after excluding only the cost of the goods sold); and

- (b) the total gross receipts from any other fund-raising for that financial year; and

S refers to —

- (a) the total amount of sponsorships in cash received by the institution of a public character relating to fund-raising for that financial year that is conditioned upon the provision of direct or indirect commercial benefit to the sponsors; and

- (b) the total cost or value of sponsored property, goods and services for which tax deduction receipts are issued relating to fund-raising for that financial year.

(2) The computation of the formula in paragraph (1) shall be done in accordance with such directions as may be issued by the Commissioner relating to the manner of computation of the various items in the formula.

## PART IV

### REPORTING AND DISCLOSURE REQUIREMENTS

#### **Duty to furnish documents**

**16.—**(1) An institution of a public character shall, within 6 months after the close of each financial year, furnish the following documents to the Sector Administrator:

- (a) the audited financial statements of the institution of a public character;
- (b) the auditor's report on the financial statements;
- (c) the auditor's report on the use of donation moneys and whether such use is in accordance with the objectives of the institution of a public character;
- (d) the fund-raising and expenditure plans of the institution of a public character for the following financial year; and
- (e) the annual report of the institution of a public character.



(2) An institution of a public character that is allowed to issue tax deduction receipts under regulation 9 shall —

- (a) furnish to the Sector Administrator an annual return of donations, in such form as may be specified by the Commissioner, no later than the last day of February of each year; and
- (b) furnish to the Comptroller of Income Tax the details of every tax deductible donation received, in such form as may be specified by the Comptroller of Income Tax, no later than the last day of January of each year.

(3) An institution of a public character that is not allowed to issue tax deduction receipts under regulation 9 shall furnish to the Sector Administrator an annual return of donations, in such form as may be specified by the Commissioner, no later than the last day of February of each year.

### **Requirements relating to financial statements and audits**

**17.—**(1) An institution of a public character shall disclose in its financial statements —

- (a) the total amount of tax deductible donations received for the period to which the financial statements relate; and
- (b) any transaction with any related party, as defined in the applicable accounting standards made or formulated, or deemed to be made or formulated, by the Accounting Standards Council under Part III of the Accounting Standards Act 2007 (Act 39 of 2007).

(2) The institution of a public character shall disclose in its financial statements for the financial year ending on or after 1st April 2008, and for every subsequent financial year, the total amount of sponsorships in cash and the total cost or value of the sponsored property, goods and services it paid or received, as the case may be, during the period to which the financial statements relate in accordance with receipts or other documentary evidence presented to the institution of a public character if, and only if, such documentary evidence is available.

(3) The institution of a public character shall cause its financial statements to be audited by an auditor who has been approved by the Sector Administrator.

(4) The institution of a public character shall ensure that for the financial year commencing on or after 1st July 2006, and for every subsequent financial year, the auditor certifies in the auditor's report whether the institution of a public character has complied with the requirements of regulation 15 (Fund-raising expenses).

(5) The institution of a public character may apply to the Sector Administrator for approval for the auditor to be changed.

(6) An application under paragraph (5) shall be in such form as may be approved by the Commissioner.

(7) An institution of a public character shall change its auditor at least once every 5 years, whether to another auditor from the same auditing firm or company or to another auditor from a different auditing firm or company.

(8) Where an institution of a public character fails to comply with paragraph (7), the auditor shall make a qualification in the financial statement of the institution of a public character.

### **Requirements relating to annual report**

**18.** An institution of a public character shall disclose in its annual report its policy relating to the management and avoidance of conflicts of interest.

### **Duty to disclose information to the general public**

**19.** An institution of a public character shall disclose to the general public such information on its activities and financial accounts as may be required by the Commissioner —

- (a) in such format as may be specified by the Commissioner; and
- (b) on such Internet websites as may be specified in writing by the Commissioner.

PART V

LARGE INSTITUTIONS OF  
A PUBLIC CHARACTER

**Additional requirements for large institutions of a public character**

**20.**—(1) A large institution of a public character shall ensure that for the financial year commencing on or after 1st July 2006, and for every subsequent financial year, its financial statements comply with the applicable accounting standards made or formulated, or deemed to be made or formulated, by the Accounting Standards Council under Part III of the Accounting Standards Act 2007 (Act 39 of 2007).

(2) A large institution of a public character shall have not fewer than 10 trustees.

(3) Where a large institution of a public character has fewer than 10 trustees, it shall —

- (a) immediately notify the Sector Administrator of the occurrence of that fact; and
- (b) no later than 6 months from the occurrence of that fact, or such later time as may be approved by the Sector Administrator, take such measures as are necessary to increase the number of its trustees to not fewer than 10.

(4) The Commissioner may, if he thinks fit, exempt a large institution of a public character from the requirements of paragraphs (2) and (3).

(5) A large institution of a public character shall ensure that its annual report and audited financial statements are published —

- (a) on its own Internet website; or
- (b) where it does not have its own Internet website, on such Internet websites as may be specified in writing by the Commissioner.

(6) In this regulation, a “large institution of a public character” means an institution of a public character with gross annual receipts in each financial year of not less than \$10 million in the 2 financial years immediately preceding the current financial year of the institution of a public character.

(7) For the purpose of paragraph (6), “gross annual receipts” shall include all income, grants, donations, sponsorships and all other receipts of any kind.

*[G.N. Nos. S 89/2007; S 157/2008]*

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