Rules to Give By

A Global Philanthropy Legal Environment Index

NEXUS

McDermott Will & Emery

CAF Charities Aid Foundation

Initiated by Nexus;
legal research conducted by
McDermott Will & Emery LLP;
analysis provided by Charities Aid Foundation,
Nexus and McDermott Will & Emery LLP.

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We would like to thank NFP, the corporate sponsor of this publication.

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About the Partners

About the Global Campaign for a Culture of Philanthropy

The Rules to Give By Index is an innovative, analytical, and universal step along the path to support Nexus's Global Campaign for Culture of Philanthropy ("GCCP"). The GCCP advocates for public policies at national and global levels which encourage and enable more effective giving across the globe, and recognizes the diverse forms in which philanthropy appears. We promote good practice and celebrate role models to inspire greater generosity, and are galvanizing a global network of young people, activists, and experts to join us in our efforts.

About Nexus

Nexus is a global movement of 2,000+ young people from over 70 countries working to increase and improve philanthropy and impact investing by bridging communities of wealth and social entrepreneurship. Founded in 2011, Nexus puts the hope and promise of young people on the world stage by bringing young leaders together at Nexus Summits around the world for dialogue, education, and collaborative problem solving. The summits have helped raise awareness about pressing issues, scale projects globally, generate millions of dollars in new giving, and inspire the creation of various social businesses and non-profits.

About McDermott Will & Emery LLP

McDermott Will & Emery is a premier international law firm with a diversified business practice. Numbering more than 1,100 lawyers, we have offices in major cities throughout the United States and around the world. McDermott has 80 years of serving a broad range of client interests. Established in 1934 as a tax practice in Chicago, Illinois, McDermott has grown its core practices and offices around the globe. The expansion of our international platform has supported numerous cross-border transactions and litigation matters, while providing the experience necessary to offer corporate and commercial, international and domestic tax, labor and benefits, competition, intellectual property and regulatory counsel to clients across all industries.

About Charities Aid Foundation

Charities Aid Foundation ("CAF") is a leading international charity registered in the United Kingdom with nine offices covering six continents. Our mission is to motivate society to give ever more effectively and help transform lives and communities around the world. We work to stimulate philanthropy, social investment and the effective use of charitable funds by offering a range of specialist financial services to charities and donors, and through advocating for a favourable public policy environment.

Forewords

Nexus engages people in many sides of philanthropy, with special attention to increasing and improving the processes of giving and impact investing. Our collective experience reveals obstacles in the practice and perception of philanthropy around the world. These challenges impact anyone who engages in philanthropy and its many instruments. Correspondingly, the Global Campaign for a Culture of Philanthropy emerged within Nexus to upgrade the legal and cultural environments for philanthropy both through regulatory change as well as through elevating and humanizing donors and the donation process. From the start, the goal has been to involve global actors in the conversation, including the United Nations.

Through the Global Campaign for a Culture of Philanthropy, Nexus partnered with McDermott Will & Emery and Charities Aid Foundation to produce the *Rules to Give By Index*. The data in this report presents a vast body of information and provides a major reference point for any civil society effort to promote regulatory changes that facilitate philanthropy. Achieving these types of changes will help us and everyone to be more successful in our philanthropic endeavors.

We are excited to share this exploration of tax and regulatory regimes around philanthropy as a major step towards the broader goals of our Global Campaign for a Culture of Philanthropy. We invite you to recognize the potential of money as a vehicle for expressing “love for humanity” (also known as philanthropy). We also invite you to receive this document in the spirit of collaboration that encourages a global culture of giving.

Jonah Wittkamper, Co-founder, Nexus

McDermott has a long history of social responsibility and supporting the communities in which our people live and work. We believe it is our obligation to embrace our communities and promote their well-being through pro bono work, community service, charitable giving, environmental stewardship and promoting diversity. We act on this belief collectively and individually, and have made a positive difference, including providing pro bono legal services to the underserved and underrepresented, acting as volunteers in the community and as members and advisors on nonprofit boards, and working to build a more diverse legal profession. We continue to work on various ways we can improve in the future, including continuing to increase our pro bono and charitable commitments, nurture talent and diversity within our ranks and reduce our impact on the environment.

McDermott is pro bono legal counsel for Nexus and has led the creation of this Index since 2012. McDermott lawyers from around the world spent countless hours researching and writing summary reports on the charitable tax laws of all 193 UN Member States. We are proud to co-sponsor the Rules to Give By Index with Nexus and CAF and to provide a resource which compiles this interesting information which we hope will be an invaluable resource to aid in the promotion of global philanthropy.

Jeffrey E. Stone and Peter J. Sacripanti, Co-Chairs of McDermott Will & Emery LLP

The instinct to give freely to help others or further a cause is fundamental to human nature. Having been working internationally for over 30 years and having offices in 9 countries and across 6 continents, the Charities Aid Foundation ("CAF") has extensive experience in helping to catalyse that most human of instincts into sustainable and effective philanthropy.

We know from experience that generosity is not something that can be directly created by government policy. By its very nature, civil society necessarily exists outside of the state. However, we also know that at its best, a legal framework can create an enabling environment in which donors are encouraged and incentivised, in which nonprofits are well but not over regulated, and in which the transaction of giving is easy and rewarding for all concerned. Equally, we know that at its worst, a legal framework can be a drag on giving through excessive bureaucracy and a failure to reward socially beneficial behaviours.

I welcome the *Rules to Give By Index* as a much needed comparative tool for anyone interested in the continuing development of global philanthropy and look forward to the discussion that it will surely start around the world.

John Low, Chief Executive, Charities Aid Foundation

Rules to Give By Index Map

This map identifies the 193 Member States of the United Nations and scores for the 177 countries scored in the RGB Index.

Key

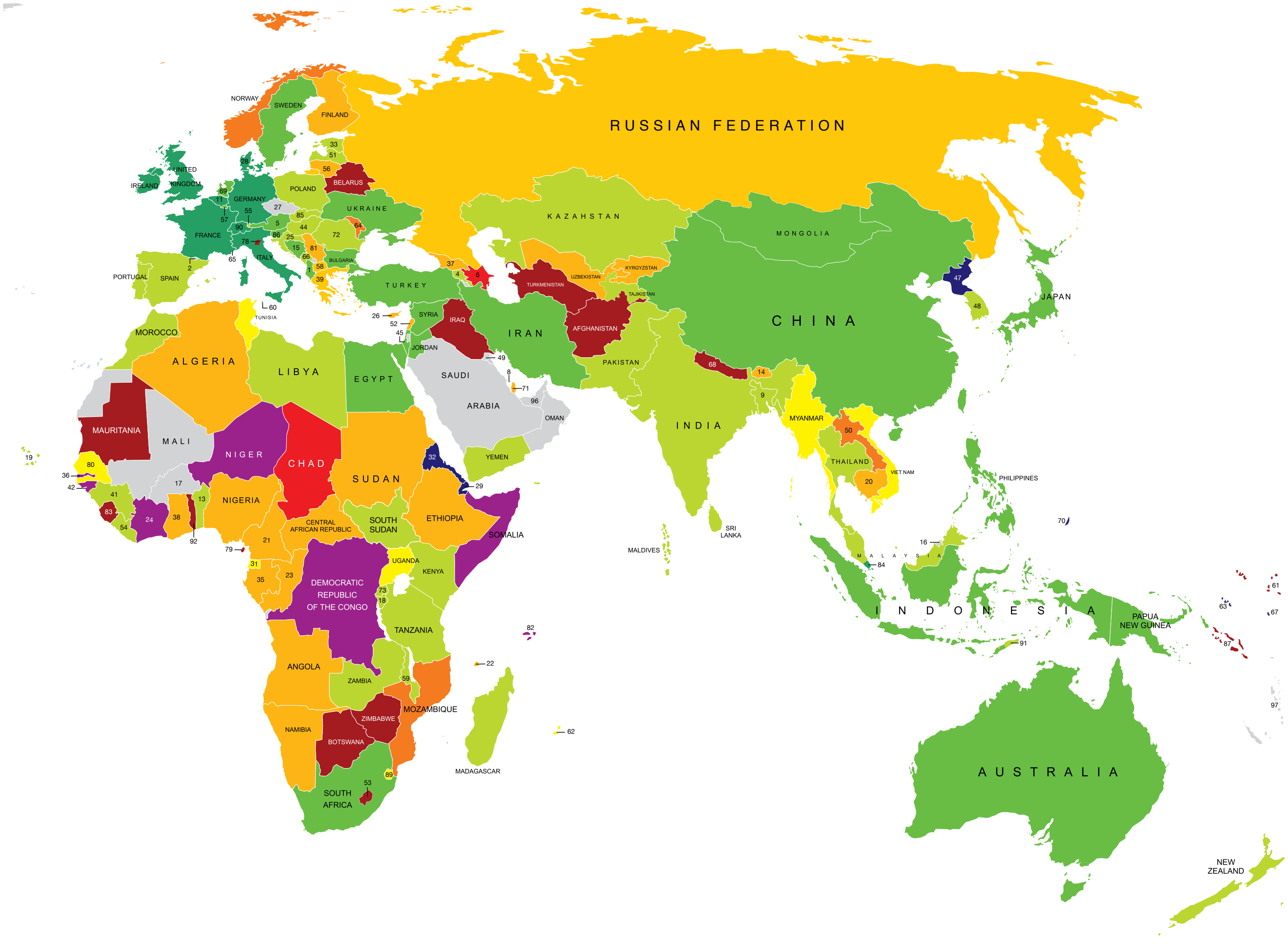
Rules to Give By Index Scores

11 10 9 8 7 6 5 4 3 2 1 0

Countries not scored in the index either because no taxes are imposed or information is incomplete.

List of scores for smaller nations

1.	Albania	10
2.	Andorra	*
3.	Antigua and Barbuda	3
4.	Armenia	9
5.	Austria	10
6.	Azerbaijan	4
7.	Bahamas	*
8.	Bahrain	*
9.	Bangladesh	9
10.	Barbados	10
11.	Belgium	11
12.	Belize	8
13.	Benin	9
14.	Bhutan	6
15.	Bosnia and Herzegovina	10
16.	Brunei Darussalam	*
17.	Burkina Faso	**
18.	Burundi	9
19.	Cabo Verde	9
20.	Cambodia	6
21.	Cameroon	6
22.	Comoros	6
23.	Congo	6
24.	Côte D'Ivoire	2
25.	Croatia	9
26.	Cyprus	6
27.	Czech Republic	**
28.	Denmark	11
29.	Djibouti	0
30.	Dominica	9
31.	Equatorial Guinea	8
32.	Eritrea	0
33.	Estonia	9
34.	Fiji	9
35.	Gabon	6
36.	Gambia	2
37.	Georgia	6
38.	Ghana	6
39.	Greece	7
40.	Grenada	10
41.	Guinea	9
42.	Guinea-Bissau	2
43.	Guyana	9
44.	Hungary	9
45.	Israel	10
46.	Kiribati	3
47.	Korea (Democratic People's Republic of)	0
48.	Korea, (Republic of)	9
49.	Kuwait	*
50.	Lao (People's Democratic Republic)	5



51.	Latvia	9
52.	Lebanon	6
53.	Lesotho	3
54.	Liberia	9
55.	Liechtenstein	9
56.	Lithuania	6
57.	Luxembourg	10
58.	Macedonia (The former Yugoslav Republic of)	7
59.	Malawi	9
60.	Malta	10
61.	Marshall Islands	3
62.	Mauritius	8
63.	Micronesia (Federated States of)	0
64.	Moldova (Republic of)	5
65.	Monaco	*
66.	Montenegro	9
67.	Nauru	*
68.	Nepal	3
69.	Netherlands	10
70.	Palau	0
71.	Qatar	6
72.	Romania	9
73.	Rwanda	9
74.	St. Kitts and Nevis	*
75.	St. Lucia	8
76.	St. Vincent and the Grenadines	7
77.	Samoa	2
78.	San Marino	3
79.	São Tomé and Príncipe	3
80.	Senegal	8
81.	Serbia	6
82.	Seychelles	2
83.	Sierra Leone	3
84.	Singapore	11
85.	Slovakia	9
86.	Slovenia	10
87.	Solomon Islands	3
88.	Suriname	1
89.	Swaziland	8
90.	Switzerland	11
91.	Timor-Leste	9
92.	Togo	3
93.	Tonga	9
94.	Trinidad and Tobago	9
95.	Tuvalu	2
96.	United Arab Emirates	*
97.	Vanuatu	*

* These countries do not receive a score in the index due to the fact that they do not impose taxes and therefore are not in a position to offer tax incentives.

** These countries do not receive a score because information is missing in our research or the results were inconclusive.

Executive Summary

Philanthropy and charitable giving are the lifeblood of civil society. The support of individuals and companies, voluntarily choosing to give their money to help others, is vital to the work of non-profit organizations ("NPOs") around the world. Although this activity is, by definition, independent of government, governments can still play a crucial role in ensuring the right legislative and regulatory conditions for such activity to thrive. This is something that all governments should strive to achieve, as a vibrant civil society sector is a key element of any healthy society.

Despite the importance of government support for philanthropy in ensuring the sustainability of civil society, little is known about the overall global picture of how widespread this support is and what form it takes. This report is intended to address this gap in our knowledge and includes recommended international standards for the structures that support philanthropy. *Rules to Give By* is the first evaluation of the regulatory and tax conditions associated with philanthropy in each of the 193 United Nations Member States. Nexus has worked with McDermott Will & Emery LLP and Charities Aid Foundation over the last two years to gather and analyze comparative information on the legal and fiscal framework for charitable giving around the world that will provide an invaluable new evidence base and advance the debate in this area.

This report is the first stage of Nexus's "Global Campaign for a Culture of Philanthropy", which advocates for public policies at local and global levels which encourage and enable more effective giving, recognizes the diverse forms in which philanthropy appears, and promotes best practice and role models to inspire greater generosity. We hope that the report and the accompanying index will be of interest to anyone who wants to better understand the legal frameworks governing the tax treatment of NPOs and charitable donations around the world, and how these frameworks can be used to stimulate greater philanthropic giving. This will include those in governments who have the power to design and implement the necessary policies, as well as those who stand to benefit from these policies such as philanthropists, businesses, and civil society.

Our Key findings are that:

1. Incentives for philanthropy are the norm rather than the exception.
   77% of nations offer some form of incentive to corporate donors whilst 66% of nations offer some form of incentive for giving by individuals donors. Across all income groups as defined by the World Bank, a majority of countries offer incentives to corporations, and a majority of countries offer incentives to individuals, except Low Income countries, only 44% of which offer incentives to individuals. All income groups see a higher rate of incentives for corporations than individuals. 80% of High Income countries offer incentives to both corporate and individual donors. Twenty-eight countries (16%) offer tax incentives to corporate donors but not to individual donors.

2. Tax incentives for individuals appear effective in creating a culture of giving.
   Countries which offer tax incentives to individuals see higher rates of participation in giving money to charity. The proportion of people donating money to charity according to the World Giving Index is 12 percentage points higher in nations which offer some form of tax incentive to individuals (33%) than those that offer no incentives (21%).

3. Tax incentives appear effective in all economic development contexts.
   The effectiveness of tax incentives for giving is not dependent on a country's level of economic development. Across the economic spectrum, countries which offer tax incentives to individuals see higher rates of participation in giving money to charity according to the World Giving Index. Indeed, Low Income countries see the largest correlation between offering incentives for individuals and rates of participation in giving to charity, with those who offer some form of incentive to individuals enjoying a participation rate in giving of 27% compared to 18% in Low Income countries which offer no incentives.

4. Legacy gifts to NPOs are not universally incentivized.
   72 countries impose an estate (or similar) tax (41%). 34 of those countries (47%) offer no tax incentives for legacy gifts to NPOs.

5. There is a global consensus on providing tax exemptions for NPOs. Globally, only 9 countries (5%) provide no tax exemptions for NPOs, though exemptions offered vary between countries.

6. Higher-income countries are more likely to require reporting from NPOs.
   While 20% of the countries examined do not require reporting by NPOs, amongst High Income countries the figure falls to just 7%. In contrast, 17%, 24%, and 35% of Upper Middle Income, Lower Middle Income, and Low Income countries, respectively, do not require reporting by NPOs, suggesting a clear link between wealth and the regulatory complexity of the environment for giving.

7. NPOs are unlikely to have reporting requirements sensitive to their size.
   Of the 141 countries with reporting requirements for NPOs, only 26 (18%) have reporting requirements sensitive to organizational size. Of those 26 countries, 16 are High Income countries and none are Low Income countries. However, some countries have variable reporting requirements for characteristics outside the scope of this report.

8. Countries with a higher per capita gross national income ("GNI") tend to score higher on the RGB Index. Countries considered by the World Bank to be High Income nations received an average score of 8.9 out of 11 in the RGB Index compared to 7.4 for Upper Middle Income, 6.9 for Lower Middle Income and 5.8 for Low Income countries.

9. With the exception of Singapore, all of the 11 countries that received the highest possible score in the RGB Index were both High Income countries and members of the Organisation for Economic Co-operation and Development (OECD). Though causation is difficult to prove, the participation of High Income countries in international economic cooperation appears to result in a mainstreaming of progressive legal norms for encouraging and safeguarding charitable giving.

In producing this report, we seek to provide a new evidence base that can contribute to existing conversations on improving the global environment for philanthropy and stimulate further debate. Institutions such as the International Center for Non-Profit Law, the Council on Foundations, the European Foundation Center, and the Charities Aid Foundation amongst others produce research and analysis on similar topics, and have often served as resources for this report. Through the process of research and analysis, we have identified the need for a more nuanced and focused inquiry for future iterations of this report. We aim to monitor changes in these laws with an updated release of this report every few years. In between updated reports, notable developments may be released by the Global Campaign for a Culture of Philanthropy, as well as a focused analysis from experts and practitioners on trends, obstacles, and models for philanthropy.

Scope and Limitations of the Study

The purpose of this study is to summarize the relevant tax laws that affect non-profit organizations, corporate and individual donors, and estates, and to score countries on these regulations. To create a truly global picture, research covers all 193 United Nations Member States. Because this study seeks to understand the potential development of philanthropy within a country, this inquiry only addresses domestic tax policy and does not include any questions on cross-border flows.

A number of key assumptions and definitions have been made for the purpose of this report. These are:

1. Philanthropy is defined as the practice of financial giving; however, we appreciate that a definition of philanthropy may include several other aspects;
2. Regulatory and tax regimes enable the existence and function of non-profit organizations;
3. Tax incentives for giving by individuals and corporations are good; and
4. Creating frameworks and infrastructure for philanthropy lays a foundation for activity to thrive or begin.

While this report looks at a vast number of countries, its scope focuses on recorded laws rather than practicality and implementation of these laws. Although the latter is an important component in understanding the functional environment for giving and barriers to non-profit organization operations, assessing the implementation of tax laws would limit the number of countries covered. More in-depth resources on laws and implementation include the Council on Foundation's Country Reports prepared by the International Center for Not-for-Profit Law ("ICNL"), The Hudson Institute's Center for Global Prosperity's *Philanthropic Freedom: A Pilot Study*, also with ICNL, and the European Foundation Centre's Country Profiles. This report will be followed by a report by the Charities Aid Foundation as part of its *Future World Giving* series which will look at a smaller number of nations in more detail and use information from this study to make recommendations to governments and further Nexus's GCCP.

Furthermore, this study aims to understand the essential regulatory infrastructure for philanthropy and the potential to build on this infrastructure for healthy philanthropic activity in the future. The Rules to Give By Country Reports provide more detailed information on each country in the study, are a research resource for those who wish to undertake further analysis and comparison on the implementation of fiscal and legal policy to drive charitable and philanthropic activity.

Comparison by World Bank income group and region provides economic and environmental contexts. Sixteen countries are excluded from scoring and analysis as they impose no income and/or corporate taxes or have incomplete data, though all individual country reports appear in the Rules to Give By Country Reports.

To assess the influence of government policy on individual giving, we include detailed analysis against World Giving Index data for individuals donating money to charity. The data was gathered through the Gallup World Poll in 2012 and reported in the 2013 World Giving Index. At least 1,000 individuals were asked have you "donated money to a charity in the past month?" in each of the 135 countries represented in the data.

While cultural precedents for informal giving are important, assessing societal norms for generosity is also outside the scope of this study. Institutionalized philanthropy is arguably more prominent in developed countries, though giving and other acts of charity have deep cultural roots in religious and informal traditions of generosity. The societal value of such long-standing philanthropic traditions is sometimes not well reflected in laws and regulations governing giving. However, tendencies for giving and other generous behaviors are documented in the World Giving Index. As this study only looks at tax codes and non-profit regulations, it recommends developing further conversation on international standards.

While we have set clear limits for the scope of our initial study, great value is provided by the vast number of countries covered in this report and the concise overview of these countries' tax systems as it relates to philanthropy.

We were unable to obtain complete or conclusive information on 4 countries- Burkina Faso, Cuba, Czech Republic, and Mali. As such, they are exempt from scoring and analysis, though the obtainable information appears in the country reports. In the future, we aim to have complete information for all countries.

Future updates to this report may include clarifying sub-questions to tease out nuances revealed in the process of research which were not covered in the original seven questions. Further study will include in-depth analysis of both the information gathered in this report and new research. CAF will be publishing a report on the efficacy of tax incentive regimes that focuses on the countries which are projected to be the leading economies in 2030 as part of its *Future World Giving* series.

Scoring the Rules to Give By Index

In undertaking our research into the presence of legal infrastructure that might help to foster a culture of philanthropy, it was always our goal to create an index in which countries are given comparative ratings. Though we recognize that such a scoring system can never account for all the complexities of the law, the extent of implementation or the circumstances in which it exists, we believe that there is value in indexing the presence of some fundamental elements that underpin an enabling environment for philanthropy. By creating this index, it is our hope that readers will be able to easily compare the legal environment in one country to those in others, opening up scope for fresh debate around the rules and incentives that buttress mass generosity.

Nexus formulated seven questions around philanthropy in 2012, then partnered with McDermott Will & Emery to conduct research on the tax codes and laws in all 193 UN Member States regarding these questions. The information gathered is presented in the Rules to Give By Country Reports. Charities Aid Foundation joined in 2013 to develop an informative indexing method and collaborate on analysis. The scoring method described below was applied to the raw data yielding the index.

Country naming conventions follow those used in the United Nations General Assembly. Data for this report was gathered over a period of two years. As laws can change within that time period, some of the information presented may be outdated.

Questions and Scoring

1. Does the country have a tax system in place?
   Possible points: 0.
   As all countries in the study have an established tax system, Question 1 does not correspond with a score, but determines inclusion in the index. Countries that do not impose corporate and/or personal income taxes are not included in the index and analysis, although information on these countries are presented in the Rules to Give By Country Reports. A tax incentive score is not applicable for a country with a minimal tax system in place, as to assume that such a scenario is necessarily bad for charities is problematic.

2. If yes to 1, then does the country provide tax exemption for non-profits?
   Possible points: 2.
   Two points are awarded if NPOs are wholly, or partially exempted from taxation. Tax exemption for NPOs are important as besides improving the financial viability of organizations in receipt of donations, such exemptions also ensure that donations are not subject to taxation after the gift has been made. This removes a potential disincentive for donors.

3. If yes to 2, then does the country provide reporting requirements for non-profits?
   Possible points: 1.
   One point is awarded if NPOs are required to report to regulatory authorities. This could be a simple filing of financial records or a detailed account of activities. Reporting requirements, if proportionate and well implemented, can help to build public trust in giving and improve governance standards in the sector. As such, it seems appropriate to reflect this in our scoring system. However, overly burdensome or mismanaged reporting requirements could, in theory, be more damaging to public trust than no requirements at all. For this reason, only 1 point is awarded for the presence of reporting requirements.

4. **If yes to 3, then are those reporting requirements sensitive to the size of organizations?**
   Possible points: 1.
   One point is awarded if reporting requirements are sensitive to the size of organizations, as such guidelines may enable a greater proliferation of NPOs because small organizations are not overburdened by disproportionate or prohibitive reporting requirements.

5. **If yes to 1, are there tax incentives in place to encourage philanthropy?**
   Possible points: 6.
   Three points are awarded if incentives are available for individuals and another 3 points are awarded if incentives are available for corporations, for a maximum of 6 points. A greater emphasis is placed on the existence of incentives for giving, reflected in the number of points available on this topic.

6. **If yes to 5, then do individuals and corporations have different incentives?**
   Possible points: 0.
   Question 6 further clarifies incentives for giving to award points in Question 5, as is evident in the country reports. There is nothing inherently good or bad about having different incentives for individuals and donors, hence no points available here.

7. **Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?**
   Possible points: 1.
   One point is awarded if bequests made to charities upon death are tax exempt in those countries which have an estate or similar tax. Weighting is low so as not to disadvantage countries that do not levy any estate tax. While the recent trend of spending endowments during one's lifetime creates great impact, the creation of donor institutions and endowments extending beyond death creates vehicles for and institutionalizes multi-generational participation in a culture of philanthropy. Additionally, development of donor institutions encourages the professionalization and transparency of philanthropy.

Thus, the highest score a country can receive is 11 points. The questions above have different score potentials depending on the topic's relevance to encouraging philanthropy. Scoring is based on whether certain incentives exist, rather than how large those incentives are.

Exempt Countries

We conducted research on all 193 United Nations Member States. With 16 countries exempt from scoring, analysis covers 177 countries using that number as the base for all calculations. As mentioned in the previous section, 4 countries – Burkina Faso, Cuba, Czech Republic, and Mali- are exempt due to incomplete or inconclusive information. An additional 12 countries – Andorra, Bahamas, Bahrain, Brunei Darussalam, Kuwait, Monaco, Nauru, Oman, St. Kitts and Nevis, Saudi Arabia, United Arab Emirates, and Vanuatu- are exempt due to tax regimes without corporate and/or personal income taxes. Assessing tax incentives for giving in countries without corporate and/or individual income taxes would unfairly disadvantage these countries in the scoring and draw a misrepresentative picture. Information on all 193 countries are included in the Rules to Give By Country Reports.

Analysis

To provide a contextual perspective, some analysis is presented by income group according to 2014 World Bank income groupings, with some distinction between OECD and non-OECD High Income countries, and by continents and regions. Income groups represent quartiles of Gross National Income. High Income countries are sometimes broken down into "OECD" and "non-OECD nations" to provide additional insight. Comparison with World Giving Index ("WGI") data includes only those 135 countries for which 2013 WGI data exists.[1]

1 See the 2013 World Giving Index for countries covered.

Findings

Rules to Give By Index

Key

- Low Income
- Lower Middle Income
- Upper Middle Income
- High Income
- Tax regime
- NPO tax exemption
- NPO reporting
- NPO reporting sensitive to size
- Corporate tax incentives
- Individual tax incentives
- Different incentives for corporations and individuals
- Estate tax
- Donations after death exempt

Country	Income	Tax regime	NPO tax exemption	NPO reporting	NPO reporting sensitive to size	Corporate tax incentives	Individual tax incentives	Different incentives for corporations and individuals	Estate tax	Donations after death exempt	*Score*
Belgium	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Canada	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Denmark	High Income	✓	✓	✓	✓	✓	✓		✓	✓	11
France	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Germany	High Income	✓	✓	✓	✓	✓	✓		✓	✓	11
Ireland	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Italy	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Singapore	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Switzerland	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
United Kingdom of Great Britain and Northern Ireland	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
United States of America	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Albania	Upper Middle Income	✓	✓	✓		✓	✓	✓	✓	✓	10
Australia	High Income	✓	✓	✓		✓	✓		✓	✓	10
Austria	High Income	✓	✓	✓	✓	✓	✓				10
Barbados	High Income	✓	✓	✓	✓	✓	✓				10
Bolivia (Plurinational State of)	Lower Middle Income	✓	✓	✓		✓	✓		✓	✓	10
Bosnia and Herzegovina	Upper Middle Income	✓	✓	✓		✓	✓	✓	✓	✓	10
Brazil	Upper Middle Income	✓	✓	✓		✓	✓	✓	✓	✓	10
Bulgaria	Upper Middle Income	✓	✓	✓		✓	✓		✓	✓	10

Country	Score
Chile	10
China	10
Colombia	10
Egypt	10
El Salvador	10
Grenada	10
Indonesia	10
Iran (Islamic Republic of)	10
Israel	10
Japan	10
Jordan	10
Luxembourg	10
Malta	10
Mongolia	10
Netherlands	10
Papua New Guinea	10
Philippines	10
Slovenia	10
South Africa	10
Sweden	10
Syrian Arab Republic	10
Turkey	10
Ukraine	10
Venezuela (Bolivarian Republic of)	10
Argentina	9
Armenia	9

Country	Score
Bangladesh	9
Benin	9
Burundi	9
Cabo Verde	9
Costa Rica	9
Croatia	9
Dominica	9
Estonia	9
Fiji	9
Guatemala	9
Guinea	9
Guyana	9
Haiti	9
Honduras	9
Hungary	9
Iceland	9
India	9
Jamaica	9
Kazakhstan	9
Kenya	9
Korea (Republic of)	9
Latvia	9
Liberia	9
Libya	9
Liechtenstein	9
Madagascar	9
Malawi	9
Malaysia	9

Country	*Score*
Maldives	9
Mexico	9
Montenegro	9
Morocco	9
New Zealand	9
Pakistan	9
Panama	9
Paraguay	9
Peru	9
Poland	9
Portugal	9
Romania	9
Rwanda	9
Slovakia	9
South Sudan	9
Spain	9
Sri Lanka	9
Tajikistan	9
Tanzania (United Republic of)	9
Thailand	9
Timor-Leste	9
Tonga	9
Trinidad and Tobago	9
Yemen	9
Zambia	9
Belize	8
Equatorial Guinea	8

Country	Score
Mauritius	8
Myanmar	8
Senegal	8
St. Lucia	8
Swaziland	8
Tunisia	8
Uganda	8
Viet Nam	8
Greece	7
Macedonia (The former Yugoslav Republic of)	7
Russian Federation	7
St. Vincent and the Grenadines	7
Algeria	6
Angola	6
Bhutan	6
Cambodia	6
Cameroon	6
Central African Republic	6
Comoros	6
Congo	6
Cyprus	6
Dominican Republic	6
Ecuador	6
Ethiopia	6
Finland	6
Gabon	6

Country	Score
Georgia	6
Ghana	6
Kyrgyzstan	6
Lebanon	6
Lithuania	6
Namibia	6
Nigeria	6
Qatar	6
Serbia	6
Sudan	6
Uruguay	6
Uzbekistan	6
Lao (People's Democratic Republic)	5
Moldova (Republic of)	5
Mozambique	5
Norway	5
Azerbaijan	4
Chad	4
Afghanistan	3
Antigua and Barbuda	3
Belarus	3
Botswana	3
Iraq	3
Kiribati	3
Lesotho	3
Marshall Islands	3
Mauritania	3

Country	Score
Nepal	3
Nicaragua	3
San Marino	3
São Tomé and Príncipe	3
Sierra Leone	3
Solomon Islands	3
Togo	3
Turkmenistan	3
Zimbabwe	3
Congo (Democratic Republic of the)	2
Côte D'Ivoire	2
Gambia	2
Guinea-Bissau	2
Niger	2
Samoa	2
Seychelles	2
Somalia	2
Tuvalu	2
Suriname	1
Djibouti	0
Eritrea	0
Korea (Democratic People's Republic of)	0
Micronesia (Federated States of)	0
Palau	0

Not scored in the index

Country		*Score*
Andorra		*
Bahamas		*
Bahrain		*
Brunei Darussalam		*
Burkina Faso		**
Cuba		**
Czech Republic		**
Kuwait		*
Mali		**
Monaco		*
Nauru	Unclassified	*
Oman		*
Saudi Arabia		*
St. Kitts and Nevis		*
United Arab Emirates		*
Vanuatu		*

* These countries do not receive a score in the index due to the fact that they do not impose taxes and therefore are not in a position to offer tax incentives.

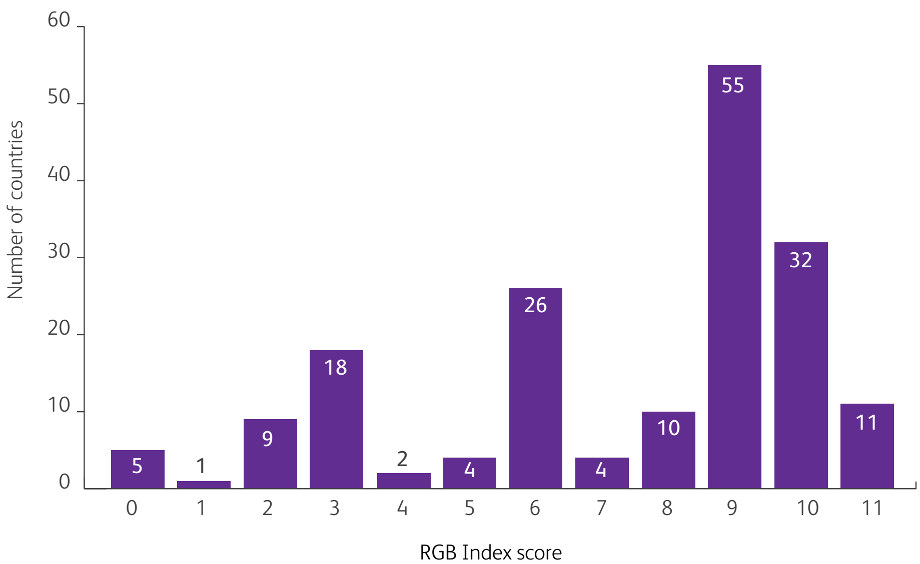
** These countries do not receive a score because information is missing in our research or the results were inconclusive.

Analyzing Index Scores

The first Rules to Give By Index ("RGB Index") provides a striking picture of a complex and disparate global legal environment for philanthropy. On the one hand, it is extremely encouraging that 56% of countries scored 9 or above out of a possible score of 11, with 9 being the median score for the whole dataset. On the other hand, an average score of 7 tells us that globally, we are yet to reach a consensus on the importance of providing the required legal infrastructure to enable the development of a culture of philanthropy.

The distribution of RGB Index scores is non-normal in that plotted on a graph (below), they do not follow a recognizable curve. The primary reason for this is the weighting of our scoring system which affords more points for the presence of some legal instruments than others. In addition, the data is skewed by the fact that some of the laws that we are studying have natural relationships with each other. For instance, only 7% (13 countries) of those included in the index (177 countries) offer tax incentives for corporations and individuals but do not require recipient organizations to report to regulators. Only one country, Cyprus, offers incentives to both but does not offer tax exemption to NPOs.

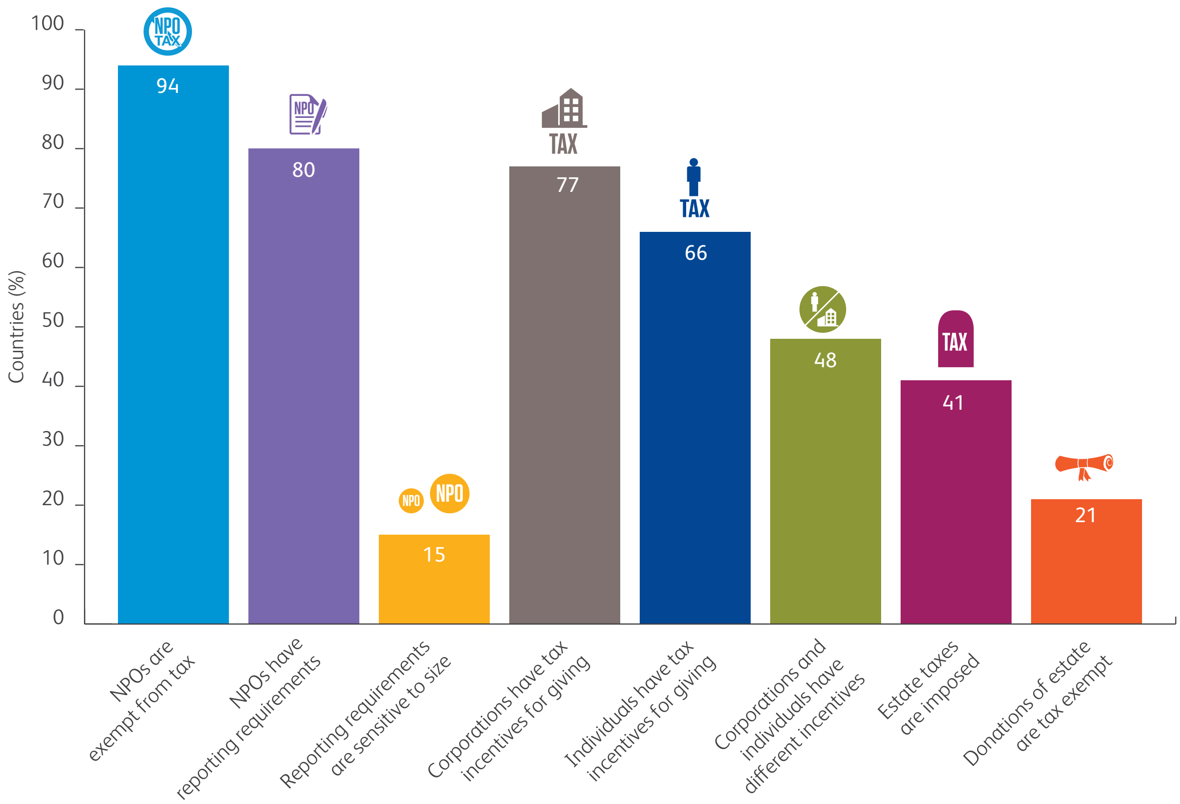
Spread of RGB Index scores



Base: 177 countries

It is interesting to note that a number of countries whose governments do not have a reputation for supporting and enabling the development of either a culture of philanthropy or a healthy non-profit sector score highly in the RGB Index. In the case of some of these nations, the fact that the legal framework is in place does not mean that it has been properly, fairly, or proportionately implemented as the RGB Index does not assess this. In countries with high RGB Index scores but low engagement in philanthropic activity, the focus should be on properly implementing existing laws and extending the availability of tax exemptions and incentives.

Percentage of countries with philanthropic legal infrastructure in place



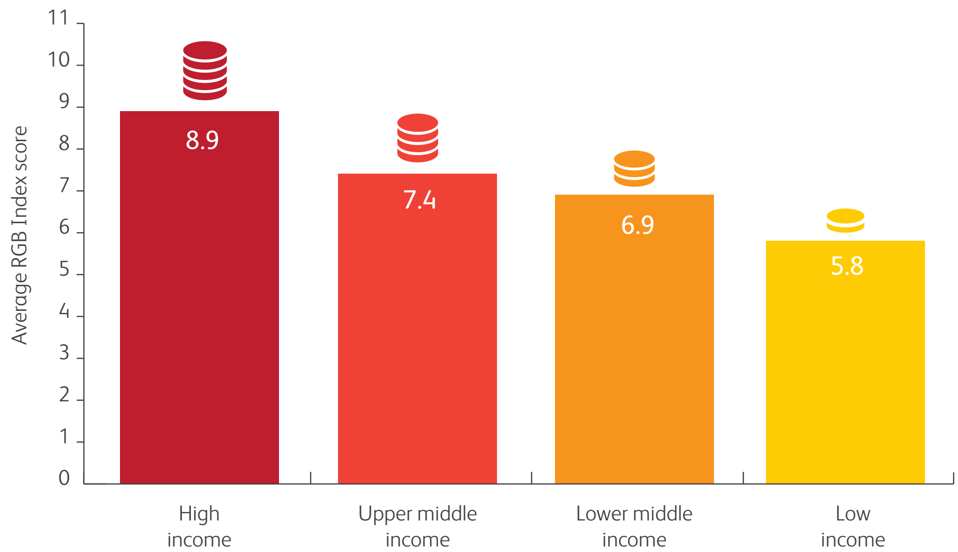
Base: 177 countries

Income Level

Our research clearly shows a strong relationship between the income level of a country – we use the World Bank's income levels which are based on Gross National Income – and RGB Index scores. Strikingly, all 11 nations receiving the highest available RGB Index score are High Income nations, and only one of those, Singapore, is not a member of the Organization for Economic Co-operation and Development ("OECD") – an organization where high-income countries committed to market liberalization and democracy are represented.

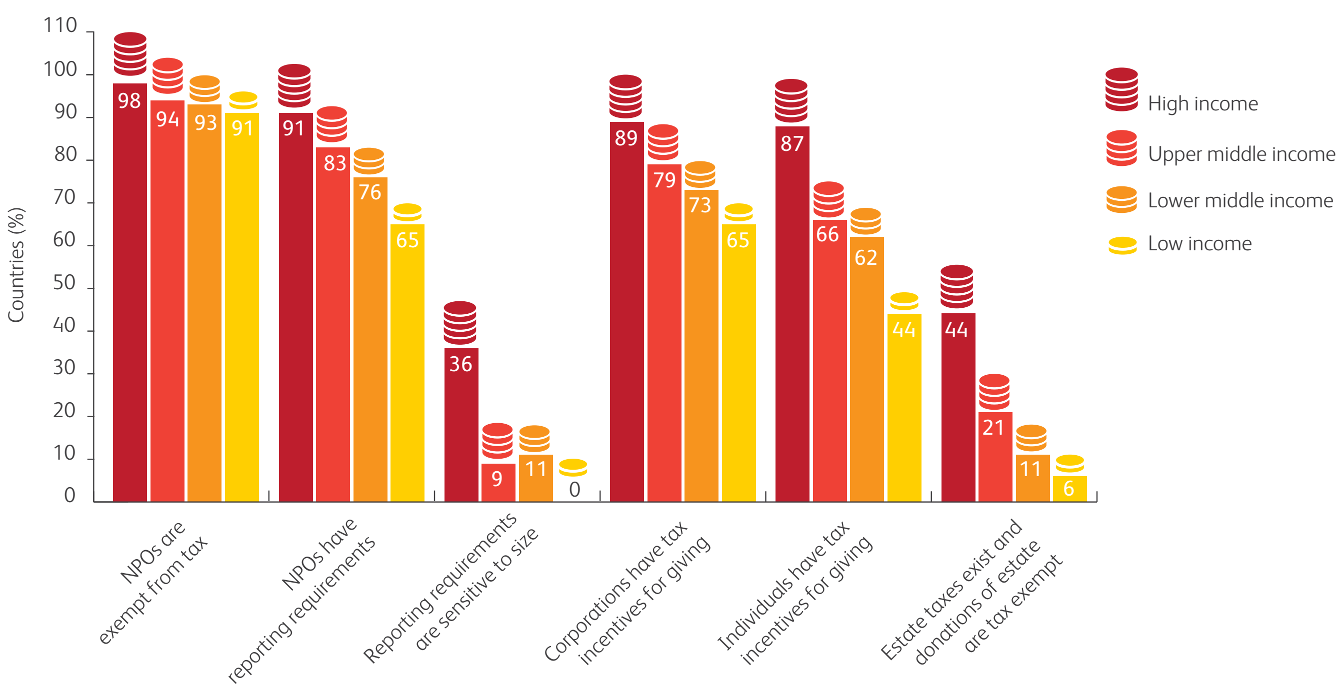
It is perhaps not surprising that wealthy nations generally have more complex legal frameworks and infrastructure for philanthropic activities to be supported and regulated, given that both the cost of such bureaucracy and the fact that the potential for philanthropy in terms of economic wealth is clearly higher in higher income nations. However, such generalizations should not stand in the way of recognizing a significant number of Lower Middle Income (22) and Low Income (13) countries that score 9 or above in the RGB Index. Nor should it fail to highlight that eight High Income countries score 6 or below in the index including some of the world's wealthiest nations such as Qatar (6), Finland (6) and Norway (5).

Average RGB Index score by income group



Base: 177 countries
Income groups defined by the World Bank

Percentage of countries with philanthropic legal infrastructure by income group

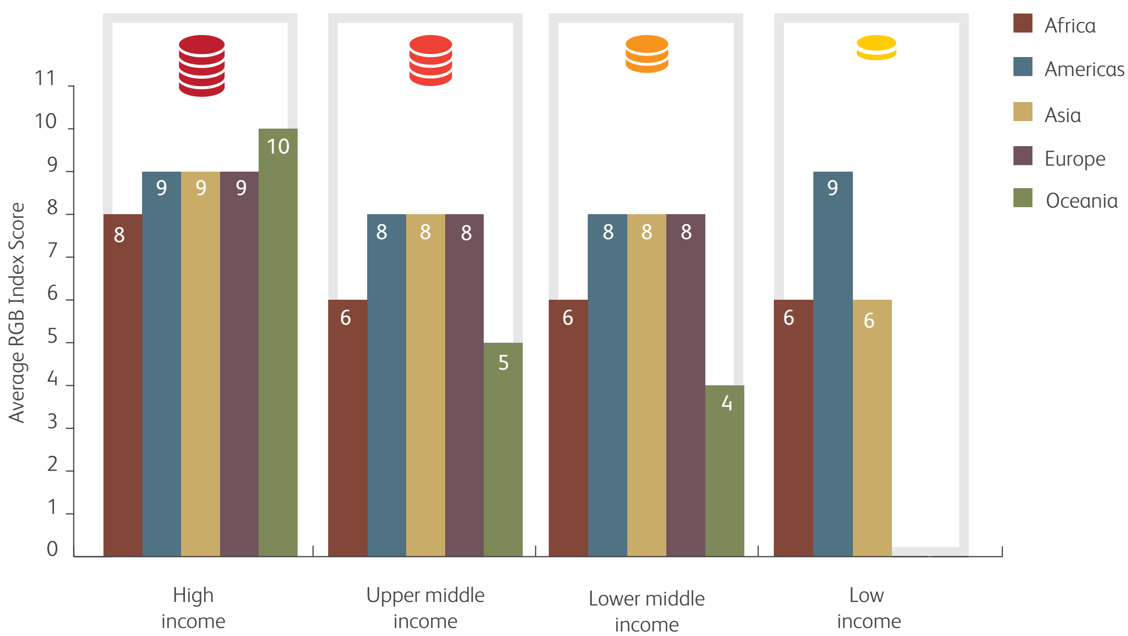


Base: 177 countries
Income groups defined by the World Bank

Regional Breakdown

Given the differences in economic development between continents, it is necessary to consider geographical variations in the RGB Index in context with income levels. On that basis, it is interesting to note that the Americas and Europe perform consistently across all income levels whilst Africa generally under performs within income groups but especially in Upper Middle Income and Lower Middle Income countries. Interestingly, Oceania has very disparate scores with its High Income nations achieving the highest of any continent but its Upper Middle Income and Lower Middle Income nations scoring the lowest scores, though it is significant that the continent only has 2 High Income nations in Australia and New Zealand.

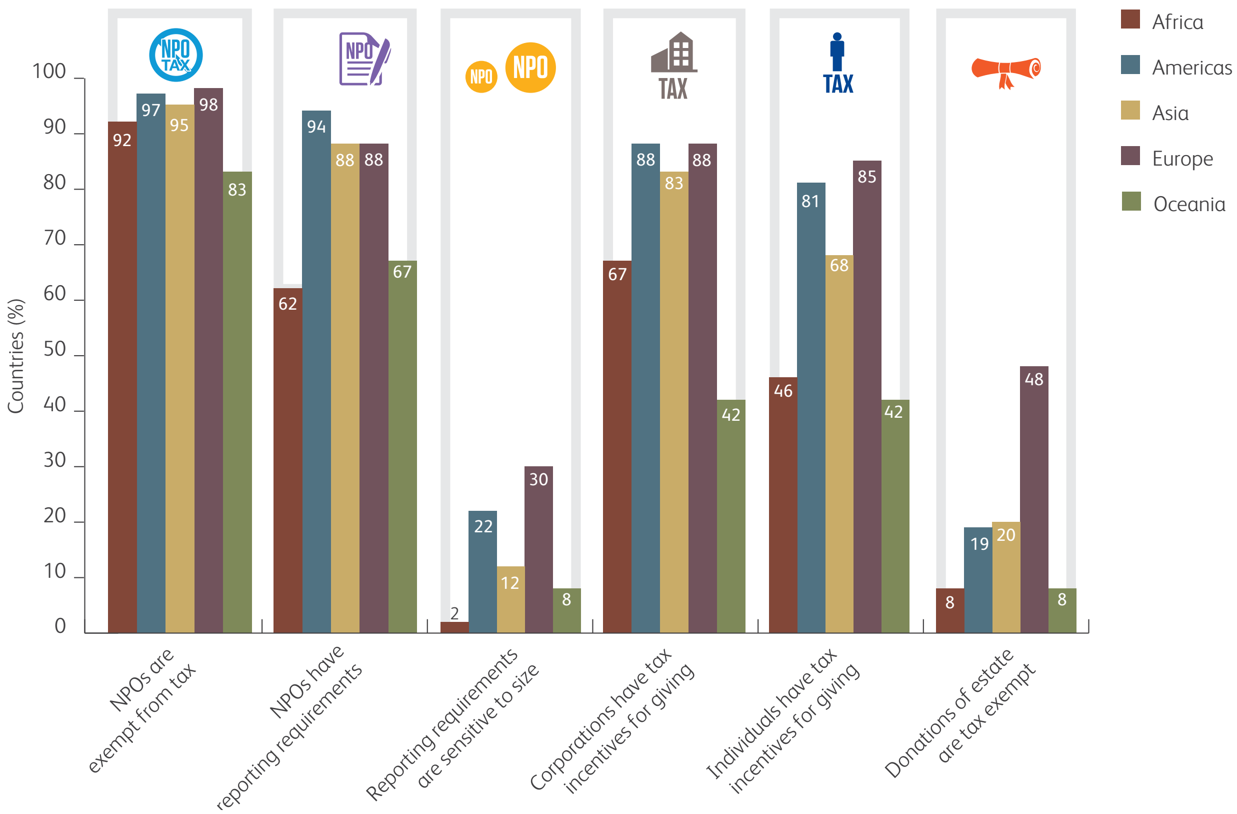
Average RGB Index score by income group and continent



Base: 177 countries
Income groups defined by the World Bank

In general, the relative positions of the continents stay consistent across most aspects of the index. However, some clear differences exist when it comes to incentives. Africa, for instance, shows a gap of 25 percentage points between the number of countries that offer incentives to corporate donors (67%) and individual donors (42%), whilst there is a less pronounced, but still significant gap of 15 percentage points between the presence of corporate (83%) and individual (68%) incentives in Asia. In Europe, almost half (48%) of all nations impose estate taxes and offer tax incentives or exemptions on legacy gifts to charitable causes. The next highest incidence of this model of estate tax incentivized giving on other continents occurs in Asia at just 20% of nations.

Percentage of countries with legal philanthropic structures in place by continent



Base: 177 countries

Non-Profit Organizations

Non-profit organizations ("NPOs") are an important recipient of philanthropic donations. Their capacity to use resources strategically and effectively makes them a crucial component of civil society, and as such, many governments offer tax exemptions and incentives to facilitate the development of the sector. Tax benefits may be available on both sides of the donation relationship- for the donor and the recipient. This section focuses specifically on tax exemption for NPOs. Tax exemption or reduced taxes enable NPOs to get more value from the funds that they receive regardless of the source, enabling them to generate more value for society.

Whilst exemption from taxation allows NPOs to do more with the funds that they receive, this freedom from taxation must necessarily be twinned with the appropriate checks and balances. Reporting requirements are needed to ensure that NPOs are legitimate and committed to an appropriate social mission. As such, this section investigates the presence of reporting regimes and also attempts to inquire whether regulators have differing demands for reporting from organizations of different sizes.

Tax Exemption

A country is considered to have tax exemptions for NPOs if exemptions of any size in any category of taxes exist, including but not limited to capital, corporate, import, income, payroll, property, and VAT taxes.

Globally, only 5% of countries examined (9 countries) provide no tax exemptions for NPOs (excluding those countries who do not impose any taxes on corporations or individuals). This suggests a clear consensus on the value of tax exemptions for NPOs, although exemptions offered vary between countries. More detail is available in the country reports. Each income group and each continent has at least one country without tax exemptions for NPOs, revealing few trends among these countries. Regionally, only North America and South Asia do not contain a country without tax exemption for NPOs. Of the 9 countries without tax exemptions for NPOs, 3 are Low Income: North Korea, Eritrea, and Zimbabwe; 2 are Lower Middle Income: Djibouti and Micronesia; 3 are Upper Middle Income: Belarus, Palau, and Surname; and only 1 is High Income: Cyprus.

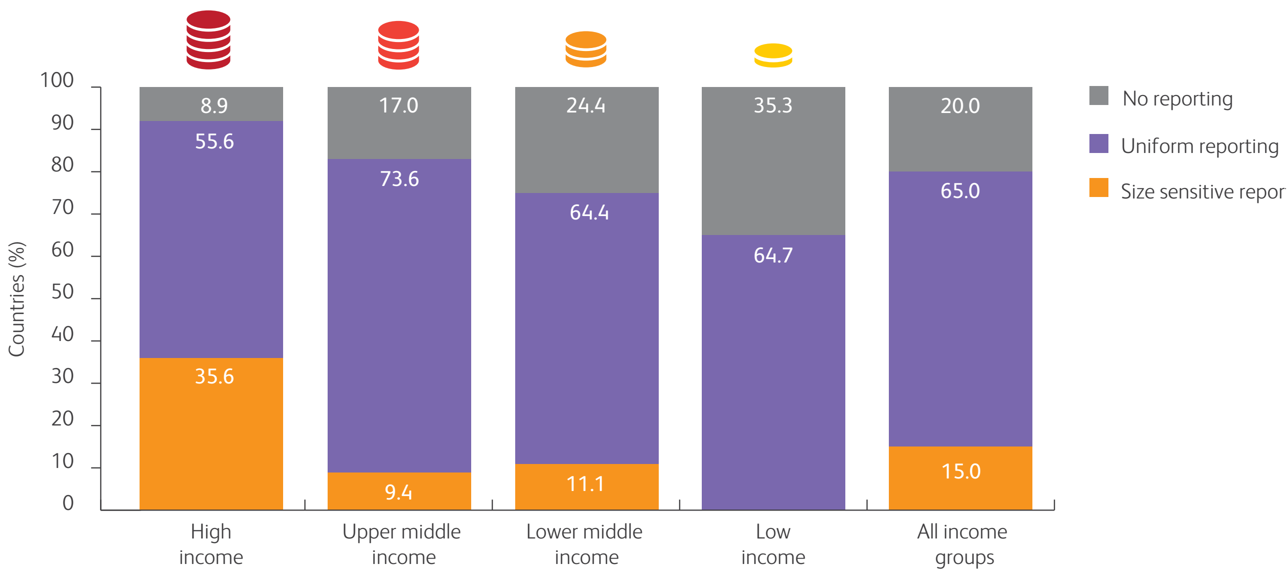
Reporting Requirements

We investigated reporting requirements for NPOs, and whether those requirements are sensitive to the size of the reporting organization. The presence alone of reporting requirements is not a measure of the quality or efficacy of the regulatory environment, and overly burdensome or opaque requirements can actually be damaging for the governance of the sector. However, an established reporting regime for NPOs can help to establish a healthy governance environment that improves standards and helps to build donor trust. Although reporting can be a cumbersome drain on time and resources to organizations of any size, smaller organizations are more prone to having limited staff time and expertise to meet reporting requirements. For this reason we have looked at the practice of offering different reporting regimes that are proportionate to the size of the non-profit at hand. Again, the existence of such a distinction is not in itself necessarily positive as, if poorly designed or administered, this more complex approach might well be inferior to issuing blanket reporting demands.

In some jurisdictions, reporting requirements appear as tax returns and other reporting requirements applicable to all organizations regardless of profit status, but may also include:

- submission of financial statements and records,
- notification of donations,
- annual report of activities and use of property and funds,
- publishing reports and records,
- self-assessment of tax status.

Percentage of countries with reporting requirements by income group



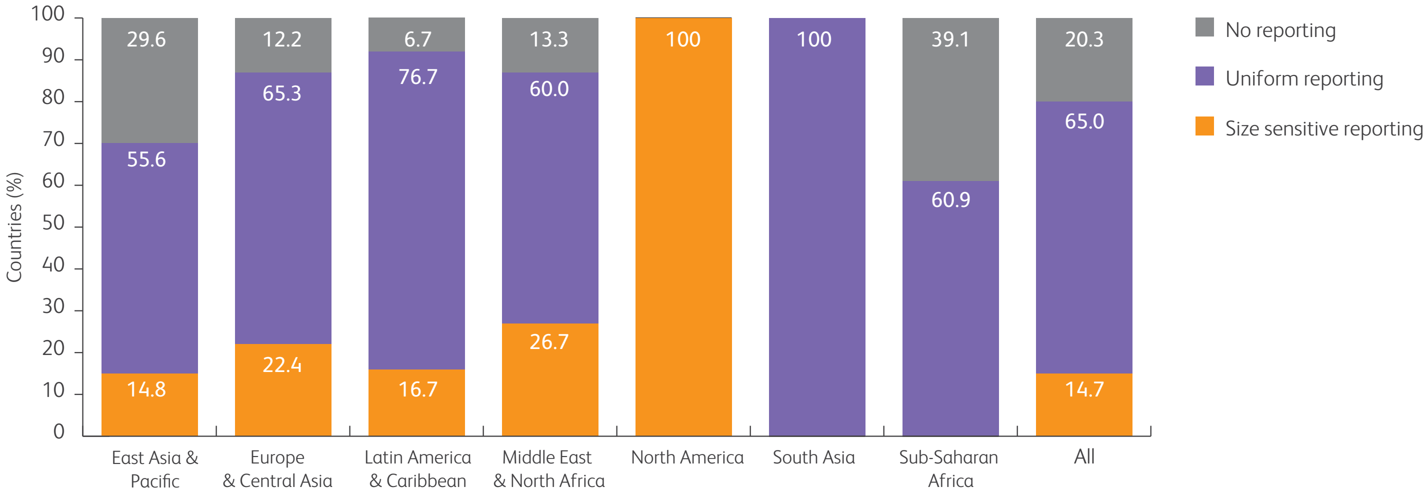
Base: 177 countries
Income groups defined by the World Bank

The percentage of countries with reporting requirements for NPOs is highest in High Income countries and tapers down with each lower income group, suggesting a clear link between wealth and regulatory complexity of the environment for giving. Globally, 80% of countries (141 countries) require reporting by NPOs. Sixty-five percent of Low Income countries have reporting requirements for NPOs, the smallest proportion of any income group, but still a majority. By contrast, 92% of High Income countries require non-profits to submit reports. This trend is perhaps not surprising as, in general, wealthy countries' governments have greater resources with which to develop and administer complex regulatory systems. In addition, it may also be that the higher proportion of wealthy countries requiring reporting from NPOs corresponds to more wealthy nations offering tax exemption for organizations and incentives for donors.

Our research reveals that very few countries have reporting requirements which are sensitive to the size of NPOs. Of countries with reporting requirements, only 18% (26 countries) are sensitive to size. It is striking that no Low Income countries have reporting requirements sensitive to size while 62% (16 countries) of countries with size-sensitive reporting requirements are High Income countries. Regional makeup of countries with size-sensitive reporting is also uneven, with Europe & Central Asia representing 42% and no countries in South Asia or Sub-Saharan Africa.

Regional comparison reveals more variation in reporting requirements. Only 61% of Sub-Saharan countries have reporting requirements, none with sensitivity to size. While only 70% of countries in the East Asia & Pacific region have reporting requirements, 15% have sensitivity to size. Contrastingly, all of the North American (100% size-sensitive) and South Asian countries (0% size-sensitive) have reporting requirements. We acknowledge the small number of countries in the latter two regions making 100% participation easier to achieve, but note higher rates of reporting requirements around 90% in the remaining regions with 17-27% size sensitivity despite variation in the number of countries within those regions.

Percentage of countries with reporting requirements by region

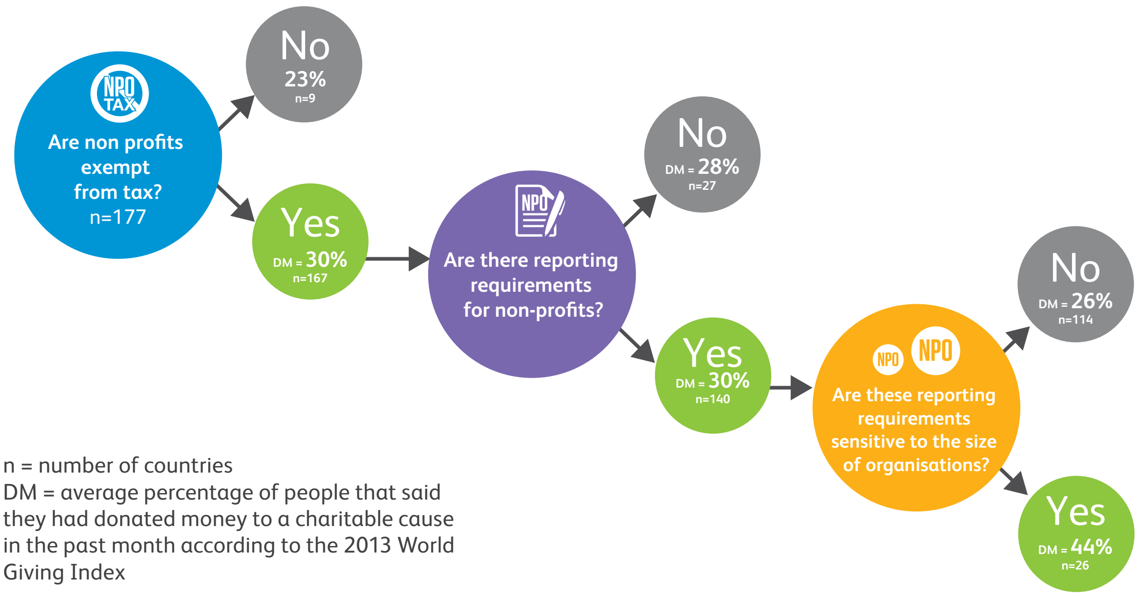


Base: 177 countries

Although only 26 countries have size-sensitive reporting requirements, we found that a number of countries have multiple categories for organizations engaging in philanthropic activity which are often more dependent upon the field of activity and goals than organization size. Reporting requirements may vary within those classifications, but that information is outside the scope of this report.

Impact of Legal Structure on Giving

Impact of philanthropic legal infrastructure



n = number of countries
DM = average percentage of people that said they had donated money to a charitable cause in the past month according to the 2013 World Giving Index

By comparing our findings against World Giving Index data for the proportion of people who regularly give to charitable causes in each country, we observe a positive relationship with the presence of more complex regulatory frameworks. Tax exemption for non-profits generally comes with the proviso that they at least file tax returns, and often means providing other information to the authorities. In nations that offer exemptions to non-profits, an average of 30% of people donated to charity in the month they were surveyed for the WGI. In nations with no exemption for non-profits, the proportion of people donating money falls to 23%, and to 28% when exemption exists but no reporting is required. Interestingly, people in countries with reporting requirements which are sensitive to the size of non-profits are more likely to give to charitable causes by 16 percentage points than those with uniform requirements.

Tax Incentives

In our research we aimed to ascertain in which countries corporate and individual donors can claim tax incentives on their donations. The country reports contain rich and varied detail on the tax incentives offered across the globe including:

- the value of tax incentives and whether they differ for certain causes,
- whether tax incentives are capped at a certain value or proportion of income,
- whether incentives take the form of deduction (a reduction of taxable income), credit (a reduction of tax due), or refund (return of tax paid), and
- if tax incentives are limited to donations to certain types of organizations or specific causes.

Though the above factors merit further analysis, in this report our aim is to take a macro approach. As such, for the purpose of this section, we have separated countries using a very simple rule:

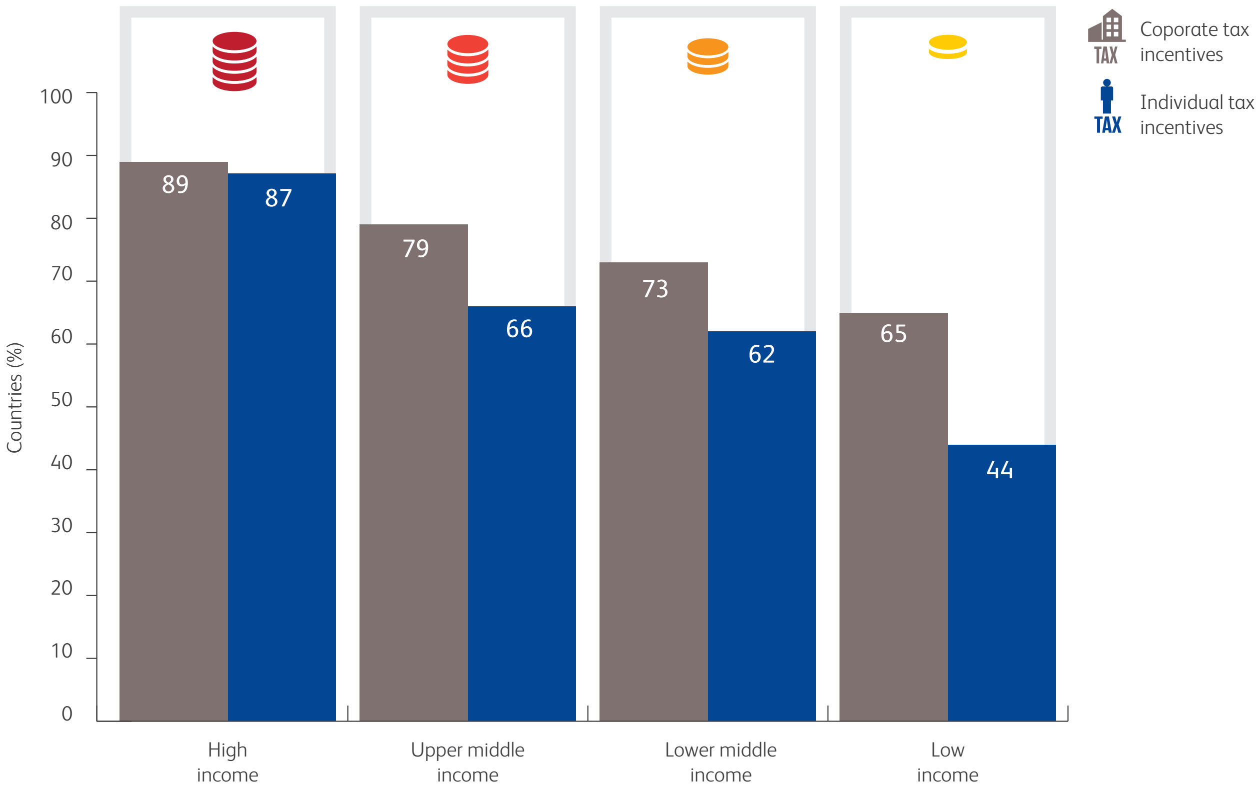
Incentives are available: countries which offer ANY incentives will be defined as having tax incentives even if,
- the incentives which are offered are rarely available in practice,
- the incentives are only available when giving to certain forms of organization or to certain niche causes,
- the value of the incentives is extremely low.

No incentives are available: Countries will be said to have no incentives only if there is no instrument within the taxation system for claiming tax incentives at all.

In order to ensure the proper context for our analysis, we have removed those countries where the government does not impose any personal income or corporation tax.

Globally, some form of tax incentive is offered to corporate donors in 77% of nations whilst some form of incentive is offered by governments to encourage individual giving in 66% of countries (where corporation and personal income taxes are imposed). This clearly demonstrates a global consensus that charitable activity is beneficial to society. Indeed, tax incentives of some description are offered to corporate and individual donors in the majority of countries across all income groups with the exception of Low Income countries where a majority of countries offer incentives for corporate donors but only 44% offer incentives for individual donors.

Percentage of countries with tax incentives for corporate and individual donors by income group

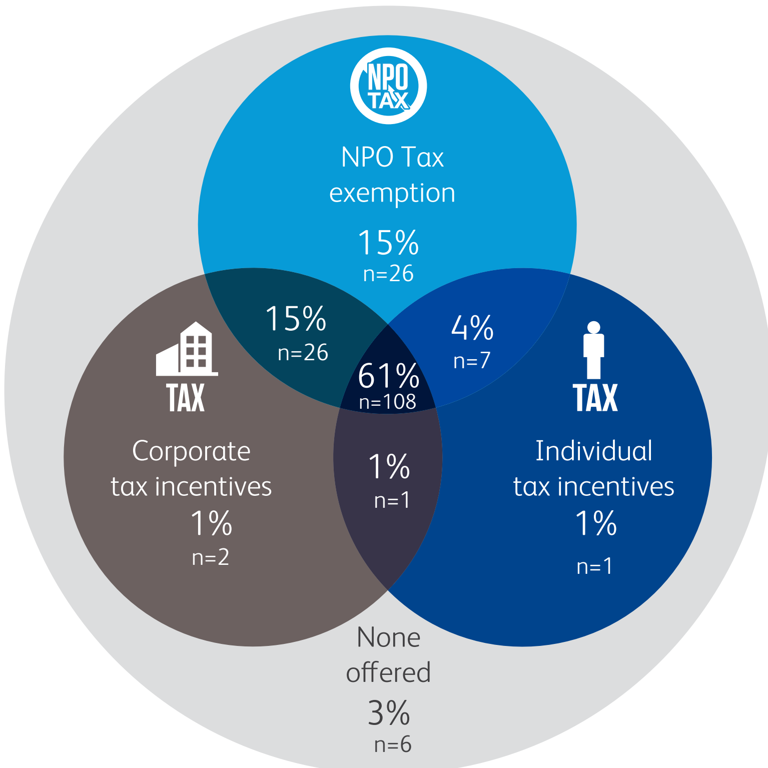


Base: 177 countries
Income groups defined by the World Bank

Unsurprisingly, there seems to be a clear relationship between the income group in which a country lies and the likelihood that tax incentives will be available for corporate and individual donors. Eighty-nine percent of High Income nations have incentives in place for corporate donors and 86% offer incentives for individuals. At the other end of the income scale, only 65% of Low Income countries have incentives for corporate donors and just 44% offer incentives for individuals. There are many factors which could explain this relationship, not least the fact that lower levels of wealth offer less motivation for developing a policy of incentivizing giving, less demand from potential donors, and fewer non-profit organizations to call for such a policy to be implemented.

As the diagram below shows, there is a strong relationship between the presence of incentives for both corporate and individual donors and tax exemptions for non-profits. Only 3 countries offer tax incentives to corporate donations (Belarus, Cyprus and Zimbabwe) and only one country offers incentives for individual donors (Mauritania), without offering tax exemption for non-profits (Cyprus offers incentives for both corporate and individual donors). It is surprisingly common for tax incentives to be offered to one donor type but not the other.

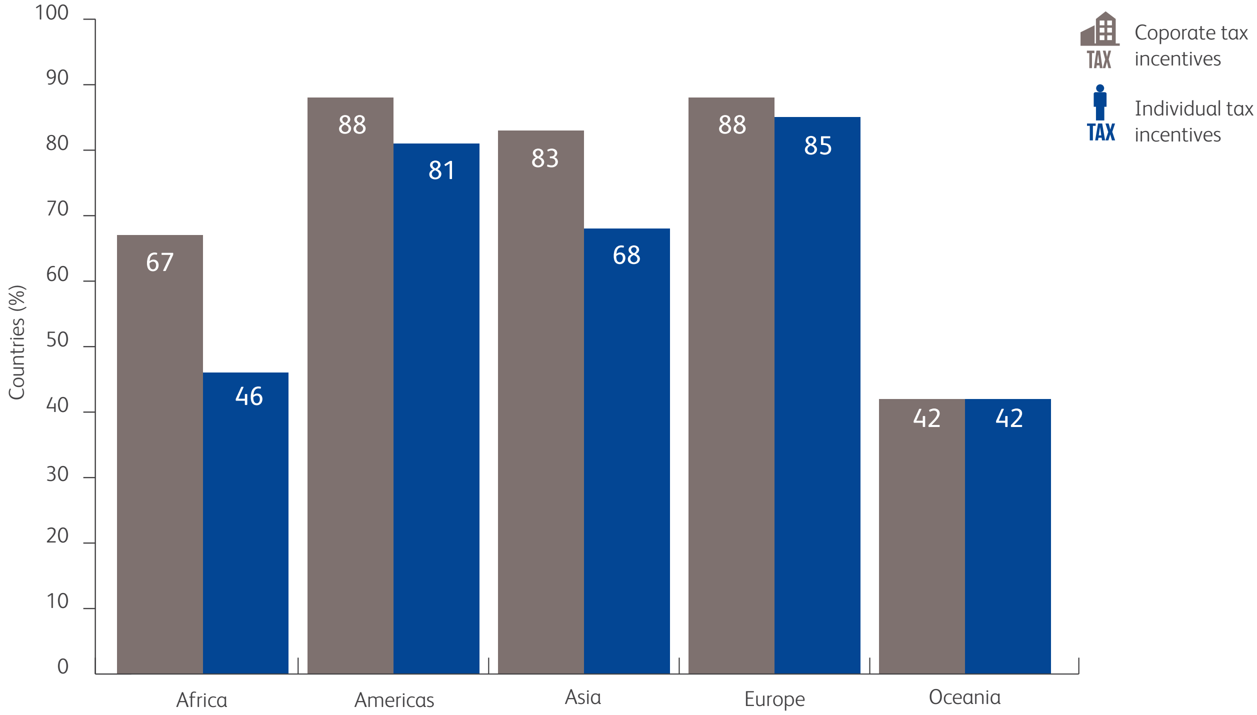
Percentage of countries with legal infrastructures for giving



Base: 177 countries   n= number of countries

According to our research, 28 countries offer tax incentives to corporate donors but offer no incentives for individuals. Five of these countries are located in Europe, accounting for a 3 percentage point gap in the availability of corporate and individual incentives. All but Finland were part of the Soviet Union and, including countries from Central Asia, 7 ex-soviet nations have tax incentives for corporate but not for individual donors. Seven countries in Asia have tax incentives for corporate donors but not for individuals, accounting for a gap of 15 percentage points between the availability of tax incentives for corporate and individual donors.

Percentage of countries with tax incentives for corporate and individual donors by continent



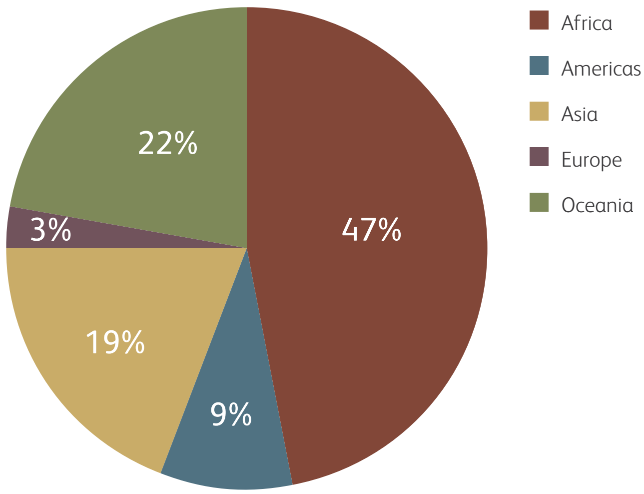
Base: 177 countries

Thirteen countries in Africa offer tax incentives for corporations but none for individual donors with all of those but Algeria located in Sub-Saharan Africa. This has resulted in a dramatic difference of 21 percentage points in the proportion of nations with incentives for corporate donors (67%) and those offering incentives for individuals (46%) in the region. Many of these countries are defined by the World Bank as Low Income nations but possess great natural resource wealth. It may be that the presence of large multinational companies influenced the development of tax incentives for corporations whilst low levels of individual wealth appeared to offer little immediate opportunity for incentivizing individual donors. Nevertheless, our research suggests that even Low Income countries could benefit from incentivizing individual giving (see Tax Incentives for Individuals), particularly as middle class wealth is projected to rise dramatically in the region over the next generation.

Interestingly, governments in 8 nations offer tax incentives for individual donors but not for corporations. Russia, Norway, Ecuador, Moldova, Mauritania, Namibia, Bhutan, and Greece are rare but interesting examples of jurisdictions in which corporations are not subject to the tax benefits offered to individual donors. Given the differences in economic, political and social circumstances of these nations there is no obvious factor linking them together.

Globally, there are 32 nations in which neither corporations nor individuals can receive tax incentives for donations of any kind. Sixty-three percent of these nations (22 countries) are defined by the World Bank as Low Income or Lower Middle Income countries, suggesting that either a broad underdevelopment of tax infrastructure or a perceived lack of demand from donors due to limited resources could be a factor in failing to offer incentives. Though we have excluded nations which do not impose personal income or corporation taxes from our data analysis in this section, it should be noted that Antigua and San Marino, which are High Income nations that offer no incentives, are low tax jurisdictions.

Location of countries offering no tax incentives for individual or corporate donors



Effectiveness of Tax incentives for Individuals

In order to gain an understanding of the efficacy of tax incentives for individuals, we sought to establish whether a relationship exists between the proportion of people regularly donating money to charitable organizations and the availability of tax incentives. It is important to recognize that a relationship between incentives and the propensity of people to donate is not one in which we can demonstrate causation. It may well be, for example, that nations with a strong culture of charitable giving are more likely to develop incentives. Nevertheless, a strong relationship would suggest that tax incentives for individual donors should form part of an enabling environment for charitable giving.

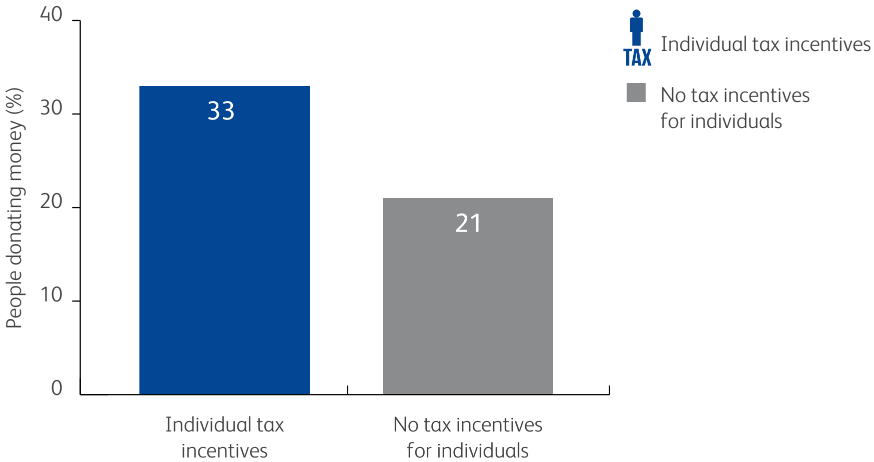
One of the most striking findings from our research on the presence of tax incentives has been the strong relationship between the availability of incentives for individual donors and the participation rate in giving money to charity (as reported in the 2013 World Giving Index).

The average proportion of people who had donated money to charitable organizations in the past month from when they were queried within nations that do not offer any tax incentives was 21% according to the World Giving Index. In nations that do offer some form of tax incentive, 33% said they had given money to charity. Though the 12 percentage point gap in the proportion of people giving money to charity between countries that do and don't offer tax incentives for individuals is interesting, without breaking down the data into income groups it is difficult to understand the relationship between wealth and incentives.

About the World Giving Index

The World Giving Index is the world's largest study of charitable engagement. Produced by the Charities Aid Foundation ("CAF") using survey data from the Gallup World Poll, the World Giving Index is able to determine what proportion of people give money to charity, volunteer their time, or help a stranger in 135 countries.

Percentage of population donating money and the availability of tax incentives for individuals

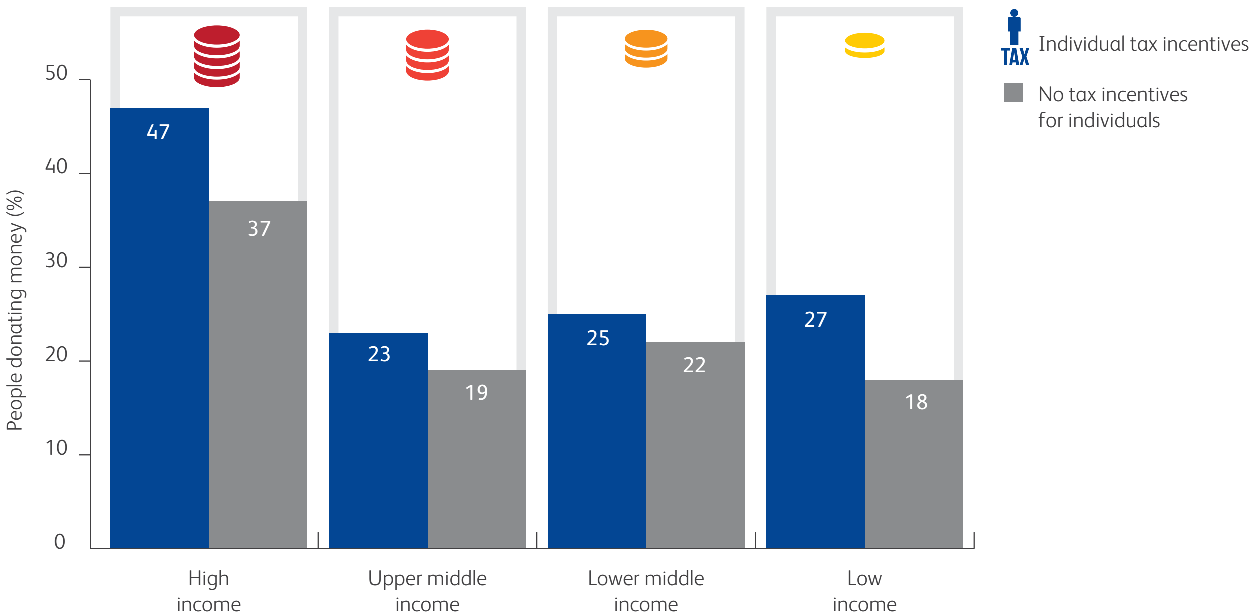


Base: 177 countries
Data on the average proportion of people donating money taken from the 2013 World Giving Index

When viewed within World Bank income groupings, the relationship between tax incentives for individuals and the proportion of people giving money to charity becomes clear. Our analysis reveals a striking relationship between incentives for individuals and charitable activity regardless of how wealthy nations are. Indeed, even in Lower Middle Income countries, the group that sees the lowest effect of tax incentives of participation in charitable giving, countries that offer incentives for individual donors enjoy a 3 percentage point lead over those who don't in terms of mass engagement in giving to charities.

High Income countries that offer tax incentives to individual donors enjoy significantly higher levels of participation in giving to charity. In High Income countries which offer tax incentives to individuals, the average proportion of people donating money to charity according to the 2013 World Giving Index was 47% compared with 37% in countries which offer no incentives to donors. However, the notion that as wealth rises, donors see more value in tax incentives, thereby increasing the effect and efficacy of incentives, is challenged by our data.

Percentage of people donating money and the presence of tax incentives for individuals by income group



Base: 177 countries
Income groups defined by the World Bank
Data on the average proportion of people donating money taken from the 2013 World Giving Index

Surprisingly, the income group that sees the largest effect appears to be Low Income countries where nations which offer tax incentives for individual donors see a participation rate of 27% – 9 percentage points higher than the rate of 18% seen in Low Income countries that offer no incentives for individuals. Such a strong relationship between charitable giving and the presence of tax incentives in Low Income countries suggests that those who see incentives as an instrument which should only be implemented at a later stage of the development of civil society may be relying on false assumptions. Clearly, more research is needed to gain a deeper understanding of the factors at play.

Different Incentives for Corporations and Individuals

Our research has revealed that of the 109 countries which offer tax incentives for both corporate and individual donors, 48 countries offer different incentives for each. As the RGB Index scoring system suggests, we do not see this as necessarily a positive or a negative factor in encouraging a culture of giving. It may be that legitimate reasons for adopting different incentives for corporations and individuals exist, and that these reasons are specific to local circumstances. Equally, it may be that in certain circumstances, having different incentives for corporations and individuals creates an impression of favoritism for one type of donor over another, and is as such detrimental to the development of a universal and inclusive culture of philanthropy.

In comparing the effect of having different incentives for corporations and individuals against World Giving Index data on the participation rates of individual donors, we find the results are inconclusive. Countries which offer the same system of tax incentives to companies and individuals see an average participation rate in giving money to charity equal to those with different incentives (29%).

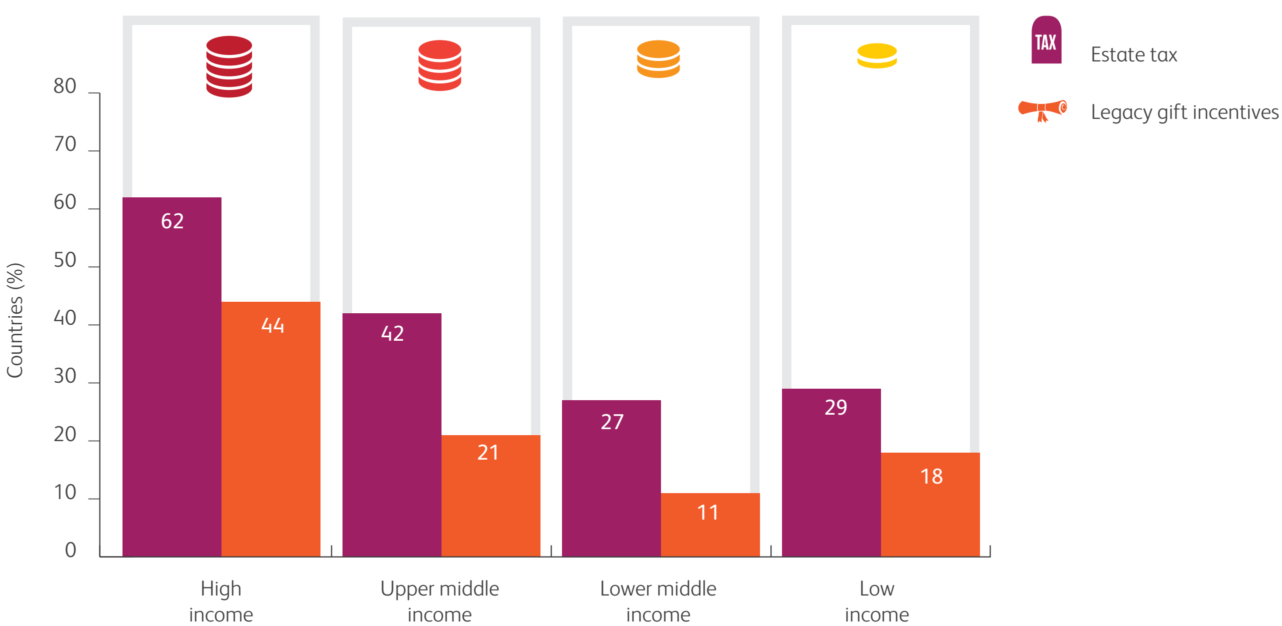
Estate Taxes and Incentives for Legacy Donations

Many countries impose an estate, death, or other transfer tax on the assets owned by an individual upon their death (collectively referred to as "estate tax"). Estate tax rates can be significant. For example, the current maximum estate tax rate in the United States is 40%. Because estate tax rates are generally high, a deduction or credit from estate tax for transfers made to charitable organizations can be an important incentive for major gifts to charity in the form of legacy gifts. When an individual may save significant taxes on their death for transfers made to a charity (versus paying a large tax for a transfer to individuals), there is an incentive to give to charity versus to family members or other individuals. An individual who would otherwise leave all assets to family members may be convinced to leave some or all of their estate to charity in order to save tax, particularly in instances where an individual's heirs are financially secure.

Question 7 of the survey asks "Finally, does there exist an 'estate tax' or some equivalent mechanism that encourages the creation of donor institutions?" We note that the mere existence of an estate tax is not particularly telling. However, the second part of the question is of great importance. The latter portion of question 7 addresses whether a tax incentive exists which would encourage the creation of donor institutions (i.e., an endowment fund for a charity or other major legacy gift to charity), and it is this type of incentive for which we have awarded points for this question. The incentive may be directed towards the estate or beneficiary to qualify in this index.

Our survey shows that 41% of countries reviewed impose an estate tax (72 counties), and 58% of those which impose an estate tax provide exemptions for charitable transfers (42 countries). The vast majority of countries which incentivize giving through exemptions from estate tax are High Income (20 countries) and Upper Middle Income (11 countries), with only 11 Lower Middle Income and Low Income countries imposing an estate tax and also offering tax incentives for legacy gifts.

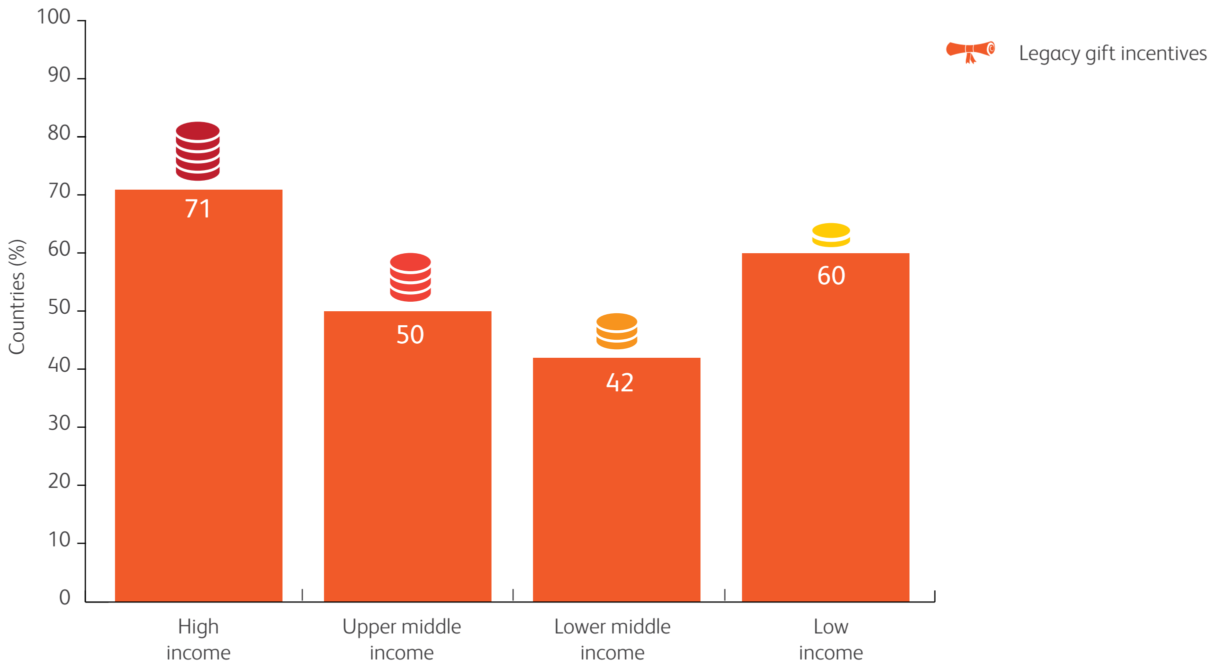
Percentage of countries that impose estate taxes and that impose estate taxes but also offer incentives for legacy donations by income group



Base: 177 countries
Income groups defined by the World Bank

Where an estate tax is imposed, higher income countries are more likely to offer exemption from taxation on legacy gifts to charity as illustrated in the below chart. This result may be reflective of the fact that, generally, estate taxes are only imposed on estates with significant assets (i.e., the United States does not impose federal estate taxes on estate's valued at less than $5.34 million[4]). An incentive based on estate tax savings may therefore have a greater impact in wealthier countries because a legacy gift to charity may be more effective where (i) an individual has sufficiently significant wealth that an estate tax would be imposed and (ii) where the financial well-being of an individual's heirs may be less of a consideration.

Percentage of the countries that impose estate taxes that offer incentives for legacy donations by income group



Base: 72 countries that impose estate taxes

Whilst lower income countries are generally less likely to impose estate taxes and then offer tax incentives for legacy gifts, Low Income countries perform better than Lower-Middle income countries on both measures. Furthermore, Low Income countries that impose estate taxes are more likely to offer exemptions of legacy gifts than Lower-Middle Income and also Upper-Middle Income countries by 18 percentage points and 10 percentage points respectively. However, given that only 10 Low Income countries impose estate taxes it should be acknowledged that drawing conclusions on such a small sample is problematic.

Rules to Give by Index in Alphabetical Order

Key

- Low Income
- Lower Middle Income
- Upper Middle Income
- High Income
- Tax regime
- NPO tax exemption
- NPO reporting
- NPO reporting sensitive to size
- Corporate tax incentives
- Individual tax incentives
- Different incentives for corporations and individuals
- Estate tax
- Donations after death exempt

Country	Income	Tax regime	NPO tax exemption	NPO reporting	NPO reporting sensitive to size	Corporate tax incentives	Individual tax incentives	Different incentives for corporations and individuals	Estate tax	Donations after death exempt	Score
Afghanistan	Low Income	✓	✓	✓							3
Albania	Upper Middle Income	✓	✓	✓		✓	✓	✓	✓	✓	10
Algeria	Upper Middle Income	✓	✓	✓		✓		✓	✓		6
Angola	Upper Middle Income	✓	✓	✓		✓		✓	✓		6
Antigua and Barbuda	High Income	✓	✓	✓							3
Argentina	Upper Middle Income	✓	✓	✓		✓	✓				9
Armenia	Lower Middle Income	✓	✓	✓		✓	✓	✓			9
Australia	High Income	✓	✓	✓		✓	✓		✓	✓	10
Austria	High Income	✓	✓	✓	✓	✓	✓				10
Azerbaijan	Upper Middle Income	✓	✓	✓					✓	✓	4
Bangladesh	Low Income	✓	✓	✓		✓	✓	✓			9
Barbados	High Income	✓	✓	✓	✓	✓	✓				10
Belarus	Upper Middle Income	✓				✓		✓			3
Belgium	High Income	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Belize	Upper Middle Income	✓	✓			✓	✓				8
Benin	Low Income	✓	✓	✓		✓	✓	✓	✓		9
Bhutan	Lower Middle Income	✓	✓	✓			✓	✓			6
Bolivia (Plurinational State of)	Lower Middle Income	✓	✓	✓		✓	✓		✓	✓	10
Bosnia and Herzegovina	Upper Middle Income	✓	✓	✓		✓	✓	✓	✓	✓	10
Botswana	Upper Middle Income	✓	✓	✓					✓		3
Brazil	Upper Middle Income	✓	✓	✓		✓	✓	✓	✓	✓	10
Bulgaria	Upper Middle Income	✓	✓	✓		✓	✓		✓	✓	10
Burundi	Low Income	✓	✓	✓		✓	✓				9

Country	Score
Cabo Verde	9
Cambodia	6
Cameroon	6
Canada	11
Central African Republic	6
Chad	4
Chile	10
China	10
Colombia	10
Comoros	6
Congo	6
Congo (Democratic Republic of the)	2
Costa Rica	9
Côte D'Ivoire	2
Croatia	9
Cyprus	6
Denmark	11
Djibouti	0
Dominica	9
Dominican Republic	6
Ecuador	6
Egypt	10
El Salvador	10
Equatorial Guinea	8
Eritrea	0
Estonia	9
Ethiopia	6

Country	Score
Fiji	9
Finland	6
France	11
Gabon	6
Gambia	2
Georgia	6
Germany	11
Ghana	6
Greece	7
Grenada	10
Guatemala	9
Guinea	9
Guinea-Bissau	2
Guyana	9
Haiti	9
Honduras	9
Hungary	9
Iceland	9
India	9
Indonesia	10
Iran (Islamic Republic of)	10
Iraq	3
Ireland	11
Israel	10
Italy	11
Jamaica	9
Japan	10

Country	Score
Jordan	10
Kazakhstan	9
Kenya	9
Kiribati	3
Korea (Democratic People's Republic of)	0
Korea (Republic of)	9
Kyrgyzstan	6
Lao (People's Democratic Republic)	5
Latvia	9
Lebanon	6
Lesotho	3
Liberia	9
Libya	9
Liechtenstein	9
Lithuania	6
Luxembourg	10
Macedonia (The former Yugoslav Republic of)	7
Madagascar	9
Malawi	9
Malaysia	9
Maldives	9
Malta	10
Marshall Islands	3
Mauritania	3
Mauritius	8
Mexico	9

Country	*Score*
Micronesia (Federated States of)	0
Moldova (Republic of)	5
Mongolia	10
Montenegro	9
Morocco	9
Mozambique	5
Myanmar	8
Namibia	6
Nepal	3
Netherlands	10
New Zealand	9
Nicaragua	3
Niger	2
Nigeria	6
Norway	5
Pakistan	9
Palau	0
Panama	9
Papua New Guinea	10
Paraguay	9
Peru	9
Philippines	10
Poland	9
Portugal	9
Qatar	6
Romania	9
Russian Federation	7

Country	Score
Rwanda	9
Samoa	2
San Marino	3
São Tomé and Príncipe	3
Senegal	8
Serbia	6
Seychelles	2
Sierra Leone	3
Singapore	11
Slovakia	9
Slovenia	10
Solomon Islands	3
Somalia	2
South Africa	10
South Sudan	9
Spain	9
Sri Lanka	9
St. Lucia	8
St. Vincent and the Grenadines	7
Sudan	6
Suriname	1
Swaziland	8
Sweden	10
Switzerland	11
Syrian Arab Republic	10
Tajikistan	9
Tanzania (United Republic of)	9

Country	*Score*
Thailand	9
Timor-Leste	9
Togo	3
Tonga	9
Trinidad and Tobago	9
Tunisia	8
Turkey	10
Turkmenistan	3
Tuvalu	2
Uganda	8
Ukraine	10
United Kingdom of Great Britain and Northern Ireland	11
United States of America	11
Uruguay	6
Uzbekistan	6
Venezuela (Bolivarian Republic of)	10
Viet Nam	8
Yemen	9
Zambia	9
Zimbabwe	3

Not scored in the index

Country		*Score*
Andorra		*
Bahamas		*
Bahrain		*
Brunei Darussalam		*
Burkina Faso		**
Cuba		**
Czech Republic		**
Kuwait		*
Mali		**
Monaco		*
Nauru	Unclassified	*
Oman		*
Saudi Arabia		*
St. Kitts and Nevis		*
United Arab Emirates		*
Vanuatu		*

* These countries do not receive a score in the index due to the fact that they do not impose taxes and therefore are not in a position to offer tax incentives.

** These countries do not receive a score because information is missing in our research or the results were inconclusive.

Afghanistan

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in Afghanistan on income, property, sales, imports, exports, transport, and other specified receipts and activities.[1]

   The Ministry of Finance is responsible for all fiscal matters, and its Revenue Department is responsible for the collection of taxes. Domestic taxes are collected through the provincial and district offices.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Article 11 of the Income Tax Law provides that contributions received by and income from the operations of organizations that meet the following conditions are exempt from taxation: (1) the organization must be established under the laws of Afghanistan; (2) the organization must be organized and operated exclusively for educational, cultural, literary, scientific, or charitable purposes; and (3) contributors, shareholders, members or employees either during the operation or upon dissolution of the organization must not benefit from the organization.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Every tax exempt organization is still subject to the filing and record-keeping requirements under the Income Tax Law, including the filing of income tax returns, audited accounts and preservation of records, and withholding taxes.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 3

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1 EY 2013 Worldwide Corporate Tax Guide, "Afghanistan," ***available at*** http://www.ey.com/GL/en/Services/Tax/Worldwide-Corporate-Tax-Guide---XMLQS?preview&xml=~ec1mages~taxguides~WCTG-2013~WCTG-AF.xml.

2 Afghanistan Income Tax Law, art. 11 (consolidated 31 March 2005), ***available at*** http://mof.gov.af/Content/files/IncomeTaxLaw.pdf.

3 Afghanistan Revenue Department – Guide 23.

Albania

1. Does the country have a tax system in place?

Yes. The tax system in the Republic of Albania ("Albania") is based on a 10 percent flat tax rate.[1] Taxes in Albania are grouped into three main categories: (1) direct taxes (i.e., profit tax, personal income taxes and taxes on capital) and indirect taxes (i.e., Value Added Tax ("VAT"), excise, gambling and other indirect taxes); (2) local taxes; and (3) social and health security contributions.[2] All companies, foreign or domestic, which are registered in the trade register and pay VAT, are subject to tax on profits generated in Albania.[3] Whereas individuals resident in Albania are subject to tax on income produced anywhere in the world, non-residents are only subject to tax on income produced in Albania.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profits are exempt from corporate profit tax when they carry out the activities listed in Article 18 of the Income Tax Act. These activities include religious, humanitarian, benevolent, educational or scientific activities that comply with the non-distribution of profit requirement. Income generated through activities other than those mentioned above are subject to corporate profit tax. Additionally, regardless of the activities they carry out, non-profits are exempt from corporate profit tax on the donations received.[5]

Furthermore, as stipulated in the Decision on Public-Benefit Status, for non-profits to be VAT exempt, they must carry out primarily activities qualified as "for public benefit". Such activities are related to education, health care or support of the economic development of people in need. However, for these activities to be qualified as "for public benefit" they must be provided either free of charge or at a price that is at least fifty percent lower than the market price for that service in the area in which the organization operates.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Non-profits annually submit to the regional tax office a copy of their balance sheet of assets and liabilities.[7] Additionally, they submit on a monthly basis a VAT statement, book of sales and purchases (invoices showing VAT), a report of social and health contributions for employees, a statement of income tax withheld for employees, as well as a report on staff turnover in the organization.[8]

Furthermore, non-profits wishing to obtain "public benefit" status are required to submit annual accounts of the previous three years audited by an auditor.[9]

4. If yes to 3, then are those reporting requirements sensitive to the size of organisations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Businesses receive tax benefits for charitable giving. In Albania, the benefit is in the form of a deduction that decreases the tax base and is currently limited to a maximum 3 percent of taxable income.[10]

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1 Deloitte International Tax, "Albania Highlights," ***available at*** http://www.deloitte.com/assets/Dcom-Albania/Local%20Assets/Documents/AL_Albania%20Highlights_001022009.pdf.

2 *Id.*

3 *Id.*

4 Albanian Investment Climate and Tax System (2012) ***available at*** http://www.al-tax.org.

5 Albanian Civil Code, Law No.8788 of 7 May 2001 "On Non-Profit Organisations" as amended, and Law no.8789 of 7 May 2001 "On the Registration of Non-Profit Organisations."

6 Ellis Tarelli, ***EFC Country Profile November 2011: Albania, available at*** http://www.efc.be/programmes_services/resources/Documents/albania.pdf.

7 *Id. at 7.*

8 *Id.*

9 Decision on Public-Benefit Status, para. 3.

10 Income/Profit Tax Law, art. 12/3.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Businesses receive some tax benefits for charitable giving. Individuals are not generally permitted to deduct charitable contributions. However, Albania allows for "traders", whether legal or physical persons, to deduct charitable contributions; accordingly, some individuals are eligible to deduct contributions on the same basis as businesses do.[11]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Gift and inheritances are subject to the same 10 percent flat tax rate.[12] However, there is no gift or inheritance tax for gifts to non-profits.

FINAL SCORE: 10

11 Douglas Rutzen, David Moore & Michael Durham, *The Legal Framework for Not-for-Profit Organizations in Central and Eastern Europe, 11. The International Journal of Not-for-Profit Law (2009), available at http://www.icnl.org/research/journal/vol11iss2/art_1.htm#_ftnref30.*

12 The International Comparative Legal Guide, *Albania Chapter-Private Client 2013, available at http://www.iclg.co.uk/practice-areas/private-client/private-client-2013/albania.*

Algeria

1. ***Does the country have a tax system in place?***

   Yes. Algeria imposes taxes on income, capital gains, wealth, inheritance, sales, and gifts.[1] Algeria consists of forty-eight ***wilayat***, or provinces, but their role in taxation is minimal. Algeria has adopted a progressive income tax regime with rates ranging from 0-35 percent.[2] The country also imposes a Value Added Tax ("VAT") on goods and services at a top rate of 17 percent, although certain items such as some food products and medical care qualify for a reduced rate of 7 percent.[3]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. However, non-profits receive exemptions only for a limited number of activities and purposes. Algeria exempts "public, scientific, teaching, or relief organizations" from real property taxes on both developed and undeveloped land.[4] Algeria only exempts non-profits that work with handicapped persons from corporate income taxes.[5]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Algeria requires both individuals engaged in business and corporations to file an annual tax return. Corporations must file Form GN 11 (Statement of Industrial and Commercial Profits). Form GN 11 includes space for corporations to list their exempt activities, including work with handicapped persons. Algeria also does not appear to provide any exemptions from filing to non-profits. Furthermore, non-profits must obtain approval from the Algerian government before operating, and this process can be demanding. The Associations Act of 2012 gives Algerian authorities wide latitude to deny registration applications, and Algerian residents must serve as administrators in non-profits that hope to operate in the country.[6]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Corporations, unlike individuals, may take deductions for gifts to charity. Specifically, Algeria permits deductions for corporate gifts to scientific research institutions and "philanthropic associations."[7] Algeria does limit deductions to no more than 1 percent of a company's taxable income.[8] Similarly, Algeria also permits donations up to 10 percent of taxable income for "sport and cultural sponsorship."[9]

7. ***Finally does there exist an "estate tax" or some equivalent mechanism that encourages creation of donor institutions?***

   No. Algeria imposes a "wealth tax" where the country will levy a tax on any estate worth more than DZD 30 million.[10] The tax is progressive; when an individual's wealth increases, the tax increases, with rates ranging from 0 percent (for estates worth less than DZD 30 million) to 1 percent (for estates worth more than DZD 68 million).[11] However,

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1 Deloitte International Tax, "Algeria Highlights 2013," *available at* http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dt-tl-tax-algeriahighlights-2013.pdf.
2 Ridha Hamzaoui, *Algeria – Individual Taxation* § 5, Country Surveys IBFD (last visited 20 June 2012).
3 Ridha Hamzaoui, *Algeria – Corporate Taxation* § 17, Country Surveys IBFD (last visited 22 June 2012).
4 *Id.* at § 12.
5 *Id.*
6 International Center for Not-for-Profit Law, NGO Law Monitor: Algeria (2012), *available at* http://www.icnl.org/research/monitor/algeria.html.
7 Ridha Hamzaoui, *Algeria – Corporate Taxation* § 3, Country Surveys IBFD (last visited 22 June 2012).
8 *Id.*
9 *Id.*
10 *Id.* at 8.
11 *Id.*

a taxpayer cannot avoid the wealth tax by giving to charitable organizations. Furthermore, a separate inheritance tax is lower on transfers among decedents and their spouses or children than between a decedent and other beneficiaries.[12]

FINAL SCORE: 6

12 *Id.* at 9.

Andorra

1. ***Does the country have a tax system in place?***

   Yes. Although no income taxes are imposed on individuals in the Principality of Andorra ("Andorra"), there is an income tax of 10 percent on Andorran resident entities, a 10 percent withholding tax on Andorran-source income of nonresident entities, and annual registration fees, municipal taxes, property transaction taxes and a sliding scale capital gains tax.[1] There is also a Value Added Tax ("VAT") of 4.5 percent.[2] Andorra imposes a 20 percent withholding tax on returns on savings paid to citizens of the European Union, 75 percent of which is remitted to their respective member states[3].

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Law 11/2008, of June 12, on foundations, recognizes private foundations and public sector foundations having legal objectives of general interest and the activities of which benefit generic groups of people. For private foundations, workers' groups in one or several companies and their families are also included. Foundations are partially exempt from corporate tax. They are exempt from income from carrying out the activities constituting their specific objective, income from acquisitions and transfers for profit, whenever these are carried out to fulfill their specific objective, and income that derives from transfers for a consideration of assets linked to carrying out the specific objective, if the total product obtained is intended for new investments related to this specific objective.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Andorra's Anti-money Laundering Act ("LCPI") requires all associations, foundations, and other non-profit organizations to retain a register of members, book of minutes, inventory of assets and accounting registers relating to their activities, as well as data concerning persons to whom funds are paid.[4]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[5]

   This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.

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1 Deloitte International Tax, "Andorra Highlights 2013," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-andorrahighlights-2013.pdf.

2 *Id.*

3 *Id.*

4 Council of Europe, Anti-Money Laundering Measures and the Financing of Terrorism, "Andorra," ***available at*** http://www.coe.int/t/dghl/monitoring/moneyval/Countries/Andorra_en.asp.

5 *Id.*

Angola

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in the Republic of Angola ("Angola") on income, consumption (operates as an excise tax and a sales tax on the supply and import of certain goods and services in Angola), certain property transfers, social security, capital contributions to companies and business receipts.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Under the Patronage Law, non-profit entities that are considered "Permissible Beneficiaries" are exempt from any taxes on income earned as long as (1) those holding positions on the respective boards are not remunerated, (2) the entity has organized accounting under the terms of the general accounting plan and has accounts certified by accountants under the terms applicable to commercial companies, (3) funds resulting from the activity carried on by the entity are not distributed to any member or third party and (4) there is not direct or indirect interest in the income from the activities carried on.[2] Permissible Beneficiaries are public or private non-profit entities of recognized public interest, with the aim of developing their activity in any of the following fields: culture, sports, social responsibility, environment, youth, education, health, science and technology and information society.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes.[3] Under the Patronage Law, patrons must register with the appropriate entity (the "Regulating Entity") prior to making their first donation. Patrons also must notify their local tax office of any donation and report their donations on their corporate tax return (*Modelo 1*).

   Permissible beneficiaries must provide the Regulating Entity with a copy of the program or plan of activities and documentary evidence of the use or application of donations. Permissible Beneficiaries also must file an official tax return disclosing the donations received in the previous year by the end of February each year. Finally, Permissible Beneficiaries must issue a document stating that the donations were made without consideration, the date and value of each donation, and the date of registration and identification of each patron.[4]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Under the Patronage Law, if a patron makes a donation to a Permissible Beneficiary, such donation is considered a cost or loss of the financial year. Consequently, 40 percent of the respective value of the donation is deductible from the tax base for corporate tax purposes.[5] Donations may not directly benefit anyone with ties to the patron (e.g., companies where the patron holds a determined position and relatives of the patron).

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. The Patronage Law does not apply to individuals even if they make the same donations.

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1 Deloitte International Tax, "Angola Highlights 2011," ***available at*** http://www.deloitte.com/assets/Dcom-SouthAfrica/Local%20Assets/Documents/IntoAfrica/Angola.pdf.

2 ***See*** Angolan Tax Reform (I): The New Patronage Law, ***available at*** http://www.theworldlawgroup.com/files/file/docs/Tax%20Information%20Angola.pdf.

3 According to The 2010 NGO Sustainability Index for Sub-Saharan Africa, ***available at*** http://transition.usaid.gov/our_work/democracy_and_governance/technical_areas/civil_society/angosi/ANGOSI_Reports/2010/2010_NGOSI_Africa.pdf#page=27, the Law on Associations (Law 14/91), Law on the Status of Public Utility (Decree 5/01) and Regulation of NGOs (Decree 84/02) formed the "backbone of the legal environment for the NGO sector in Angola" in 2010. The registration of NGOs under these laws was lengthy (requiring at least five years), complex, expensive and bureaucratic.

4 ***See*** Tax News Flash n°1/2012: All the pieces put together, ***available at*** http://www.deloitte.com/assets/Dcom-Angola/Local%20Assets/Documents/pt%28ao%29_News_Flash_n_1_2012_Angolan_Patronage_Law_09022012.pdf.

5 This limit is reduced to 30 percent if the activities of the Permissible Beneficiary envision benefiting the patron's employees or their households.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. A gift and inheritance tax applies to gratuitous transfers of property located in Angola by a resident. There are two categories of inheritance and gift tax rates, which depend on the recipient's relationship to the deceased or donor. A tax on inheritance and gifts is levied on a sliding scale on the value of goods inherited or donated at rates between 10 and 30 percent. Tax is not charged on the total value of the estate of the deceased, but separately on each individual recipient with respect to his inheritance or legacy. There is no known deduction or exemption for gifts to a Permissible Beneficiary.

FINAL SCORE: 6

Antigua and Barbuda

1. *Does the country have a tax system in place?*

Yes. Taxes collected in Antigua and Barbuda include personal income tax, corporate income tax, property tax, business tax (for unincorporated businesses) and a Value Added Tax ("VAT").[1] Currently, Antigua and Barbuda imposes a 40 percent tax on the profits of incorporated companies. Unincorporated businesses are subject to 2 percent tax on their gross income.[2] Income subject to taxation includes gains or profits derived from a trade or business, employment (over a threshold amount), property, dividends and pension payments.[3] There are no taxes on capital gains.[4]

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Yes. An income tax exemption is provided for an "ecclesiastical, charitable, or educational institution of a public character," provided that the income is not derived from a trade or business conducted by the institution.[5]

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

Yes. Non-profit organizations registered as a "Friendly Society" are required to file a report (not later than January 31 of each year) to the Registrar of Friendly Societies.[6] The report must include the number of current members on the roll, as well as an accounting of the money available in savings, invested in real security and cash on hand (as of the end of the previous year).[7] In addition, each Friendly Society is required to submit an annual return (no later than March 31) of the "receipts and expenditure[s], funds, and effects" of the society.[8] Unless exempted otherwise, each society is required to undergo a valuation of its assets and liabilities at least once every five years.[9] The results of the quinquennial valuation must be submitted to the Registrar. Non-profit organizations can also be registered as a non-profit corporation under the Companies Act of 1995. Entities choosing to register as a non-profit corporation are subject to the same annual reporting and audit requirements imposed on all public corporations operating in Antigua and Barbuda.[10]

4. *If yes to 3, then are those reporting requirements sensitive to the size of organizations?*

No. There are different reporting requirements based on organization type (e.g., non-profit corporation versus Friendly Society), but not organization size.

5. *If yes to 1, are there tax incentives in place to encourage philanthropy?*

No.[11]

6. *If yes to 5, then do individuals and corporations have different incentives?*

No.

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1 Agreement Between the Government of the United States of America and the Government of Antigua and Barbuda for the Exchange of Information with Respect to Taxes, art. (2)(1)(b) (2001), U.S. Department of State, ***available at*** http://www.state.gov/documents/organization/131996.pdf (describing Antigua and Barbuda domestic taxes covered by the agreement). ***See also*** Antigua and Barbuda: Strengths and Weaknesses Analysis of International Trade Competitiveness, U.S. Aid Report (2006), p. 6, ***available at*** http://pdf.usaid.gov/pdf_docs/PNADF222.pdf (discussing the recent addition of a Value Added Tax ("VAT")).

2 High Commission for Antigua and Barbuda, "Tax Issues," ***available at*** http://www.antigua-barbuda.com/finance_investment/tax_issues.asp.

3 Income Tax Act, ch. 212, § 5(1), Laws of Antigua and Barbuda, ***available at*** http://laws.gov.ag/acts/chapters/cap-212.pdf.

4 Personal Income Tax Return Annual Preparation Guide, ***available at*** http://www.forms.gov.ag/ird/pit/ABST_Return_Payments_Guide.pdf.

5 Income Tax Act, ch. 212, § 8(1)(d), Laws of Antigua and Barbuda, ***available at*** http://laws.gov.ag/acts/chapters/cap-212.pdf.

6 Note, not all registered Friendly Societies are eligible for the income tax exemption. To qualify, the society must fit the qualification of an "ecclesiastical, charitable, or educational institution of public character" as provided in the Income Tax Act.

7 The Friendly Societies Act, ch. 184, § 26, Laws of Antigua and Barbuda, ***available at*** http://www.laws.gov.ag/acts/chapters/cap-184.pdf.

8 ***Id.*** at § 28.

9 ***Id.*** at § 29.

10 The Companies Act, 1995, § 326, Laws of Antigua and Barbuda, ***available at*** http://www.laws.gov.ag/acts/1995/a1995-18.pdf.

11 There is an absence of any charitable or gift deductions in the standard computation of taxes due as described in the Annual Return Preparation Guide (2012), Ministry of Finance, ***available at*** http://www.forms.gov.ag/ird/pit/ABST_Return_Payments_Guide.pdf.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[12]

   FINAL SCORE: 3

12 *See* Jeffrey A. Schoenblum, Multistate and Multinational Estate Planning, vol. I, app. I, at I-3, Wolters Kluwer (2009). *See also* Global Property Guide, *available at* http://www.globalpropertyguide.com/Caribbean/Antigua-and-Barbuda.

Argentina

1. Does the country have a tax system in place?

Yes. In Argentina, the power to tax is shared among the National government, provincial legislatures, and the City of Buenos Aires. Instead of a single tax code, Argentina's tax law is contained in a series of separate laws based on the category of tax. These tax laws are subject to frequent revisions. Primary Federal taxes include an income tax, personal property tax, Value Added Tax ("VAT"), and various excise taxes. At the provincial level, the primary taxes include a gross receipts tax, real property tax, stamp tax, and self-employment tax. Municipal taxes include a self-employment tax and other specific taxes.[1]

National taxes are collected by the Federal Administration of Public Revenue, under the direction of the Federal Administrator.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Income earned by qualified foundations or civil associations dealing with a public good is exempt from taxation, provided that the income and assets of the company are "allocated to achieve the purposes of the company, and not to be directly or indirectly distributed among the partners."[3] For non-profit organizations registered as a foundation, Argentina Law requires that the majority of the proceeds be directed toward fulfilling their stated public objectives.[4] Also, foundation board members are not eligible for compensation for services rendered.[5] Before exemption status applies, non-profit organizations must petition for the benefit.[6] The tax exemption extends to international non-profit organizations as well, provided that they are headquartered in Argentina.[7]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Under General Resolution 2681/2009, non-profit organizations claiming a federal income tax exemption are required to file an electronic tax return, in addition to other specified documentation as required by taxing authorities.[8]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. A tax deduction is provided for charitable contributions made to qualified tax-exempt organizations and public institutions, but the deduction is limited to 5 percent of the taxable base.[9]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

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1 "Main Taxes Imposed by the Governmental Levels," Federal Administration of Public Revenue (AFIP), Argentina, ***available at*** http://www.afip.gob.ar/english/about.asp#tax.

2 "Tax legislation and administration," Federal Administration of Public Revenue (AFIP), Argentina, ***available at*** http://www.afip.gob.ar/english/about.asp#tax.

3 "Exemptions," Federal Administration of Public Revenue (AFIP), Argentina, ***available at*** http://www.afip.gob.ar/english/about.asp#tax.

4 Argentina Law 19,836, art. 22, Law Constitution of Foundations, provided by the Council on Foundations, ***available at*** http://www.usig.org/countryinfo/laws/Argentina/Argentina%20Foundaitons%20Law%20Article%2022%20ENG.pdf.

5 ***Id***. at art. 20.

6 "Summary: Tax Laws," Council on Foundations, ***available at*** http://www.usig.org/countryinfo/argentina.asp.

7 "Exemptions," Federal Administration of Public Revenue (AFIP), Argentina, ***available at*** http://www.afip.gob.ar/english/about.asp#tax.

8 AFIP General Resolution 2681/2009 (unofficial translation), available in Spanish at http://biblioteca.afip.gov.ar/gateway.dll/Normas/ResolucionesGenerales/reag01002681_2009_09_28.xml. ***See*** "Tax Laws," Council on Foundations, ***available at*** http://www.usig.org/countryinfo/argentina.asp.

9 Argentina Law 20,628, § 82-84 and 87, as provided by the Federal Administration of Public Revenue (AFIP), Argentina, ***available at*** http://www.afip.gob.ar/english/about.asp#tax.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.[10]

FINAL SCORE: 9

10 "There are no inheritance, gift, estate, or succession taxes at either the national or provincial level." Jeffrey A. Schoenblum, Multistate and Multinational Estate Planning, vol. I, app. I, at I-3, Wolters Kluwer (2009). *See also* Global Property Guide, *available at* http://www.globalpropertyguide.com/Latin-America/Argentina.

Armenia

1. ***Does the country have a tax system in place?***

   Yes. Taxes imposed in the Republic of Armenia ("Armenia") include a profit tax, income tax, excise tax, Value Added Tax ("VAT"), property tax and a land tax.[1] The annual profit tax, calculated as the positive difference between gross income and allowable deductions, is 20 percent.[2] The individual income tax, which is a based on the worldwide income of Armenian residents, is a progressive, two-tiered system. The individual income tax rate is 10 percent on the first AMD 960,000 and 20 percent on any excess. The VAT rate is 20 percent.[3]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. As stated in the Law of Charities (2002), "benefits on taxes, duties, obligatory payments are granted to [qualified charitable] programs."[4]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Charitable organizations are required to submit "annual reports to the Authorized Body and Tax Department in compliance with the terms stipulated by the law." In addition, charitable organizations are required to publish their financial statements and information regarding the process of implementation of charitable programs at the end of each year by Mass Media means (e.g., papers, magazines, official bulletins, etc.).[5]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Tax deductions are provided for contributions made to "religious, public and other non-profit organizations."[6]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Contributions made to qualifying non-profit organizations by corporations (or other entities subject to the profit tax) are eligible for a tax deduction up to 0.25 percent of their gross income.[7] Individual deductions are limited to 5 percent of their taxable income.[8]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[9]

   FINAL SCORE: 9

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1 The Law of the Republic of Armenia on Taxes, ch. 2, art. 12 (non-official translation) (1997), ***available at*** http://www.parliament.am/legislation.php?sel=show&ID=1837&lang=eng.

2 "Armenia – Profit Tax," Armenian Development Agency (ADA), established by the Government of the Republic of Armenia, ***available at*** http://www.ardani.net/armenia/armenia-taxation-pt.php.

3 "Armenia – Value Added Tax," Armenian Development Agency (ADA), established by the Government of the Republic of Armenia, ***available at*** http://www.ardani.net/armenia/armenia-taxation-it.php.

4 Law on Charity, ch. IV, art. 16 (unauthorized version) (2002), OSCE Office for Democratic Institutions and Human Rights, ***available at*** http://www.legislationline.org/documents/id/6634.

5 ***Id***. at ch. V, art. 18.

6 "Armenia – Individual Taxation and Profit Tax," Armenian Development Agency (ADA), established by the Government of the Republic of Armenia, ***available at*** http://www.ardani.net/armenia/armenia-taxation-pt.php.

7 The Law of the Republic of Armenia on Taxes, ch. 4, art. 23 (non-official translation) (1997), ***available at*** http://www.parliament.am/legislation.php?sel=show&ID=1839&lang=eng. ***See*** "Armenia – Profit Tax," Armenian Development Agency (ADA), established by the Government of the Republic of Armenia, ***available at*** http://www.ardani.net/armenia/armenia-taxation-pt.*php*.

8 "Armenia – Individual Taxation," Armenian Development Agency (ADA), established by the Government of the Republic of Armenia, ***available at*** http://www.ardani.net/armenia/armenia-taxation-it.php.

9 "There are no inheritance, gift, estate, or succession taxes." Jeffrey A. Schoenblum, Multistate and Multinational Estate Planning, vol. I, app. I, at I-3, Wolters Kluwer (2009).

Australia

1. *Does the country have a tax system in place?*

Yes. In Australia, on the federal level, tax is imposed on income, capital gains, fringe benefits, and customs duties. In addition, there is a Goods and Services Tax ("GST"). Land taxes, payroll taxes and stamp duties are imposed on the state or territory level; local administration varies widely by jurisdiction.

There are two federal tax administrations: (1) the Australian Tax Office ("ATO"), which administers taxes on income, capital gains, fringe benefits, and GST, and (2) the Australia Customs Office, which administers duties or taxes on imports. The ATO is the responsibility of the Federal Treasurer.

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Yes. Division 50 of The Income Tax Assessment Act 1997 ("ITAA") exempts certain classes of non-profit organizations ("NPOs") from income tax. The exemption covers all income, however derived. To be exempt from federal income tax, an organization must fall within one of the eleven exemption categories: (1) religious, scientific, charitable or public educational institutions; (2) public and non-profit hospitals; (3) hospital and medical benefits organizations; (4) the thalidomide foundation; (5) trade unions and associations of employers; (6) friendly societies; (7) associations for musical purposes, art, science or literature; (8) encouragement and promotion of games or sport and animal races; (9) community service associations; (10) associations for the development of aviation, agriculture, pastoral, horticultural, viticultural, manufacturing or industrial resources of Australia; or (11) a fund established by a will or trust for public charitable purposes or scientific research through a public university or hospital.

With respect to charitable institutions, Division 50 of ITAA provides some special exemption conditions. A charitable institution can be entitled to exempt status if it meets at least one of three tests: (1) it has a physical presence in Australia and, to the extent it has a physical presence in Australia, it pursues its objectives and incurs its expenditures principally in Australia, and it is a deductible gift recipient; (2) it is an organization described in the income tax regulations, and it is located outside Australia and is exempt from income tax in its country of residence; or (3) it has a physical presence in Australia but incurs its expenditures and pursues its objectives principally outside Australia. If a charitable institution meets at least one of the special exemption conditions, it may be entitled to exemption status.

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

Yes. The Australian Charities and Not-for-profits Commission ("ACNC") began its operations on July 1, 2012. The ACNC is responsible for determining the legal status of groups seeking charitable exemption status. NPO's are required annually to self-assess whether they fall within one of the eleven exempt categories. Generally, the self-assessment does not require reporting. A worksheet is available for the NPO to complete and keep for their records (i.e., *NAT 74141*).

Importantly, if an NPO is a charity or an income tax exempt fund ("ITEF"), it cannot self-assess, and must be "endorsed" by the ATO in order to be exempt from income tax. If the organization is a charity-type of exempt entity (charitable institution or charitable fund), it will need to be endorsed as a tax concession charity ("TCC"). If the organization is both a charity and non-charity type of exempt entity, it still needs endorsement.

Organizations seeking endorsement as a TCC or ITEF need to use a TCC/ITEF endorsement application pack. An endorsement applicant pack includes an application form (i.e., NAT 10651, Application for Endorsement as a Tax Concession Charity or Income Tax Exempt Fund), instructions on how to complete it (i.e., NAT 10652, Instructions for Endorsement as a Tax Concession Charity or Income Tax Exempt Fund), and the publication (i.e., NAT 7967, Income Tax Guide for Non-Profit Organizations).[1]

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1 Australian Taxation Office, Non-profit Endorsement Applications, ***available at** http://www.ato.gov.au/non-profit/content.aspx?menuid=0&doc=/content/46645.htm&page=2#P20_799*.

There are some special exemption conditions for charitable funds. To be entitled to endorsement, all charitable funds must be applied to the purposes for which they were established. Some funds will also need to meet further tests; this depends on whether the charitable fund was: (1) established by or prior to July 1, 1997, and if so, what assets it has received since that date, or (2) established in Australia after July 1, 1997.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

No. Qualified tax-exempt organization's reporting requirements are based on whether they have to apply for endorsement, and this does not depend on the size of the organization. Whether an NPO is required to apply for endorsement with the ATO depends upon whether or not the NPO is a charity or ITEF.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Australia provides charitable deductions for federal income tax purposes. Classes of organizations and specifically named organizations described in Division 30 of the ITAA can be the recipients of tax deductible gifts, some subject to further conditions.[2] Generally every person, whether an individual, the trustee of a trust estate or superannuation fund, a partnership or a company, and whether a resident or non-resident of Australia, is entitled to a deduction from assessable income for individual gifts of AUD 2 or more made during the financial year to nominated funds, authorities, institutions, or bodies or classes of them, or specified persons. Gifts of property are required to have a value over AUD 5,000 as valued by the Commissioner of Taxation. Gifts of shares traded on a public stock exchange are now deductible even if under AUD 5,000 in value.

There is generally no cap for the gift deduction, with the exception that the deduction must not cause an overall tax loss. As a further incentive to encourage philanthropy, beginning on July 1, 2002, donors have been permitted to spread all deductions over a five-year period.

Significantly, in Australia gifts to a charity are deductible by the donor for income tax purposes only if they are to an endorsed charity, approved and listed by the ATO.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

No. The ITAA does not make a distinction between individuals and corporations. However, it appears that most companies claim "gifts" or "sponsorships" as a cost of doing business which is tax deductible, rather than claiming a deduction as a gift. Literature provides that under the Australian system, it is significantly easier to claim these "gifts" as business expenses (a business can provide funds to a much wider range of organizations) than to prove that they are gifts (which must flow to a restricted class of organizations).

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Australia has no estate or inheritance tax. However, assets acquired from an estate may be subject to capital gains tax. An income tax deduction against the income of an estate is allowable for donations to qualified NPO's.

FINAL SCORE: 10

2 Income Tax Assessment Act, div. 2.

Austria

1. Does the country have a tax system in place?

Yes. In Austria, tax is imposed on personal and corporate income and there is a Value Added Tax ("VAT").[1] A local tax ("*Kommunalsteuer*") is imposed on the gross amount of wages by federal law, but assessed and collected by the municipalities.[2] There also exists a capital duty which is a duty chargeable on contributions of capital to companies.[3] Austria also imposes a real property transfer tax.[4] Estate and gift taxes were abolished in 2008.[5]

The supreme authority of Austria's fiscal administration is the Federal Ministry of Finance.[6] Taxes are administered by the local tax offices.[7]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. In Austria, tax benefits are granted to entities that pursue, directly and exclusively, 1) public-benefit purposes, 2) benevolent purposes, or 3) religious purposes.[8] An entity serves public-benefit purposes if its activities support the community at large.[9] A large number of persons must therefore benefit from the foundation.[10] Benevolent purposes include all activities dedicated to support persons requiring assistance, even a small group of people.[11] Religious purposes include activities dedicated to the advancement of legally recognized churches and religious communities.[12] Fundamental principles are defined in Sections 34 to 47 of the Austrian Fiscal Code.[13] Austrian tax law provides that tax-privileged entities may only be corporations within the meaning of the Austrian Corporate Income Tax Act.[14]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The fulfillment of the requirements for tax exemption are monitored by the local tax offices which are responsible for the respective non-profit entity on an ongoing basis.[15] According to the Austrian Fiscal Code, the organs of the public foundation must send yearly accounts to the foundation authority by June of the following year.[16]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Size sensitive bookkeeping and accounting requirements have to be observed. Accounting and bookkeeping requirements not only arise from general commercial regulations and the Austrian Fiscal Code but also from specific regulations for the respective legal form of a non-profit (e.g., under Section 22 paragraph 2 of the Austrian Association Act associations with ordinary revenues or expenditures of over 3 million EUR or an amount of received donations of over 1 million EUR p.a. within two consecutive years have to compile an extended annual financial statement comprising a balance sheet, income statement as well as the notes to the annual financial statements).[17]

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1 *See* PKF, "Austria Tax Guide 2013", ***available at*** http://www.pkf.com/media/1954137/austria%20pkf%20tax%20guide%202013.pdf (last visited 16 January 2014).
2 *See* RSM International, "Doing Business in Austria" (2012), ***available at*** http://www.rsmi.com/assets/getasset.aspx?id=f1150889-0fcd-42dc-81ee-64b7b-cedfbcd (last visited 16 January 2014).
3 *Id.*
4 *See PKF, supra note 1.*
5 *See RSM International, supra note 2.*
6 *See* BMF, Federal Ministry of Finance, ***available at*** https://english.bmf.gv.at/ (last visited 16 January 2014).
7 *See* BMF, Federal Ministry of Finance, "Internal Organisation", ***available at*** https://english.bmf.gv.at/ministry/internal-organisation.html (last visited 16 January 2014).
8 European Foundation Centre, "EFC Country Profile January 2011: Austria", ***available at*** http://www.efc.be/programmes_services/resources/Documents/austria.pdf (last visited 16 January 2014) (hereinafter *EFC*).
9 *Id.*
10 *Id.*
11 *Id.*
12 Urtz, Christoph, "Taxation of Charities National Report: Austria", ***available at http://eatlp.org/uploads/public/Reports%20Rotterdam/National%20Report%20Austria.pdf (last visited 16 January 2014)***.
13 *See EFC, supra note 8.*
14 *See Urtz, supra note 12.*
15 *See EFC, supra note 8.*
16 *Id.*
17 *See Law on Associations (2002), available at http://www.vereinsrecht.at/VerG.pdf (last visited 16 January 2014).*

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. However, the only donations which are deductible for Austrian income tax purposes are those to organizations approved by the Austrian tax authorities.[18] A list of organizations entitled to receive tax privileged donations is published on the internet by the Federal Ministry of Finance.[19] In each calendar year, a taxpayer may deduct up to 10 percent of his taxable income.[20]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

No. For corporations the requirements and limitations for the deductibility of donations for corporate income tax purposes are the same as the requirements described above for individuals.[21]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. Gift and estate tax were abolished in Austria in 2008. Further, transfers to private foundations and similar trusts are subject to taxation pursuant to the Foundation Receipt Tax Act, which, among other things, provides that donations to national foundations are generally taxed at a flat rate of 2.5% and donations of real property are taxed at an additional flat rate of 3.5%.[22]

FINAL SCORE: 10

18 *See EFC, supra note 8.*
19 Federal Ministry of Finance, Liste der Begünstigten Spendenempfänger, ***available at*** http://www.bmf.gv.at/Service/allg/spenden/show_mast.asp.
20 *See EFC, supra note 8.*
21 *Id.*
22 *Id.*

Azerbaijan

1. Does the country have a tax system in place?

Yes. The Republic of Azerbaijan ("Azerbaijan") imposes tax on income of natural persons, profit from "enterprises,"[1] property, road use, land use, mineral extraction and imports. Resident individuals and enterprises are subject to tax on income and profits derived from worldwide sources.[2] Non-resident individuals and enterprises are subject to tax on income and profits derived from Azerbaijan sources.[3] Azerbaijan also has a Value Added Tax ("VAT") and an excise tax. The excise tax is imposed on oil products, tobacco products, beer and alcoholic beverages, light vehicles, and leisure and sports yachts and other floating transports. The Azerbaijan tax code distinguishes between state taxes and local (municipal) taxes. State taxes are applied throughout the entire territory of Azerbaijan. These taxes include: income, profit, VAT, excise, property of enterprises, land use by enterprises, road use and mineral extraction.[4]

Local (municipal) taxes are applied over the territory of the municipality and administered by municipalities. These taxes include: land use by natural persons, property of natural persons, mineral extraction if of local importance, and profit from enterprises that are property of the municipality.[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. In the Tax Code, Azerbaijan refers to non-profits as "non-commercial organizations"[6] and "charity organizations."[7] These organizations are not entirely exempt from taxation, but they may receive some exemptions from profit tax. Exemptions from profit tax depend on whether the organization is classified as a non-commercial or charitable entity and the type of income received. Non-commercial organizations are exempt from profit tax on income from grants, membership fees and donations.[8] Charitable organizations are exempt from profit tax on all income, except for income received from entrepreneurial activities.[9] Azerbaijan also has a simplified tax system for those entities whose income does not exceed AZN 150,000 per year.[10] Entities that qualify for simplified tax may be exempt from profit tax, property tax and VAT.[11]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Non-commercial organizations set up as funds must publish annual reports on the use of their property.[12]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

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1 Enterprises are defined as legal entities established pursuant to the laws of Azerbaijan that are involved in entrepreneurial activities and are established for such activities. The Tax Code of the Republic of Azerbaijan, art. 13.2.39 (hereinafter *Tax Code*).

2 N. Abdullayeva, *Azerbaijan - Corporate Taxation* § 1.3, Country Surveys IBFD (last visited 22 June 2012) (hereinafter *Corporate Taxation*); N. Abdullayeva, *Azerbaijan - Individual Taxation* § 1.2, Country Surveys IBFD (last visited 20 June 2012) (hereinafter *Individual Taxation*).

3 A non-resident enterprise is either "involved in business activities in Azerbaijan or has its place of management in Azerbaijan." *Corporate Taxation* § 1.2.1.

4 *Tax Code,* art. 6.

5 *Tax Code,* art. 8.

6 The Tax Code defines Non-commercial organizations by referring to the definition used in the Civil Code of the Republic of Azerbaijan. *Tax Code,* art. 13.2.42. In the Civil Code a non-commercial organization is defined as an entity "which does not have the purpose of generating profit and does not distribute the received profits among participants." The Civil Code of the Republic of Azerbaijan, art. 43.5 (hereinafter *Civil Code*).

7 A charity organization is defined as a "non-commercial organization conducting charity activities." *Tax Code,* art. 13.2.36. Charity activities are defined as "rendering assistance, to include the transfer of monies, without compensation, to physical persons in need of material or other assistance (aid), or to organizations and charitable organizations that directly provide such assistance (aid), including charity organizations. Scientific, educational activities performed in the public interest shall be considered charity except where otherwise stipulated in this code." *Id.* art. 13.2.35. The following activities are not considered charity activities: when the recipient assumes an obligation to the provider, when the recipient and provider are interrelated, and when the assistance is given to further an election campaign. *Id.*

8 *Tax Code,* art. 106.1.2.

9 *Tax Code,* art. 106.1.1.

10 *Corporate Taxation* § 3.1.

11 *Id.*

12 *Civil Code,* art. 115.3.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No. Neither enterprises nor individuals are entitled to deductions for charitable contributions.[13]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes. Inheritances and gifts are subject to income tax payable by the recipient. Taxpayers who receive gifts from non-family members may exempt part of the value of the gifts from their income tax.[14] Taxpayers who receive gifts or inheritance from family members may exempt the entire value of the gift from their income tax.[15] Therefore, it may be economically advantageous to donate to a non-profit when the gift would otherwise be given to a non-family member.[16]

   FINAL SCORE: 4

13 *Tax Code*, art. 109.2.
14 *Tax Code*, art. 102.1.3.1.
15 *Tax Code*, art. 102.1.3.2.
16 *See supra*, Question 2 for situations when non-profit institutions are not subject to tax on income received by donation.

Bahamas

1. Does the country have a tax system in place?

Yes. In the Commonwealth of the Bahamas ("Bahamas") there is no income tax, capital gains tax, purchase or sales tax, Value Added Tax ("VAT"), estate tax, inheritance tax or corporate tax.[1] However, employees pay national insurance contributions, and there is stamp duty on property and mortgage transactions, and there is a real property tax.2 There are also high customs duties on most imported goods.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

No. As there is minimal taxation in the Bahamas, there appear to be no exemptions for non-profit organizations.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Not applicable.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.[5]

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.[6]

This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.

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1 Legal Unit of the Ministry of Finance, *Bahamas—Corporate Taxation* § 5, Country Surveys IBFD (last visited 15 July 2013) (hereinafter *Corporate Taxation*).
2 *Id.* § 9.
3 Legal Unit of the Ministry of Finance, *Bahamas—Individual Taxation* § 5, Country Surveys IBFD (last visited 15 July 2013) (hereinafter *Individual Taxation*).
4 *Corporate Taxation, supra* note 1, § 5.
5 *Id.*
6 *Individual Taxation, supra* note 3, § 5.

Bahrain

1. ***Does the country have a tax system in place?***

   Yes, although it is extremely limited in application. The Kingdom of Bahrain ("Bahrain") has no individual income tax, capital gains tax or corporate income tax (except for a 46 percent tax applied to companies, partnerships and joint ventures operating in the oil sector).[1] Bahrain does impose a 12 percent tax on gasoline, and a 5 percent tax on the use of hotel facilities.[2]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.

1 *Bahrain - Key Features*, Country Surveys IBFD (last visited 24 September 2013).
2 *Id.*

Bangladesh

1. Does the country have a tax system in place?

Yes. Tax is imposed in the People's Republic of Bangladesh ("Bangladesh") on the following: income (including income from salaries, capital gains, interest on securities, income from house property, agricultural income, business income and income from other sources); property; Value Added Tax ("VAT"); and gifts (except for gifts made by will and gifts to immediate relatives).[1] Income taxes are primarily governed by the Income-Tax Ordinance of 1984 ("ITO").[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Eligible non-profit organizations (which may include public trusts, societies and non-profit companies) are exempt from tax under the ITO if their income is wholly applied for charitable or religious purposes.[3] To be eligible for exemption, the non-profit must file an application for recognition by NBR and must register with the applicable registration authority (typically, the Director of the Department of Social Services ("DOSS") under the Ministry of Social Welfare).[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. All non-profits are required to file annual reports with the registration authority.[5] Annual reports must include an activity report and audited financial report for the prior year, as well as activity plans and budget for the following year.[6] Non-profits receiving foreign funding must have each project and grant approved in advance by the NGO Affairs Bureau ("NGOAB"), and must receive all contributions through a single bank; banks in turn must submit full reports to the country's central bank, which submits reports to the NGOAB and the Ministry of Finance.[7] In addition, government representatives from the applicable registration authority may attend the internal meetings of any non-profit or inspect any non-profit's accounts or documents.[8]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations approved by the NBR and donations to specified institutions are deductible up to the lower of (1) 20 percent of an individual's total income or (2) BDT 100,000.[9] Corporate deductions for such gifts are capped at 10 percent of taxable income.[10] Qualifying donations must be for at least one of 22 designated public benefit purposes, including, among other things, donations for retirement homes, forestation, waste treatment plants, care for the disabled, potable water supply, education for orphans and street children, specialized hospitals for treatment of the extreme poor, or public universities.[11]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. As noted above, income tax deductions for qualifying donations are capped at 10 percent of taxable income for corporations, and at the lesser of 20 percent of taxable income or BDT 100,000 for individuals.[12]

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1 M.M. Ahmed, ***Bangladesh - Individual Taxation*** § 1, Country Surveys IBFD (last visited 10 October 2013).
2 The Income-Tax Ordinance, 1984, ***available at*** http://bdlaws.minlaw.gov.bd/pdf_part.php?id=672 (last visited 10 November 2013).
3 Direct Tax Act 2012, sched. 11, ***available at*** http://www.nbr-bd.org/direct_tax.html.
4 The International Center for Not-for-Profit Law, NGO Law Monitor: Bangladesh, ***available at*** http://www.icnl.org/research/monitor/Bangladesh.html (last updated July 2, 2012).
5 *Id*.
6 *Id*.
7 Registration requirements provided on the NGO Affairs Bureau website, ***available at*** http://www.ngoab.gov.bd/index.php.
8 *Id.*
9 *Id.*
10 *Id.*
11 *Id.*
12 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No.

FINAL SCORE: 9

Barbados

1. Does the country have a tax system in place?

Yes. In Barbados there is an income tax for both individuals and companies, property transfer tax, Value Added Tax ("VAT"), stamp duty and customs duty.[1] There is no capital gains tax, estate tax, inheritance tax or gift tax.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes, charities receive an exemption from income tax and an exemption or reduction in the rate of import duties.[2] Additionally, charities are exempt from property transfer tax but not stamp duty[3]. Supply of goods and services by a charity are exempt from VAT if they are not supplied in the course of business.[4] Also, goods imported to be used exclusively for the purposes of the charity and not for sale are tax exempt.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. With some exemptions, charities in Barbados must register with the Registrar under the Charities Act.[6] If a charity is registered, it must comply with the reporting obligations imposed by the Charities Act.[7] The main requirements are to notify the Registrar if the charity ceases to exist or if there is a change in its trustees or in any of its registered particulars, to supply the Registrar with particulars of such changes and copies of any new trusts or alterations thereto, to keep proper books of account with respect to the affairs of the charity, to prepare consecutive statements of account of income and expenditure and a balance sheet relating to a period of not more than 15 months, to preserve the books and statements of account for at least seven years and to send the statements of account to the Registrar within one month.[8]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. A very limited number of charities do not have to register with the Registrar and so do not have any reporting requirements.[9] Otherwise, all registered charities must meet the reporting obligations.[10] Those with neither permanent endowment nor income more than BBD 100 per year are exempt from reporting requirements.[11]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations to a registered charity or a charity that does not have to register are allowed as deductions against assessable income, where payment is made under a settlement that such payments will be made every year for at least three years and the settlement provides that its terms cannot be revoked or changed during this time.[12] If the amount donated is less than BBD 1 million, then the amount deducted cannot be more than 10 percent of the value of the annual income.[13] If more than BBD 1 million is donated, the amount deducted cannot be more than 50 percent of the value of the annual income.[14]

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1 Deloitte International Tax, "Barbados Highlights 2013," ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2013/dttl_tax_highlight_2013_Barbados.pdf.
2 H. Wayne Lovell, ***Barbados - Corporate Taxation*** § 1.2, Country Surveys IBFD.
3 Ernst & Young, The Importance of Registering as a Charity (2011), ***available at*** http://www.clubrunner.ca/Data/7030//HTML/128181//TheImportanceofRegisteringasaCharity.pdf.
4 Ernst & Young, The Importance of Registering as a Charity (2011).
5 *Id*.
6 Charities Act, ch. 243, § 5(6)(a).
7 *Id.*
8 *Id.*
9 Charities Act, ch. 243, § 5(4) (listing exceptions).
10 *Id*.
11 Ernst & Young, The Importance of Registering as a Charity (2011).
12 H. Wayne Lovell, ***Corporate Taxation – Barbados*** § 1.3.3, Country Surveys IBFD.
13 *Id.*
14 *Id.*

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.[15]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[16]

   FINAL SCORE: 10

15 *Id.*
16 Deloitte International Tax, *supra* note 1, at 2.

Belarus

1. ***Does the country have a tax system in place?***

   Yes. The following types of general state taxes and duties are imposed in the Republic of Belarus ("Belarus"): profit tax, Value Added Tax ("VAT"), personal income tax, social security contributions, excise tax, immovable property tax; land tax; tax on extraction of natural resources; and environmental tax.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Corporations' taxable profits may be reduced by amounts donated to enterprises, institutions and other organizations involved in public health or education, social welfare, culture and sports and that are registered with and funded by the state, up to a maximum of 10 percent of taxable profits.[3]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Individuals have no tax incentives to encourage philanthropy.[4]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[5]

   FINAL SCORE: 3

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1 "Tax Profile, Belarus" (2010), SORAINEN, ***available at*** http://www.sorainen.com/UserFiles/File/Publications/tax-profile.BELARUS-2011.BNAI.2011-04-14.eng.pdf (last visited 19 July 2012).

2 Natalia Bourjaily & Melanie Lyon, Comparative Study of Laws and Regulations Governing Charitable Organizations in the Newly Independent States, Oct. 12-14, 2004, ***available at*** http://www.icnl.org/research/resources/regional/CharitableNIS.pdf (last visited 19 July 2012).

3 "Belarus Business and Investment Guide," ***available at*** http://www.deloitte.com/assets/Dcom-Belarus/Local%20Assets/Documents/DEL-BE-tax-guide-ENG_13.pdf (last visited 20 November 2013).

4 UHY Int'l Ltd., "Doing Business in Belarus," ***available at*** http://www.uhy.com/wp-content/uploads/Doing-Business-in-Belarus.pdf.

5 *Id.*

Belgium

1. *Does the country have a tax system in place?*

Yes. On the federal level, Belgium imposes corporate and personal income taxes, a legal entities tax, withholding taxes on real estate and other property, excise taxes, and environmental taxes.[1] In addition to the direct tax structure, the government also imposes a Value Added Tax ("VAT").

The Department of the Federal Public Service Finance administers the tax collection regime.

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Yes. Belgium generally exempts non-profits[2] from corporate income tax (CIT).

Instead of the CIT, non-profits are taxed under a regime known as the "legal entity tax" or "legal entity income tax" (LEIT). Unlike the CIT, the LEIT does not tax annual net income; instead, the LEIT taxes three specific categories of income: (1) real estate income, (2) income from capital and movable property, and (3) other miscellaneous forms of income.[3]

Belgium also provides exemptions from the VAT which may apply to non-profit organizations as they are based primarily on cultural and social benefit considerations.[4] In addition, non-profits involved in health care, child care, education, sport, and cultural are exempt from certain regional business taxes.[5]

Charitable institutions are exempt from paying import duties.[6]

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

Yes. There are reporting requirements for small, medium, and large organizations (referred to in the official English translations as "small," "large," and "very large").[7]

As noted above, non-profits generally are exempt from the CIT, but the tax office reserves the right to audit organizations and disqualify them of the exemption if they are engaged in profit-making activities.[8]

4. *If yes to 3, then are those reporting requirements sensitive to the size of organizations?*

Yes. The reporting requirements vary based on whether an organization is considered small, large, or very large.

Small organizations ("les petites associations") have relaxed reporting requirements consisting of reports of cash expenses and cash receipts and a simplified balance sheet detailing assets and liabilities.[9] A small organization is one that, at the end of the financial year, has (1) fewer than five full-time employees, total revenue, excluding VAT, of less than 250,000 EUR, and (3) less than 1 million EUR in total assets.[10]

Large organizations ("les grandes associations") must conduct an annual audit but can submit their report in an abbreviated format.[11] A large organization meets at least two of the following criteria: (1) at least five full-time staff,

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1 Federal Public Service Finance, Tax Survey (Jan. 2012), ***available at*** http://docufin.fgov.be/intersalgen/thema/publicaties/memento/pdf/TS2012_V01_entire.pdf.

2 "Association sans but lucrative" (ASBL)/ "Verenigingen zonder wistoogmerk" (VZW), also abbreviated ASBL/VZW.

3 *Id.* at 117. For more information on the miscellaneous types of income, as well as citations to the Belgian tax code and rates for real estate income and other property under the LEIT regime, see Anton van Zanteek and Joris Draye, *The Belgian Private Foundation*, 18 Trusts & Trustees 509, 509-517 (July 2012).

4 Belgian Value Added Tax Code, art. 44, § 2.

5 *See*, *e.g.*, Brussels-Capital Region Portal, ***available at*** http://brussels.irisnet.be/working-and-doing-business/taxes/taxes/regional-tax-for-businesses-and-the-self-employed.

6 *Id.* at 213.

7 National Bank of Belgium, Belgian associations and foundations, ***available at*** http://www.bnb.be (follow "Central Balance Sheet Office" hyperlink, then follow "Filing annual accounts" hyperlink, then follow "Which companies have to file accounts" hyperlink).

8 Federal Public Service Finance, *supra* note1, at 75.

9 Service Public Federal Justice, Le Nouveau Regime Comptable des Petites Associations, ch. 3, ***available at*** http://justice.belgium.be (follow "Publications" hyperlink; then follow "Le nouveau regime comptable des petites associations" hyperlink).

10 *Id.* ch. 1.

11 Service Public Federal Justice, Le Nouveau Regime Comptable des Grandes et Tres Grandes Associations, 8, ***available at*** http://justice.belgium.be (follow

(2) 250,000 EUR in revenue, excluding VAT, (3) 1 million EUR in total assets.[12]

Very large organizations ("les très grandes associations") must hire an external auditor to conduct an annual audit and are not allowed to use the abbreviated format for reporting.[13] Very large organizations must meet the following criteria: (1) more than 100 full-time employees, (2) or meet two of the following; (a) more than 50 full-time employees, (b) more than 6.25 million EUR in total revenues, excluding VAT, or (c) more than 3,125,000 EUR to total assets.[14]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The national government allows income tax deductions for both individuals and corporations to Belgian charities as well as to charitable organizations within the European Economic Area (EEA).

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Individuals can claim deductions for up to 10 percent of their taxable income (up to a maximum of 250,000 EUR), while corporations can claim up to 5 percent of taxable income (up to a maximum of 500,000 EUR).[15]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. If the deceased was resident in Belgium at the time of his or her death, inheritance tax is levied on his or her worldwide net property (i.e., the value of all movable and immovable property situated in Belgium and abroad less the amount of debt on such property). If the deceased was resident in the EEA at the time of his or her death, inheritance tax is levied on the value of the immovable property situated in Belgium, less the amount of any debts related to the property. If the deceased was resident outside the EEA, such deduction of debts is not allowed.[16]

Each of the three regions (Flanders, Brussels, and Wallonia) of Belgium administers its own separate inheritance and gift taxes under its own regulations and rates.[17] The standard rates for gift and inheritance tax purposes range from 30 to 80 percent. The preferential rate for lifetime gifts to charities is 7 percent and the preferential rate for bequests to charities ranges from 5.5 to 25 percent, based on the region and type of organization.

FINAL SCORE: 11

"Publications" hyperlink; then follow "Le nouveau regime comptable des grandes et tres grandes associations" hyperlink).

12 *Id.*

13 *Id.*

14 *Id.*

15 Edoardo Traversa and Barbara Vintras, Taxation of Charities: Belgian Report, 6, ***available at*** http://www.eatlp.org (follow "Documents" hyperlink; then follow "Rotterdam (2012)" hyperlink; then follow "Annual Meeting Rotterdam (2012)" hyperlink; then follow "Belgium" hyperlink) (last visited 23 July 2012).

16 *Belgium – Individual Taxation,* Country Surveys IBFD.

17 Traversa and Vintras, ***supra*** note 15, at 9 – 15. For a general overview, see the Royal Federation of Belgian Notaries' explanation of the three different systems, ***available at*** http://www.notaire.be (follow "Donations & Successions" hyperlink; then follow "Droits de succession" hyperlink; then follow "Association, fondations... - Droits de succession réduits" hyperlink).

Belize

1. Does the country have a tax system in place?

Yes. Tax is imposed in Belize on income, property, sales, imports, exports, alcohol and cigarettes at the federal level and, in some instances, at the local level. Business Tax, which is a tax on gross receipts, is payable by any person practicing a profession and carrying on business in Belize, including: individuals, partnerships, companies/corporations, as well as local (resident) and foreign (non-resident) consultants.[1] The personal income tax and corporate income tax rates are 25 percent.[2] The general sales tax rate is 12.5 percent.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. An organization that qualifies as an ecclesiastical, charitable or educational institution of a public character pursuant to the Income and Business Tax Act is exempt from income tax, insofar as such institution's income is not derived from a trade or business carried on by the institution.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No. There are no laws in Belize that cover the formation or regulation of non-profit associations.[5] However, a company formed for the purpose of promoting art, science, religion, charity or any like object, may not own more than two acres of land without a special license from the Minister of Finance.[6] If the Income Tax Department questions the status of an organization, it is useful to produce the license from the Minister of Finance given under Section 20 of the Companies Act.[7] In order to obtain such a license, an organization must demonstrate to the Minister of Finance that the association is to be formed for the promotion of commerce, art, science, religion, charity or any other useful object, and intends to apply its profits (if any) or other income in promoting its objectives.[8] The organization must also prohibit the payment of any dividend to its members.[9]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Belize provides non-profit contribution deductions for federal income tax purposes. In order to claim a charitable tax deduction, the donation must be used for an ecclesiastical, charitable, educational or cultural purpose, or for the improvement of amenities in towns or villages.[10] Donations must be at least BZD 250, and the maximum amount that a person can claim is one-sixth of her chargeable income.[11] This deduction is available to individuals and corporations.[12]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

1 "Belize Tax Rates," TAXRATES.CC, ***available at*** http://www.taxrates.cc/html/belize-tax-rates.html (last updated November 2010).
2 PKF International Limited, "Belize Tax Guide, 2012," ***available at*** http://www.claytonmckervey.com/attach/worldwide-tax-guide-belize.pdf.
3 ***Id.***
4 Income and Business Tax Act, 8(1)(*e*) (Revised Edition 2000), ***available at*** http://www.belizelaw.org/lawadmin/PDF%20files/cap055.pdf. Statutory revisions have been made since 2000, although no changes impact the tax structure described herein. ***See*** Act No. 30 of 2010, Statutory Instrument No. 73 of 2010, Act No. 13 of 2010, Act No. 6 of 2009. Act No. 16 of 2008, Act No. 13 of 2008, Act No. 10 of 2006, Act No. 14 of 2005, Act No. 6 of 2005, Act No. 3 of 2004, ***available at*** http://www.incometaxbelize.gov.bz/PDFs/cap055.pdf.
5 Assad Shoman, ***Belize Legal Framework Report***, Sept. 20, 2000, ***available at*** http://www.icnl.org/research/library/files/Belize/BelizeLegalFrameworkReport.pdf.
6 Companies Act No. 19.
7 ***Id.***
8 Companies Act, 20(1-2) (Revised Edition 2000), ***available at*** http://www.oas.org/juridico/english/mesicic3_blz_companies.pdf.
9 ***Id.***
10 Income and Business Tax Act, ***supra*** note 4, at 17(1).
11 ***Id.*** §17(1-2).
12 ***See Id.*** at 12 (defining "person" to include a natural or legal person or firm, whether corporate or unincorporated).

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.

FINAL SCORE: 8

Benin

1. Does the country have a tax system in place?

Yes. In the Republic of Benin ("Benin"), income is taxed under 5 schedules: profits of industrial and commercial activities carried on in Benin; income from non-commercial profits (being profits from other professional activities); employment income; income from moveable capital (investments); and rental income.[1] Personal income tax rates depend on income and range from 0 percent to 45 percent.[2] The corporate income tax rate for non-industrial companies is 30 percent.[3] Industrial companies and partners are subject to a special rate of 25 percent.[4] Tax is only levied on profits realized by enterprises carrying on their business in Benin.[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The General Tax Code explicitly states that tax is only due on the profits of an enterprise carried out in Benin.[6] Non-profits are exempt from the payment of corporate taxes,[7] and mutual aid societies are specifically exempted from taxation.[8] Non-profit organizations are also explicitly exempt from paying the employer levy on salaries, emoluments, wages, and incidental compensation.[9] Services rendered by non-profit organizations and public bodies of a charitable nature at a price not exceeding cost price (under certain conditions) are exempted from the payment of VAT.[10] For non-profits that are properly registered the Benin government can confer certain exemptions from taxes on goods and equipment imported or acquired in Benin in pursuance of the non-profit's objectives.[11]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The Benin tax administration requires companies to file annual returns on taxable profits in the four months following the end of the fiscal year.[12] Annual returns must set out taxable profits.[13] Whilst it is unlikely that non-profit organizations would generate such, there is no evidence to explicitly suggest that the reporting requirements for these entities differ to those for profit making corporations.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The Benin tax administration allows philanthropic gifts and/or donations to be deducted as an allowable expense from the calculation of any taxable income.[14] The donation of works of art, monuments or historical object, books, prints or manuscripts made to institutions are exempt from the payment of transfer fees or registration fees, if those objects are intended to be included in a public collection.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Individuals may make gifts and/or donations to organizations of general interest, philanthropic, educational, scientific or social character, or of recognized public interest to a maximum amount of 1 percent of their global gross income.[15] Corporations may deduct any gifts or donations made up to an amount of 1/1000 of total revenue from

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1 Deloitte International Tax, "Benin Highlights 2012" (last visited 3 October 2013).
2 Article 138 of the Benin General Tax Code of 2013.
3 *Id.*
4 *Id.*
5 Albert Atangana, ***Benin – Corporate Taxation*** § 1.3, Country Surveys IBFD (last visited 3 October 2013).
6 Code des Impots, art. 2.
7 Article 146, Ordinance No. 2014/01 (2 January 2014) (relating to the Finance Act 2014).
8 Code des Impots, art. 4.
9 Code des Impots, art. 59, ***available at*** http://www.ataftax.net/images/countries/benin/benin_code_des_impots.pdf.
10 Albert Atangana, ***Benin-Individual Taxation*** § 8.5, Country Surveys IBFD (last visited 3 October 2013).
11 Decret No. 2001-234, art. 21, du 12 Juillet 2001, ***available at*** http://www.gouv.bj/sites/default/files/Decret-N-2001-234-du-12-07-2001.pdf.
12 Albert Atangana, ***Benin – Corporate Taxation*** § 1.8, Country Surveys IBFD (last visited 3 October 2013).
13 *Id.*
14 Albert Atangana, ***Benin – Corporate Taxation*** § 1.3, Country Surveys IBFD; Albert Atangana, ***Benin-Individual Taxation*** § 1.7, Country Surveys IBFD.
15 Article 10 of the Benin General Tax Code 2013.

gross profit.[16]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. Individuals are subject to inheritance and gift tax at progressive rates.[17] No deductible allowances are provided for in the General Tax Code.[18]

FINAL SCORE: 9

16 Article 149 of the Benin General Tax Code 2013.

17 Deloitte International Tax, "Benin Highlights 2013," ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2013/dttl_tax_highlight_2013_Benin.pdf.

18 Albert Atangana, ***Benin-Individual Taxation*** § 5, Country Surveys IBFD.

Bhutan

1. Does the country have a tax system in place?

Yes. The Kingdom of Bhutan ("Bhutan") imposes taxes on corporate income, business income (to which all business enterprises except companies are subject), and personal income.[1] The Income Tax Act of the Kingdom of Bhutan 2001 ("ITA") governs direct taxation on the national level.[2] Indirect taxes, such as sales tax and customs and excise duty, are regulated by the Sales Tax, Customs and Excise Act of the Kingdom of Bhutan 2000.[3] Sales tax is imposed on persons, business entities, public bodies, and government institutions that import goods into Bhutan and/or manufacture, produce or sell goods and services.[4] There is no separate tax on capital gains, which are taxed as part of corporate income.[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. In Bhutan, non-profit equivalents are termed Civil Society Organisations ("CSOs"). CSOs are subdivided into two further categories: Public Benefit Organisations ("PBOs") and Mutual Benefit Organisations ("MBOs").[6] A CSO benefits from exemption from the payment of income tax on income or other gains that it has earned as a result of investing its endowed property or other funds in accordance with regulations set out by the Ministry.[7] This is regardless of the category of CSO the non-profit is registered as.

In addition, PBOs may be granted exemptions from payment of customs duties or taxes other than income taxes on a case-by-case basis.[8]

MBOs will not be granted the same exemptions *a priori, but may receive exemptions on a case-by-case basis.*[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The requirement to prepare financial reports depends on the category of CSO: PBOs are required to prepare annual financial accounts.[10] These must include information on the source of funds, a financial statement clearly separating foreign currency from ngultrum (Bhutanese currency), any corrections to past financial statements and a record of assets, liabilities, income and expenditures.[11] A PBO must submit its accounts to the Civil Society Organisation Authority (the "Authority").[12] Because CSOs are not classified as either corporations or businesses, for the purpose of the Income Tax Act of the Kingdom of Bhutan 2001 (the "Income Tax Act") there is no requirement to submit the accounts to the Ministry.[13] Likewise, there is no requirement to report the CSO as exempt.

MBOs are not required to prepare annual accounts.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives to encourage philanthropy?

Yes. The Income Tax Act allows donations to be deducted from taxable income, provided that the donation is made for the purpose of any one of the following government-approved relief funds: relief fund for natural calamities

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1 Income Tax Act of the Kingdom of Bhutan (hereinafter *ITA*) (2001), ***available at*** http://oag.gov.bt/wp-content/uploads/2010/05/Income-Tax-Act-of-the-Kingdom-of-Bhutan-2001English-version.pdf (last visited 13 November 2013).
2 K. Deki, ***Bhutan - Corporate Taxation***, Country Surveys IBFD (last visited 24 September 2013).
3 *Id.*
4 *Id.*
5 *Id.*
6 Civil Society Organisations Act, 2007 (hereinafter *CSOA*) § 4.
7 *CSOA* § 38.
8 *CSOA* § 39.
9 *CSOA* § 40.
10 *CSOA* § 93.
11 Civil Society Organisation Rules and Regulations § 191 (a)-(d).
12 *CSOA* § 94.
13 *See ITA*, *supra* note 1.

in Bhutan; relief fund for the preservation and promotion of religion and culture in Bhutan; or relief fund for the promotion of sporting and educational and scientific activities in Bhutan.[14]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. The above incentives relate to donations made from personal income only and therefore apply uniquely to individuals. Subject to the production of relevant support documents, a general deduction will be made for any donation to an approved fund (as listed above) of up to 5 percent of taxable net income.[15] There are currently no incentives to encourage corporate philanthropy.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Estate tax or any equivalent mechanism does not exist in Bhutan.

   FINAL SCORE: 6

14 *Id.* at Personal Tax, pt. III § 12.

15 Royal Gov't of Bhutan, Dep't of Revenue and Customs, ***Personal Income Tax Guide Book***, ***available at*** http://www.ipajournal.com/uploads/2011/finance_ministry/manuals/Personal_Income_Tax_Guide_book.pdf (last visited 13 November 2013).

8. Does the country have a tax system in place?

Yes. The tax administration agency in the Plurinational State of Bolivia ("Bolivia") is the Servicio de Impuestos Nacionales (SIN).[1] Bolivia imposes an income tax on individuals.[2] Capital gains are included in regular taxable income.[3]

Bolivia imposes an income tax on corporations at a rate of 25 percent.[4] Capital gains derived from the sale of fixed assets, immovable property and securities are normally included in gross income and are subject to corporate income tax.[5]

There is a Value Added Tax ("VAT") of 13 percent and an excise tax (impuesto al consumo especifico, "ICE") is levied on specific goods and services.[6]

9. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Tax exemptions apply to "earnings obtained by legally authorized not-for-profit civil associations, foundations, or institutions that have signed agreements and are engaged in: religious, charitable, relief, social assistance, educational, cultural, scientific, environmental, artistic, literary, sports, political, professional or trade union or association activities. This exemption shall apply as long as they do not engage in financial intermediation or other commercial activities." Non-profit organizations must request tax-exempt status from the tax administration. Moreover, the by-laws of such institutions must expressly state that: (1) their income and capital must be exclusively destined to the institution's objectives; (2) they cannot distribute profits to their members; and (3) in case the institution is closed, its capital must be transferred to similar organizations with like purposes, or donated to public entities.[7]

10. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Associations or foundations that promote or provide assistance for social development are regulated as non-governmental organizations (NGOs).[8] NGOs are defined as "national or foreign, religious or secular, private or not-for-profit institutions, or legal entities engaged in development or assistance using funds from the State and/or foreign cooperation in the national territory."[9] There is a single national NGO registry under the jurisdiction of the Ministry of Planning for the "mandatory registration of all NGOs and the systematization of information about them."[10]

Every three years, registered NGOs must provide general information on their activities, the funding they have received and the projects scheduled for the following three-year period.[11]

At the end of each fiscal year, non-profit tax-exempt organizations must submit a sworn declaration to the tax administration, accompanied by financial statements and an annual activities report.[12]

1 Sergio Ruiz-Mier, ***Bolivia – Corporate Taxation*** § 7, Country Surveys IBFD (last visited 15 July 2013).
2 Deloitte International Tax, "Bolivia Highlights 2013," ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2013/dttl_tax_highlight_2013_Bolivia.pdf.
3 Sergio Ruiz-Mier, ***Bolivia – Corporate Taxation*** § 7, Country Surveys IBFD (last visited 15 July 2013).
4 Deloitte International Tax, ***supra*** note 2, at 1.
5 Ruiz-Mier, ***supra*** note 1, at 7.
6 Deloitte International Tax, ***supra*** note 2, at 2.
7 Ruiz-Mier, ***supra*** note 1, at 7.
8 Ramiro Orias, ***Defending Civil Society: Report on Laws and Regulations Governing Civil Society Organizations in Bolivia*** (International Center for Non-Profit Law 2011), ***available at*** http://www.wmd.org/sites/default/files/Bolivia_EN_2011.pdf.
9 *Id.*
10 *Id.*
11 *Id.*
12 *Id.*

11. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.[13]

12. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations and other gratuitous transfers to nonprofit organizations that are exempt from income tax may be deducted up to a maximum limit of 10 percent of taxable income derived in the year of the donation or gratuitous transfer.[14] Donations are also exempt from VAT and excise taxes.[15]

13. If yes to 5, then do individuals and corporations have different incentives?

No.

14. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. An inheritance and gift tax (*impuesto a las sucesiones y a las transmisiones gratuitas de bienes*) is levied on the heirs or legatees of an inheritance or bequest and donees of a gift.[16] Non-profit entities are exempt from this tax.[17]

FINAL SCORE: 10

13 *Id.*
14 Ley 843, ordenado a diciembre 2004, Titulo III, art. 47, *available at http://www.ciat.org/index.php/en/products-and-services/ciatdata/countries/bolivia.html*.
15 Supreme Decree No. 22225 arts. 50-52.
16 Sergio Ruiz-Mier, *Bolivia – Individual Taxation* § 14, Country Surveys IBFD (last visited 15 July 2013).
17 *Id.*

Bosnia and Herzegovina

1. Does the country have a tax system in place?

Yes. The primary taxes imposed in Bosnia and Herzegovina ("B&H") are on income, real estate, inheritances and gifts, and Value Added Tax ("VAT"). B&H is composed of two primary, separately administered territorial jurisdictions at the federal level: (1) the Federation of Bosnia and Herzegovina ("FBIH"), and (2) the Republika Srpska ("RS"), as well as a smaller third jurisdiction, the District of Brcko. As a result, the nation's tax system is fragmented, with each jurisdiction imposing different taxes on its residents.

In addition to these three taxation authorities, there is the Indirect Tax Authority, which oversees administration of the VAT, excises and customs duties.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Organizations for the public benefit generally are exempt from VAT, real estate tax and income tax in both FBIH and RS.[1] Different rules may apply to foundations than to all other types of charitable organizations, with foundations receiving more favorable tax treatment in certain cases.[2] While a foundation is permitted to engage in related economic activities to support its goals (and such income is exempt from tax), other types of charitable organizations are prohibited from directly engaging in such activities.[3] Passive investment income of foundations and other associations is tax exempt under certain circumstances: (1) income that is reinvested in manufacturing and house building is 100 percent tax exempt, and (2) income that is reinvested in other economic activities is 75 percent tax exempt.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. In the RS, all charitable organizations are required to submit an annual report on their activities and a financial report.[5] In addition, a non-profit "entrusted with performing public competencies" is required to file annual reports on the performance of those competencies. It is unclear whether there are different reporting requirements in the FBIH.[6]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations to public institutions, organizations engaged in humanitarian, cultural, education and scientific activities are deductible for income tax purposes.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Donations by a business to a qualifying charitable organization are deductible to the maximum extent of 3 percent of the business' income.[7] By comparison, in FBIH, donations by individuals are 100 percent deductible, while in the RS, they are deductible up to 10 percent of the donor's income.[8]

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1 Survey of Tax Laws Affecting NGOs in Central and Eastern Europe, ***available at http://siteresources.worldbank.org/INTPCENG/Resources/SURVEYOFTAXLAWSAFFECTINGNGOSINCENTRAL.pdf***.

2 *Id.*

3 *Id.*

4 *Id.*

5 The Laws on Associations and Foundations, Official Gazette of the Republic of Srpska, ***available at http://legislationline.org/documents/action/popup/id/6248***.

6 *Id.*

7 Antic, Dinka, ***Bosnia and Herzegovina – Corporate Taxation***, Country Surveys IBFD (last visited 13 July 2012), ***available at*** http://online.ibfd.org/collections/gtha/printversion/gtha_ba.html.

8 Survey of Tax Laws Affecting NGOs in Central and Eastern Europe, ***supra*** note 1.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. An estate tax exists in FBIH, but not in the RS.[9] In FBIH, inheritance and gift taxes are imposed on the transfer of an individual's assets at death or during life, respectively. Gifts and bequests to non-profits are generally exempt from these taxes, to the extent they are used to advance the goals of the organizations.[10] However, in practice, charitable organizations other than foundations may have greater difficulty obtaining an exemption from the gift and inheritance tax.[11]

FINAL SCORE: 10

9 Antic, Dinka, *Bosnia and Herzegovina –Individual Taxation*, Country Surveys IBFD (last visited 13 July 2012), *available at* http://online.ibfd.org/collections/gtha/printversion/gtha_ba.html.

10 Survey of Tax Laws Affecting NGOs in Central and Eastern Europe, *supra* note 1.

11 *Id.*

Botswana

1. Does the country have a tax system in place?

Yes. Tax is imposed in Botswana on personal and corporate income, capital gains, capital transfer, real estate, and the supply or importation of goods and services.[1] Personal income tax rates are progressive up to 25 percent, and for residents, the corporate income tax rate is 22 percent.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Income of any charitable, religious or educational institution or trust established for public purposes will be exempt from taxation.[3] In order to obtain this exemption it must be proved to the satisfaction of BURS that any income has been applied exclusively for public purposes.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. A charitable, religious or educational institution must complete a tax return including statement of accounts, certificates and other relevant documents, including evidence that may be required to show that the income of the organization was applied exclusively for public purposes.[5]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. An estate tax exists in the form of a capital transfer tax on the donee, which provides that donations or other disposals by individuals and companies are subject to a capital transfer tax of up to 5 percent for individuals and 12.5 percent for companies.[6] There is no known deduction or exemption for capital transfers to an exempt institution.

FINAL SCORE: 3

1 Deloitte International Tax, "Botswana Highlights 2013," ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2013/dttl_tax_highlight_2013_Botswana.pdf.
2 *Id.*
3 Income Tax Act 1995, pt. II, § xxxix.
4 *Id.*
5 Income Tax Act 1995, pt. I, § 71(4).
6 Capital Transfer Tax Act 1985, § 3.

Brazil

1. ***Does the country have a tax system in place?***

Yes. Brazil's tax system levies taxes on income, revenues, production and circulation of goods and services, cross-border trade, financial operations and property. The Brazilian tax system is regulated by (1) the Federal Constitution which sets down general principles, the limits of taxing authority, jurisdictions and the question of sharing of tax revenues,[1] and (2) the National Tax Code (Código Tributário Nacional—"CTN").[2] The Brazilian constitution specifies which taxes are imposed on the Federal level, the State level, and the municipal level.[3] At the Federal level, an income tax is imposed on individuals (the "IRPF") and legal entitles ("IRPJ"). The Value Added Tax ("VAT") is imposed by the States.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

Yes. Brazil provides for a few types of non-profit private legal entities: associations, foundations, and religious organizations. An association is an organization created by a group of people seeking to achieve a particular goal. A foundation is an organization created and formed by an endowment. A foundation can be private (created by a private will or a donation) or public (created by law).[4]

The legal form of a non-profit entity, however, is irrelevant for purposes of tax-exemption. Rather, the nature of its activities is determinative. The Federal Constitution exempts educational and social assistance non-profit organizations from taxation at all levels.[5] Other not for profit entities may be granted tax benefits not stipulated in the Federal Constitution.

The Federal Government may confer upon a non-profit organization one of five designations: (1) Organization of the Civil Society for the Public Interest ("OSCIP");[6] (2) Social Organization ("OS"); (3) Public Utility Entity;[7] (4) Social Assistance Beneficent Entity enrolled in the National Council of Social Assistance; and (5) Social Assistance Beneficent Entity holding the Social Assistance Beneficent Certification ("CEBAS").

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

Yes. In order to be eligible for tax exemption, a Public Utility Entity or Social Assistance organization must file an income tax form every year.

An organization granted OSCIP status must submit an annual accountability report showing the annual implementation of its activities, an income statement for the year, its balance sheet, a statement showing its funding sources and use of funds, and a statement showing any change in its net assets.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Deductions are available to (1) corporations and individuals who contribute to projects approved by the Ministry of Culture;[8] (2) corporation and individuals who contribute to non-profit private legal entities certified by the Council of Public Policies for Children and Youth; (3) corporations and individuals who contribute to projects approved by the

1 *See* "Taxes," Secretariat of the Federal Revenue of Brazil, ***available at*** http://www.receita.fazenda.gov.br/principal/Ingles/SistemaTributarioBR/Taxes.htm.
2 C.T.N. No. 5 172/66.
3 Constituição Federal (C.F.) 155-166.
4 C.C. 7596/87.
5 C.F. 150(VI)(c).
6 Law 9790 of Mar. 23, 1999. Permissible Activities include: social assistance; promotion of culture; historical preservation and cultural heritage; charitable free education; charitable free health care; nutrition and food security; environmental protection; promotion of voluntary work; promotion of economic and social development; experimentation with alternative employment and credit systems; protection of rights; promotion of citizenship and democracy; and development of alternative technologies.
7 Decree 50.517/61. The organization must have the objectives of promoting education, scientific research, culture, or philanthropy.
8 Law 8.313/91, art. 26; Law 9.532/97.

Ministry of Sports;[9] (4) taxpayers who contribute to private non-profit legal entities certified by the National State or Municipal Councils of the Rights of Children and Youth;[10] and (5) corporations and individuals who contribute to the National Support Program to Oncology Care and the National Support Program to Health Care of Persons with Disabilities.[11]

Contributions to organizations granted OSCIP status or Public Utility status may be deducted by a corporation up to 2 percent of the corporation's tax base operating profit.[12] Individuals are not eligible for this deduction.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. As described above, individuals are not eligible for contributions to organizations granted OSCIP status or Public Utility status. Contributions to other types of organizations may be deductible. Generally, if contributions are deductible by individuals, the limits on deductions are higher for individuals than for corporations.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Brazil has an estate tax, the imposto sobre transmissão e doação ("ITCMD"), that is imposed on (1) the donation of movable or immovable property of any kind, including shares of companies, money and rights (taxable to the donee), and (2) the receipt by each beneficiary of his/her share in the estate of the deceased (taxable to the heir). The ITCMD is levied at rates of up to 8 percent depending on the state. When an individual leaves money to an NGO which qualifies for tax incentives (as specified above) then that gift will be exempt from taxation.[13]

FINAL SCORE: 10

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9 Law 11,438/06, regulated by Decree No. 6 180/07.

10 Law 12,213/10. ***See*** Normative Instruction of the Federal Revenue Service No. 1,131, of Feb. 21, 2011.

11 Provisional Measure 563 of Apr. 3, 2012.

12 Law 9.249/95, art. 13(2).

13 Danilo Brandani Tiisel et al, ***Captação de Recursos Para o Terceiro Sector- Aspectos Jurídicos*** (December 2011), ***available at*** http://www.oabsp.org.br/comissoes2010/direito-terceiro-setor/cartilhas/captacao_aspjur21092011%20revisada.pdf (last accessed 25 June 2014).

Brunei Darussalam

1. Does the country have a tax system in place?

Yes. The tax authority in Brunei Darussalam is the Revenue Division under the Ministry of Finance.[1] The Revenue Division is one of eight divisions under the Ministry of Finance.[2] At present, the Revenue Division is the agency responsible for policies, administration and collection of Income Tax in Brunei Darussalam.[3] The Permanent Secretary of the Ministry of Finance is appointed as the Collector of Income Tax and the Division is led by the Director (Revenue).

The sources of tax law of Brunei Darussalam are the Income Tax Act (the "Act"), the Income Tax Act (Petroleum) and the Stamp Act.

There is no personal income tax and there are no export, sale, payroll or manufacturing taxes. Based on the Income Tax Act 1949, only companies are subject to tax. Companies, whether incorporated locally or overseas, are subject to income tax in Brunei Darussalam. Resident companies are taxable on income accruing in or derived from Brunei Darussalam or received in Brunei Darussalam.[4] Non-resident companies are only taxed on the income arising in Brunei Darussalam.[5] There is no capital gains tax, unless the gains are considered as part of the operational income from a company's normal trading activities.[6]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Brunei Darussalam has a tax exemption for non-profits. Exemptions are provided for certain types of income, such as dividends received from a company subject to tax in Brunei Darussalam and income of specific government and non-profits organizations.[7] Other types of income exempted from tax include the income of any charitable institution or of any body or persons or trust established for charitable purposes.[8] However, where a trade or business is carried on by such institution, body of persons or trust, the income derived from such trade or business shall be exempt from tax only if such income is applied solely for charitable purposes and either (1) the trade or business is exercised in the course of the actual carrying out of a primary purpose of such institution, body of persons or trust, or (2) the work in connection with the trade or business is mainly carried on by persons for whose benefit such institution, body of persons, or trust, was established.[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Income Tax (Forms) Rules[10] set out forms for use under the Income Tax Act. These rules state that declaration and income tax returns are required, but do not address specific reporting requirements.

However, an e-filing system, STARS, was instituted on January 1, 2012.[11] According to section 2.6.10 of the STARS Income Tax Form Guide ("Guide")[12], a non-profit organization should enter into the system any income that is exempt from tax.

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1 Kementerian Kewangan Ministry of Finance: Revenue, ***available at*** http://www.mof.gov.bn/index.php/divisions/revenue (last visited 17 October 2013).
2 Kementerian Kewangan Ministry of Finance, ***available at*** http://www.mof.gov.bn/ (last visited 17 October 2013).
3 Kementerian Kewangan Ministry of Finance, ***supra*** note 1.
4 Deloitte International Tax, "Brunei Darussalam Highlights 2013," ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2013/dttl_tax_highlight_2013_Brunei.pdf.
5 Asia Trade Hub: Brunei Tax Structure, ***available at*** http://www.asiatradehub.com/brunei/tax.asp (last visited 17 October 2013).
6 Ministry of Foreign Affairs and Trade, ***Banking and Taxation***, ***available at*** http://www.mofat.gov.bn/index.php/investing-in-brunei-darussalam/banking-taxation.
7 Deloitte International Tax, ***supra*** note 4.
8 The Act, pt. III (10)(f).
9 Income Tax Act of Brunei Darussalam (1949), pt. III (10)(f), ***available at*** www.mof.gov.bn/English/Revenue/Documents/IncomeTaxActCap35.pdf.
10 Income Tax (Forms) Rules, ***available at*** http://www.agc.gov.bn/agc1/images/lob/pdf/cap35subr1.pdf.
11 For further information, ***see*** http://www.stars.gov.bn/eServices/Public/Login.aspx.
12 Income Tax Form Guide, ***available at*** http://www.stars.gov.bn/eServices/Public/TaxGuide.aspx.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. According to Section 5.2.8 of the Guide, the amount donated to charitable bodies that are recognized by Revenue Division as Approved Institutions of Public Character may be taken as a deduction by companies.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. There is no personal income tax so incentives to encourage philanthropy only apply to companies.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.

Bulgaria

1. ***Does the country have a tax system in place?***

   Yes. Individuals in the Republic of Bulgaria ("Bulgaria") are liable for tax on their income at a flat rate of 10 percent. The corporate income tax rate is 10 percent, based on the corporation's net profit. Certain companies are obliged to register for the Value Added Tax ("VAT"), which is at the rate of 20 percent, except for hotel accommodations, for which the rate is 9 percent. Inheritance and gift taxes are described below.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Bulgaria exempts from income or profits taxes organizations that engage in activities that serve public benefit activities, although all income from business activities of the non-profits is taxed in full.[2] Donations to non-governmental organizations ("NGOs") are exempt from VAT.[3]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. NGOs must register in the regional court according to where the organization is located. Annual reports are required for all NGOs which have business activity or which are public benefit organizations.[4]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.[5]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Individuals may deduct up to 10 percent of their annual income for donations given to certain categories of organizations, among which are: (1) Non-profit legal entities registered in the central registry for public benefit organizations; and (2) Legal entities, which are not commercial enterprises, having charity, social, environmental, health care, scientific-research, educational, cultural and sport goals.

   Corporate donors can deduct up to 10 percent of their positive financial result for donations made to the same categories of organizations.[6]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No. See response to question 5, above.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes. Non-profit entities are not taxed on inheritance or gifts to further their statutory purposes. The Bulgarian Red Cross, national organizations for the disabled and funds created to assist victims of natural disasters and for the restoration of historical and cultural monuments are exempt from the gift tax. Property given by will to the state, municipalities, the Bulgarian Red Cross, community centers or other not for profit legal entities is not subject to inheritance tax.[7]

   FINAL SCORE: 10

1 Rosen Bachvarov, Communication and Protocol Directorate, Republic of Bulgaria, Ministry of Finance, National Revenue Agency, Sept. 9, 2011.
2 Survey of Tax Laws affecting NGOs in Central and Eastern Europe, International Center for Not-For-Profit Law, 2002 (hereinafter *Survey*).
3 Analysis of the Legal Framework for Social Enterprise Development in Bulgaria, Bulgarian Center for Not-for-Profit Law (hereinafter *Bulgarian Analysis*).
4 Bulgarian Non-Governmental Organizations Information Portal (hereinafter *Portal*).
5 *Portal*.
6 *Bulgarian Analysis*.
7 *Survey*.

Burkina Faso

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in Burkina Faso on business income, non-commercial (professional) profits, salaries and wages, investment income and income from real estate. Capital gains are generally taxed as income. There is an indirect Value Added Tax ("VAT") on the value added to products at each state of manufacturing and distribution. Employers must pay social security contributions for their employees. Excise duty is due on sales of tobacco, tea and coffee. Customs duty is levied on the customs value of most imported goods, save for imports from within the West African Economic and Monetary Union, of which Burkina Faso is a member state.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Certain non-profit entities are exempted from being taxable persons. These exempted entities include cooperatives the sole purpose of which is to pool purchases of commodities for the benefit of their members, mutual aid societies and agricultural credit unions.[1]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Although reporting requirements under the tax law only apply to taxable entities (since reporting is required only where the entity has taxable income),[2] exempt entities are required to keep accounts in accordance with UEMOA (Union economique et monetaire oust africaine).

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No information is available.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No information is available.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Inheritance and gift taxes are payable, depending on the degree of relationship between the donor and the donee. There is no known exemption to gift or inheritance taxes for non-profits.

   This country does not receive a Rules to Give By Index score due to the fact that we were unable to answer one or more questions definitively either due to a lack of legal clarity or a lack of available information

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1 Impôts sur les Sociétés, Loi 08-2010, art. 5.
2 Impôts sur les Sociétés, Loi 08-2010, arts. 62, 65 and 66.

Burundi

1. Does the country have a tax system in place?

Yes. The Republic of Burundi ("Burundi") imposes tax on income, land, and vehicles.[1] Burundi also has a Value Added Tax ("VAT").[2] Generally, companies and individuals are only taxed on income derived from Burundi sources.[3]

The primary tax administration is the Burundi Revenue Authority (the "OBR").

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Certain non-profit institutions may be exempt from the land tax.[4] Exempt institutions include: religious non-profits and organizations that are exclusively devoted to teaching, scientific research, social, cultural, or sporting activities.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. All corporate and individual taxpayers must file an annual return, whether or not they realize profits.[6] However, there are no specific reporting requirements for non-profit organizations. The return must be filed within three months of the end of the fiscal year for the tax administration authority.[7]

3. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

4. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations made to philanthropic, educational, social, religious, humanitarian, sports, and cultural institutions operating for the benefit of the citizens of Burundi may be deducted from a taxpayer's taxable income.[8] Deductions may not exceed 1 percent of the net taxable income from the previous year.[9] This limit may be exceeded with authorization from the Minister of Finance.[10]

5. If yes to 5, then do individuals and corporations have different incentives?

No. Both corporations and individuals may deduct donations from their taxable income.[11]

6. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.

FINAL SCORE: 9

1 F. Buma, ***Burundi - Corporate Taxation***, Country Surveys IBFD (last visited 22 June 2012) (hereinafter *Corporate Taxation*); F. Buma, ***Burundi - Individual Taxation***, Country Surveys IBFD (last visited 20 June 2012) (hereinafter *Individual Taxation*).
2 *Corporate Taxation* § 8.
3 *Corporate Taxation*, Introduction; *Individual Taxation*, Introduction.
4 See Burundi Tax Code, Book: Real Tax, tit. I, pt. II, ch. 1, art. 3, for a complete list of approved institutions that are exempt from property tax.
5 *Id.*
6 *Corporate Taxation* § 1.8.
7 *Id.*
8 Burundi Tax Code, Book: Income Tax, tit. IV, ch. II, art. 44 (hereinafter *Income Tax Book)*.
9 *Income Tax Book*, tit. IV, ch. II, art. 44 and tit. IV, ch. III, art. 51.
10 *Corporate Taxation* § 1.3.3.1.
11 *Income Tax Book*, tit. III, ch. II, art. 51 (stating that a taxpayer may use the same deductions as provided for in art. 44).

Cabo Verde

1. Does the country have a tax system in place?

Yes. The Republic of Cabo Verde ("Cabo Verde") imposes tax on income, property, payroll, vehicles, imports, and property.[1] Cabo Verde also has a value added and a special consumption tax.[2] Companies and individuals are only subject to tax on income derived from Cabo Verdean sources; income derived from sources outside of Cabo Verde is not taxed.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Income received by officially recognized cultural, recreational and sporting charities which do not derive income from commercial, industrial, agricultural, fishing or service-providing activities, is exempted from payment of income tax.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The Cabo Verdean tax administration requires all companies to file tax returns for the calendar year which runs from 1 January to 31 December.[5] Reporting requirements do not differ for non-profit organizations.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations to any officially recognized Cabo Verdean teaching or scientific research institution, and to the local and central government, a public charity, museum, library, school, institute or teaching or educational, cultural, scientific, literary, artistic or charitable, aid or welfare association are tax deductible.[6] The deduction cannot be greater than 20 percent of the taxpayer's taxable income.[7]

6. If yes to 5, then do individuals and corporations have different incentives?

No. Cabo Verde's income tax is levied upon companies and individuals, and both companies and individuals may deduct donations made to approved institutions from their taxable income.[8]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Each beneficiary of a gift or inheritance must pay taxes on the value of the gift or inheritance. Any gift or inheritance is taxed under the property tax at a flat rate of 3 percent of the value of the gift or inheritance.[9]

FINAL SCORE: 9

1 Leendert Verschoor & Liza Vaz, ***Cape Verde***, World Tax, ***available at*** http://www.itrworldtax.com/Guide/692/Cape-Verde.html.
2 PLMJ Sociedade de Advogados, "The Tax Systems of Angola, Mozambique and Cape Verde," ***available at*** http://www.plmj.com/xms/files/newsletters/2008/Maio/Sub-capas_ING.pdf.
3 V. Arruda Ferreira, ***Cape Verde - Individual Taxation***, Country Surveys IBFD, Introduction (last visited 3 October 2013).
4 V. Arruda Ferreira, ***Cape Verde – Corporate Taxation*** § 1.3.2, Country Surveys IBFD (last visited 2 October 2013).
5 ***Id.*** § 1.8.
6 V. Arruda Ferreira, ***Cape Verde – Corporate Taxation*** § 1.3.3.1, Country Surveys IBFD (last visited 2 October 2013).
7 Imposto Único Sobre Rendimento, Law no.127/IV/95, art. 10.
8 Imposto Único Sobre Rendimento, Law no.127/IV/95, art. 4.
9 V. Arruda Ferreira, ***Cape Verde - Individual Taxation*** § 5, Country Surveys IBFD.

Cambodia

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Kingdom of Cambodia ("Cambodia") on 18 items, including profit, withholding, salary, patent, property rental, stamp, registration, slaughter, accommodation and property.[1]

On the national level, there is only one tax administration: the General Department of Taxation ("GDT").

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. To be exempt from income tax, an organization must satisfy the requirements set forth in the Law on Taxation ("LoT") promulgated by Preah Reach Kram, No.NS/RKM/0198/01, dated February 24, 1997. According to the LoT, an organization which can be exempt from income tax must be organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes; and no part of its assets or earnings of may be used for any private interest.[2]

According to the provisions for the Value Added Tax ("VAT") of LoT, non-profit activities in the public interest that have been recognized by the Minister of the Economy and Finance can be exempt from VAT.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. According to the LoT, an "employer" is required to register with the GDT and obtain a Tax Identification Number ("TIN") within 15 days after the commencement of business. The term "employer" includes any government institution, any resident legal person, any resident pass-through, any permanent establishment in Cambodia, any non-profit organization, or any resident physical person carrying on a business pursuant to the law.[4]

All taxpayers liable for the tax on profits who must pay taxes according to the real regime or simplified regime system of taxation must annually send to the tax administration a declaration of the profit the taxpayer has realized in the previous tax year. Real regime system taxpayers must submit to the tax administration a tax declaration with a balance sheet attached, results account, and the tables of complementary information.[5]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. According to LoT, a deduction by corporations can be allowed for charitable contributions to an organization but it shall not exceed 5 percent of taxable profit determined before taking the charitable contribution deduction.[6]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. According to LoT, individuals are not allowed any deductions against their salary income as individuals are not required to submit annual tax return.[7] Therefore tax incentives to encourage philanthropy are only available to corporations.

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1 General Department of Taxation Cambodia, ***available at*** http://www.tax.gov.kh/en/brief.php.

2 Law on Taxation of the Kingdom of Cambodia, art. 9, *available* ***at*** http://www.tax.gov.kh/en/taxtypes.php.

3 *Id.* art. 57, *available* ***at*** http://www.tax.gov.kh/en/taxtypes.php.

4 Asia Pacific Taxation-Cambodia, KPMG, ***available at*** http://www.kpmg.com/Global/en/WhatWeDo/Tax/regional-tax-centers/asia-pacific-tax-centre/Documents/Asia-Pacific-Taxation/Cambodia.pdf.

5 Law on Taxation of the Kingdom of Cambodia, art. 29, *available* ***at*** http://www.tax.gov.kh/en/taxtypes.php.

6 *Id.* art. 16, *available* ***at*** http://www.tax.gov.kh/en/taxtypes.php.

7 Asia Pacific Taxation-Cambodia, KPMG, ***available at*** http://www.kpmg.com/Global/en/WhatWeDo/Tax/regional-tax-centers/asia-pacific-tax-centre/Documents/Asia-Pacific-Taxation/Cambodia.pdf.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No.[1]

FINAL SCORE: 6

1 *Id.*

Cameroon

1. Does the country have a tax system in place?

Yes. The Republic of Cameroon ("Cameroon") imposes taxes on wages, pensions, dividends, capital gains, profits, sales, property, and inheritances.[1] The General Tax Code governs both individual and corporate taxes in Cameroon. Individuals resident in Cameroon are taxed on their worldwide income on a progressive rate basis (with rates ranging from 0–35 percent of income).[2] Corporate tax is levied at a rate of 38.5 percent[3] and the country also uses a Value Added Tax ("VAT") with a rate of 19.25 percent.[4]

The Ministry of Finance and Budget administers taxes.[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes.[6] Cameroon provides non-profits exemptions from corporate income, property, and value added taxes. For corporate income (i.e., profits), in addition to agricultural co-operatives, public utilities, and mutual aid societies, Cameroon provides exemptions to non-profit private educational institutions, public hospitals, and entities that organize events available to the public that serve some "acknowledged economic or social interest."[7] As with other countries in the region, Cameroon does not specify what activities the nation considers to be "economic or social" in nature, but the General Tax Code does indicate that any events held by non-profits must be done in conjunction with government authorities.[8] With property taxes, Cameroon provides exemptions for land possessed by "religious, cultural, or charity organizations...for non-profit purposes."[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Taxpayers must file a return showing the results of their business activities during the course of the period over which the tax is levied. This return must be filed within 3 months of the end of the fiscal year and must be accompanied by certain documents provided for in the Accounting Plan of the Organization for the Harmonization of Business Law ("OHADA").[10]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. As with other countries in the region, Cameroon allows corporate taxpayers to deduct charitable expenses from their returns,[11] but Cameroon does not permit charitable deductions for individuals. Deductions for individuals appear to be limited generally.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Corporations may make donations that are tax-deductible in one of three areas, but individuals may not. First, corporations may make donations to charitable organizations conducting activities in Cameroon.[12] The General Tax Code limits such deductions to 0.5 percent of sales during a given tax year.[13] Second, Cameroon permits deductions

1 Deloitte International Tax, "Cameroon Highlights 2012," ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2012/dttl_tax_highlight_2012_Cameroon.pdf.
2 Albert Atangana, ***Cameroon – Individual Taxation*** § 1.9, Country Surveys IBFD (last visited 3 October 2013).
3 Albert Atangana, ***Cameroon – Corporate Taxation*** § 1.6, Country Surveys IBFD (last visited 3 October 2013).
4 *Id.* § 8.6.
5 Deloitte International Tax, *supra* note 1.
6 Albert Atangana, ***Cameroon – Corporate Taxation*** § 8.6, Country Surveys IBFD (last visited 3 October 2013).
7 *Id.* § 1.2.
8 *Id.*
9 *Id.* § 5.2.
10 *Id.* § 1.8.
11 *Id.* § 1.3.
12 *Id.*
13 *Id.*

for donations to local governments made to acquire anti-retroviral drugs being used to treat HIV and AIDS.[1] Finally, businesses in Cameroon may receive a tax deduction for donations to research specifically health and agriculture.[2]

7. ***Finally does there exist an "estate tax" or some equivalent mechanism that encourages creation of donor institutions?***

No. Estate tax exists for Cameroon residents and non-residents and rates vary from 0-10 percent depending on the value of the estate.[3] Deductions are limited. Beneficiaries may only deduct (1) debts owed by the original estate yet not incurred for the benefit of the beneficiary and (2) a limited amount of hospital bills related to the death and funeral costs.[4]

FINAL SCORE: 6

1 *Id.*
2 *Id.*
3 *Ernst & Young Worldwide Personal Tax Guide 2012 – Cameroon* (last visited 12 September 2013).
4 Albert Atangana, *Cameroon – Individual Taxation* § 5, Country Surveys IBFD (last visited 3 October 2013).

Canada

1. Does the country have a tax system in place?

Yes. The federal government of Canada taxes income, capital gains, goods and services, and payroll.[1] Canada does not impose a gift or estate/inheritance tax. Rather, it imposes capital gains taxes on gifts and estates to the extent the transferor has unrealized appreciation in the property transferred (known as "capital gains at death" for transfers at death). Canada's tax on goods and services is similar to a Value Added Tax ("VAT"), but called a goods and services tax or ("GST").

Federal tax administration and the distribution of federal benefits is the responsibility of the Canada Revenue Agency (the "CRA").[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. To be exempt from federal income tax, an organization must be a registered charity, government owned entity, or a non-profit corporation organized and operated exclusively for non-profit purposes, including scientific research.[3] Non-profits do not have to pay income tax, but registered charities can also issue receipts for donations making those donations tax deductible.[4] All organizations that want to be registered as a charity must ensure that their purposes are directed to the public benefit.[5] Although the authority for regulating charities falls mainly to the provincial authorities, the federal government has considerable control over charities through its power of taxation.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Every registered charity must file a T3010 within six months after the charity's year-end.[7] The registered charity must keep other records.[8] If the form is not filed, within a few months the charity will be deregistered, meaning it can no longer issue receipts for deductible charitable deductions. The T3010 is filed with the Charities Directorate of the CRA.[9] A charitable organization must be exclusively devoted to charitable activities; no personal benefit can be conveyed and insiders must deal at arms-length.[10]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Although all registered charities must file, different thresholds apply for filing different schedules to the T3010.[11] For example, if the charity's annual revenue is less than CAD 100,000 and assets not used for charitable purposes are less than CAD 25,000 in value, the charity need not file the detailed financial information required by Schedule 6.[12]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Canada provides a tax credit for income tax purposes for gifts to registered charities.[13] The first CAD 200 of donations produces a 15 percent rate credit. Gifts in excess of CAD 200 produce a 29 percent rate credit. However, an annual limit on creditable donations applies based on the donor's income of generally 75 percent of net income

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1 This memorandum does not address taxation at the provincial or territorial level.
2 Canada Revenue Agency, Report on Plans and Priorities, ***available at*** http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/nar/nar-eng.pdf.
3 Income Tax Act, § 149(1)(f).
4 Library of Parliament, *Charitable Purpose, Advocacy and the Income Tax Act*, ***available at*** http://www.parl.gc.ca/Content/LOP/researchpublications/prb0590-e.pdf.
5 Canada Revenue Agency, Guidelines for Registering a Charity: Meeting the Public Benefit Test, ***available at*** http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-024-eng.html.
6 Constitution Act, § 92(7).
7 Income Tax Act, § 149.1(14).
8 *Id.* § 230(2).
9 Charity Filing Guide, ***available at*** http://www.charityfilingguide.ca/en/submitting%20the%20forms/index.html#five.
10 Income Tax Act § 149.1(1); ***see also*** Canada Revenue Agency, How Does a Registered Charity Keep Its Status, ***available at*** http://www.cra-arc.gc.ca/chrts-gvng/dnrs/rgltn/rgstrd5-eng.html.
11 *See, e.g., Charity Filing Guide,* ***available at*** http://www.charityfilingguide.ca.
12 Charity Filing Guide, T3010-1 Decision Points, ***available at*** http://www.charityfilingguide.ca/en/introducing%20the%20forms/introducing%20form%20T3010.html#three.
13 Income Tax Act, § 118.1.

(without regard to the charitable gift). Such credits are allowable for contributions of cash and property to registered charities. Because Canada treats the disposition of property by gift as subject to capital gains taxes, the 75 percent rule is modified to allow a deduction for up to 25 percent of the gains or recapture resulting from the taxation of the gift. Generally donations to foreign charities are not deductible for Canadian purposes; however, a number of exceptions apply: those foreign charities to which the Canadian government has donated, those designated by her Majesty, to the United Nations and those allowed by treaty, for example, the US-Canada Treaty in limited circumstances.[14]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Corporations may claim deductions for charitable contributions, in cash or other property to (or for the use of) registered charities as well as certain other charitable organizations.[15] Corporations and individuals share the same income limits on the deductibility of gifts, but corporations are allowed a deduction, while individuals are allowed a tax credit.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. Canada imposes capital gains taxes on the transfer of property by gift during life or at death, rather than an inheritance or estate tax. Charitable gifts designated by Will generally are fully deductible in the final life return of the decedent (with a one year carry-back) up to 100 percent of income. Where the identity of the charity is unspecified or the gift amount depends on facts determinable after death, the charitable deduction is allowed in the return for the follow-on estate or trust, rather than the decedent's final life return.

FINAL SCORE: 11

14 *See, e.g., Canada Revenue Agency, Charities in the International Context, available at* http://www.cra-arc.gc.ca/chrts-gvng/chrts/ntrntnl-eng.html.

15 Income Tax Act, § 110.1(1)(a).

Central African Republic

1. Does the country have a tax system in place?

Yes. The Central African Republic imposes taxes on income, property, sales, payroll, dividends, inheritance, and gifts nationally.[1] The Central African Republic consists of sixteen administrative districts called prefectures, but the national government appears to be the sole collector of taxes. The General Tax Code governs both individual and corporate taxes in the Central African Republic. The Republic has adopted a progressive income tax for individuals (ranging from 0-35 percent of income)[2] and corporations are generally taxed on income at 30 percent (with certain exceptions).[3] There is also a nationwide 19 percent Value Added Tax ("VAT").[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The Central African Republic exempts certain organizations from corporate income taxes, property taxes, and value added taxes. For corporate taxes, in addition to agricultural co-operatives, public utilities, and private clubs, the General Tax Code provides exemptions to non-profits whose purpose is "organizing activities of an economic or social nature."[5] The tax code does not specify what actions would qualify as "economic or social" in nature. As with other countries in the region, state and local councils must approve of the non-profit's activities.[6] Regarding VAT, the Central African Republic exempts the activities of non-profit organizations.[7]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Both individuals and corporations must file tax returns,[8] but the General Tax Code does not specify the particular form or forms that taxpayers must submit.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The General Tax Code permits deductions for what appear to be charitable purposes, but the government has limited such deductions to businesses.[9] However, the General Tax Code does not contain any provisions that would permit individual taxpayers to take deductions for purposes that one could describe as charitable.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. The General Tax Code permits deductions for charitable purposes for businesses but it does not permit them for individuals. Businesses paying corporate taxes generally cannot deduct gifts or donations unless the gift goes to "philanthropic, social, or family-oriented organizations of general interest."[10] The General Tax Code does limit the deduction to 0.5 percent of sales for a given business.[11]

7. Finally does there exist an "estate tax" or some equivalent mechanism that encourages creation of donor institutions?

No. The Central African Republic levies tax on beneficiaries of a gift, not a decedent.[12] The Central African Republic

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1 Felix Buma, *Central African Republic – Individual Taxation*, Country Surveys IBFD; Felix Buma, *Central African Republic – Corporate Taxation*, Country Surveys IBFD.
2 Felix Buma, *Central African Republic – Individual Taxation* § 1, Country Surveys IBFD (last visited 1 October 2013).
3 Felix Buma, *Central African Republic – Corporate Taxation* § 1, Country Surveys IBFD (last visited 1 October 2013).
4 Felix Buma, *Central African Republic – Corporate Taxation* § 8, Country Surveys IBFD (last visited 1 October 2013).
5 *Id.* § 1.2.
6 *Id.*
7 *Id.* § 8.5.
8 Felix Buma, *Central African Republic – Individual Taxation*, Country Surveys IBFD; Felix Buma, *Central African Republic – Corporate Taxation*, Country Surveys IBFD.
9 Buma, *Central African Republic – Corporate Taxation* § 1.3.3.2, Country Surveys IBFD.
10 Buma, *Central African Republic – Corporate Taxation* § 1.3.3.2, Country Surveys IBFD.
11 *Id.*
12 Buma, *Central African Republic – Individual Taxation* § 5, Country Surveys IBFD.

does not levy a tax on wealth but does impose an inheritance tax.[13] However, as with deductions, the Central African Republic permits specified inheritance tax reductions for transfers to spouses and children but does not permit deductions for charitable purposes. The General Tax Code permits a 25 percent allowance for transfers to spouses or from parents to children.[14] This allowance reaches 100 percent if the child receiving the gift has three or more children. However, individual taxpayers cannot deduct for donations made to charitable institutions upon death.

FINAL SCORE: 6

13 *Id.*
14 *Id.*

Chad

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Republic of Chad ("Chad") on personal and corporate income, capital gains, payroll, real estate and the sale of goods.[1] Example rates of taxation include a progressive personal income tax of 20 percent to 60 percent, a corporation tax of 40 percent or 1.5 percent of turnover (whichever is highest) and a property tax of 12 percent annually on the rental value of the property.[2] Taxation is administered by the Ministry of Finance.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Tax exemption is only available in respect of the Value-Added Tax ("VAT") on activities that are of a medical, cultural, social, education, philanthropic, or religious nature and organized by a non-profit organization.[3] Associations carrying out activities in relation to education or professional training may be exempted from the payment of corporation tax if profits from these activities would be exclusively used for the functioning of an educational establishment or for charity.

Non-profits can however ask for subsidies from the State by receiving the status of association recognized as being of public utility.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Under Article 5 of the Law of 1962, a non-profit organization must be registered. The application for registration includes the name and purpose of the non-profit, the address of its headquarters and branches as well as the name, profession and residence of people in charge of its administration or direction. Three copies of the organization's bylaws must also be provided.

Any change as to the administration, direction or the bylaws of the non-profit must be reported to the State within 30 days.[5]

The Chadian tax administration also requires the filing of a report disclosing any payment made by the non-profit association.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. An inheritance tax applies on the death of an individual at a progressive rate of 0-35 percent dependent on the value of the transfer.[6] The rate of tax for legacies made to companies undertaking charitable services or public interest and educational institutions is 4 percent.[7]

FINAL SCORE: 4

1 *Chad - Key Features,* Country Surveys IBFD (last visited 30 September 2013).
2 *Id.*
3 A. Trindade Marinho, *Chad - Corporate Taxation*, Country Surveys IBFD (last visited 30 September 2013).
4 Ordonnance 62-27 du 28 juillet 1962, art. 11.
5 *Id.*, art. 5.
6 A. Trindade Marinho, *Chad - Individual Taxation*, Country Surveys IBFD (last visited 4 October 2013).
7 *Id.*

Chile

1. Does the country have a tax system in place?

Yes. Tax is imposed in Chile on employment, business and individual income, imports, real estate, inheritance and gifts at the federal level.[1] The tax administration is the Servicio de Impuestos Internos ("SII").[2] Chile has a Value Added Tax ("VAT") of 19 percent levied on sales and services other than those rendered by employees and consultants.[3]

2. If yes to 1, then does the country provide tax exemptions for non-profits?

Yes. There is no global exemption from tax for non-profit organizations.[4] Non-profit organizations can request an exemption from income and investment taxes so long as their goal is to provide financial assistance.[5] Properties owned and used by charitable organizations are exempt from the real estate tax.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes.[7] The Ministry of Justice is responsible for overseeing charitable organizations.[8] The Ministry may require reports from foundations, including minutes, approved accounts, annual reports, accounting ledgers, inventories, remunerations and reports that discuss their activities.[9]

Organizations that receive tax deductible donations must keep a "Record of Donation," including the donor's name, the amount of the donation and its purpose.[10] They must also prepare an annual report of the status of income received in the form of donations and a description of how those resources were used.[11] The report must be submitted within the first three months of the year.[12]

4. If yes to 3, then are those reporting requirements sensitive to the size of the organization?

No.

5. If yes to 1, are there incentives in place to encourage philanthropy?

Yes. Chile provides charitable contribution deductions for federal tax purposes. Corporations may deduct up to 50 percent of cash donations made to non-profit organizations registered with the government as corporations or charitable foundations that operate in certain areas.[13] There are incentives for donations to non-profits specializing in education, culture and the arts.[14] The donor is entitled to a tax deduction of up to 5 percent of the donor's taxable net income.[15]

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1 Carlos Gutiérrez, ***Chile—Corporate Taxation*** §§ 6, 7, Country Surveys IBFD (last visited 15 July 2013).
2 *Id.*
3 *Id.* § 27.
4 International Center for Non-Profit Law, ***Country Report—Chile*** 2-3 (2013).
5 *Id.*
6 *Id.*
7 *Id.*
8 *Id.*
9 *Id.*
10 *Id.*
11 *Id.*
12 *Id.*
13 *Id.*
14 Law No. 18.681, Dec. 31 1987, Gaceta Jurídica [G.J.] (Chile) (law on donations for universities and state and private professional institutes; Law No. 18.985 (the Valdes Law), 02 Ago 1990, Gaceta Jurídica [G.J.] (Chile) (law favoring tax incentives for corporations and nonprofit foundations that work in research, development, and public education in culture and the arts); Law No. 19247, 15 Sep. 1993, Gaceta Jurídica [G.J.] (Chile) (law on donations for educational purposes). Chile also has various laws that benefit certain actors or achieve certain goals: municipal education, firefighting, neighborhood councils, Public Charity, mental health programs, etc.
15 Carlos Gutiérrez, ***Chile—Individual Taxation*** § 15, Country Surveys IBFD (last visited 15 July 2013).

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Incentives available to individuals and corporations vary.[16]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes. Chile levies inheritance and gift tax (*impuesto a las herencias, asignaciones y donaciones*) on the net value of transfers of property upon death or inter vivos gifts at progressive rates.[17] Bequests and gifts to the central or local government and, generally, to non-profit entities with a charitable or similar purpose are exempt from this tax.[18]

   FINAL SCORE: 10

16 Tom Azzopardi, *Donating Made Difficult, B*USINESS CHILE MAGAZINE, May 1, 2006, ***available at*** http://www.businesschile.cl/en/news/reportaje-principal/donating-made-difficult (last accessed 27 June 2014).

17 Pedro Massone, *Chile – Individual Taxation* § 6, Country Surveys IBFD (last visited 26 September 2013).

18 *Id.*

China

1. Does the country have a tax system in place?

Yes. The People's Republic of China ("China" or "PRC") has 23 provinces, 5 autonomous regions, 4 municipalities and 2 special administrative regions. The State Administration of Taxation ("SAT") was established at the central government level as an organization directly under the State Council in charge of taxation.[1]

The SAT branches at all levels of government co-administer tax laws with local tax bureaus ("LTBs"), beginning at the provincial level on down. After several reforms, China has 19 tax categories at present, including the Value Added Tax ("VAT"), consumption tax (CT), business tax (BT), enterprise income tax (EIT), individual income tax (IIT), resource tax, urban and township land use tax, house property tax, city maintenance and construction tax, tax on the use of arable land, land appreciation tax, vehicle purchase tax, vehicle and vessel tax, stamp duty, deed tax, tobacco leaf tax, customs duty, tonnage dues, and fixed assets investment orientation regulatory tax, of which, 17 tax categories are to be collected by tax authorities.[2]

The SAT is responsible for EIT, VAT, and CT, while the LTBs are responsible for BT, EIT at local level, IIT, and Stamp Duty. Customs duty and tonnage dues are to be collected by the customs. In addition, the import VAT and import CT are to be withheld by the customs.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The income of a qualified non-profit organization is exempt from EIT. Pursuant to Article 1 of *Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Confirmation and Administration of Tax-exemption Qualification of Non-profit Organizations,*[3] to be a qualified non-profit organization, one organization must satisfy the following requirements:

(1) Established and/or registered in accordance with the Chinese law;

(2) Engaged in public welfare or non-profit making activities in China;

(3) All income received shall be used in public welfare or for reasonable expenses related to the non-profit making;

(4) Property and income of the non-profit is not used for distribution, except for the payment of reasonable wages and salaries;

(5) The remaining assets after the cancellation of the organization will be used for public welfare, non-profit purpose, or given as a gift to organizations of the same nature;

(6) Donors to the non-profit do not reserve or enjoy any right to the assets provided to the organization;

(7) The wages and salaries of the staff of the non-profit shall be controlled at a prescribed proportion (i.e., the average wages and salaries of the staff shall not exceed two times the per capita wage of that specified in taxation registration in the preceding year). The welfare of the staff shall be provided in accordance with the relevant provisions of the State;

(8) The review conclusions of this organization for the year preceding the application shall be "qualified"; and

(9) The accounting of taxable income received and its related cost, expenses and losses shall be separated from the accounting of tax-free income and its related cost, expenses and losses.

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1 State Administration of Taxation of the People's Republic of China, State Administration of Taxation, available at http://www.chinatax.gov.cn/n6669073/n6669133/6886063.html.

2 China's Tax System, available at http://www.chinatax.gov.cn/n6669073/n6669133/6887407.html.

3 Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Confirmation and Administration of Tax-exemption Qualification of Non-profit Organizations, *available at* http://app.westlawchina.com/maf/china/app/document?&src=nr&docguid=i3cf76ad30000012535f4d21a4513ff1a&lang=bi&crumb-action=append&crumb-label= .

A non-profit organization which is qualified for EIT exemption may still need to pay BT, VAT, property or house tax, land use tax, vehicle and vessel tax and individual income tax. However, there are also applicable exemption rules for these taxes.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. According to Article 5 of the *Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Confirmation and Administration of Tax-exemption Qualification of Non-profit Organizations,* a non-profit organization shall go through the formalities for taxation registration and file the taxation return as scheduled in accordance with the relevant provisions such as *the Law of the People's Republic of China on the Administration of Tax Collection* (hereinafter referred to as the Law of the Administration of Tax Collection) and the *Implementation Rules of the Law of the People's Republic of China on the Administration of Tax Collection* (hereinafter referred to as the Implementation Rules).[4] A non-profit organization acquiring the tax-exemption qualification shall go through the tax-exemption formalities with the competent taxation authority in accordance with the provisions.[5] Any change in the tax-exemption conditions shall be reported to the competent taxation authority within 15 days from the date of the change.[6]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes, but only with respect to VAT filing requirements. In China, NGOs which satisfy the EIT exemption standards may still need to pay BT, VAT, property or house tax, land use tax, vehicle and vessel tax and individual income tax, with certain exceptions.[7] With respect to VAT, there are two types of tax payers deemed by tax authorities: general VAT payer and small-scaled VAT payer. VAT is mainly imposed on organizations and individuals engaging in business of sales of goods, provision of processing, repairs and replacement services, and importation of goods.[8] Manufacturing organizations (annual sales volume subject to VAT less than 0.5 million) and trading organizations (annual sales volume subject to VAT less than 0.8 million) shall be deemed as small-scaled VAT payer. Non-enterprise organizations or enterprises without frequent occurrence of taxable acts may choose to be taxed as small-scaled taxpayers.[9] Any other organizations whose annual sales volumes are higher than the threshold of small-scaled VAT payer will be deemed as general VAT payer. The methods on how to calculate VAT of general VAT payer and small-scaled VAT payer are different, and so are the required filings.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. There are tax incentives provided for donations from corporations/organizations, individuals and foreign donors with respect to their EIT, individual income tax, customs duty and import VAT. However, these are preferential policies for cash donations. China does not have favorable tax treatment for property donations.[10] Donations must meet the standards of supporting "public welfare" and obtain certain certificates from related governmental departments for tax exemption or deduction purpose. The term "public welfare" is defined as follows[11]: (1) activities by community groups or individuals in disaster relief or poverty relief, or in giving assistance to the disabled; (2) educational, scientific, cultural, public health and sports services; (3) environmental protection and public utility

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4 Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Confirmation and Administration of Tax-exemption Qualification of Non-profit Organizations, *available at* http://app.westlawchina.com/maf/china/app/document?&src=nr&docguid=i3cf76ad30000012535f4d21a4513ff1a&lang=bi&crumb-action=append&crumb-label=æ–‡ä»¶.

5 *Id.*

6 *Id.*

7 *Id.* at 5.

8 Interim Regulations of the People's Republic of China on Value Added Tax, art. 1, available at http://app.westlawchina.com/maf/china/app/document?&src=nr&docguid=i3cf76ad30000011ef355e36663450a3c&lang=bi&crumb-action=append&crumb-label= .

9 Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value Added Tax, art. 29, *available at* http://app.westlawchina.com/maf/china/app/document?&src=nr&docguid=i3cf76ad5000001335dac9c5bc123aeb0&lang=bi&crumb-action=append&crumb-label= .

10 *Id*. art. 10.

11 Law of the People's Republic of China on Donations for Public Welfare, art. 3, ***available at*** http://app.westlawchina.com/maf/china/app/document?&src=nr&docguid=i3cf76ad30000011ef35156e9633ee7ca&lang=bi&crumb-action=append&crumb-label= .

construction; and (4) other public and welfare services to promote social development and progress.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Corporations may claim deductions for charitable contributions. Although, the incentives are similar to those for individuals, there are different limitations imposed on such deductions by corporations and individuals.

Generally, a corporation cannot deduct charitable contributions that exceed 12 percent of the corporation's total profits for the tax year.[12] Any contributions in excess of the 12 percent limit cannot be deducted.[13] Individuals may deduct charitable contributions which do not exceed 30 percent of the individual's taxable income.[14] Any donations exceeding the 30 percent limitation will not be deducted. However, for certain special donations such as donations for Qinghai Yushu (i.e., post-earthquake re-building), World Expo 2010 Shanghai, or the 2008 Beijing Olympics, any corporation or individual may deduct their donations in full from their profit or taxable income.[15]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. There is no estate tax in China.[16]

FINAL SCORE: 10

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12 Law of the People's Republic of China on Enterprise Income Tax, art. 9, ***available at*** http://app.westlawchina.com/maf/china/app/document?&src=nr&docguid=i0adf589b0000011e6d84a4ccd238ae79&lang=bi&crumb-action=append&crumb-label= .

13 *Id.*

14 Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China, art. 24 ***available at*** http://app.westlawchina.com/maf/china/app/document?&src=nr&docguid=i3cf76ad3000001316a81b436f27713c1&lang=bi&crumb-action=append&crumb-label= .

15 Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value Added Tax, ***supra*** note 9, art. 29.

16 China tax authorities doesn't impose estate tax at present [Zhong guo mu qian bu zheng yi chan shui], ***available at*** http://finance.sina.com.cn/money/lcjyzsw/20051113/17212114835.shtml.

Colombia

1. Does the country have a tax system in place?

Yes. In Colombia, both individuals and corporations incur an income tax (including capital gains), a net wealth tax (for individuals and companies that exceed a certain amount of wealth), an excise tax on tobacco and alcoholic beverages, a Value Added Tax ("VAT") and mandatory social security contributions.[1] The maximum individual tax rate on income is 33 percent.[2] A real estate tax on property is also issued by municipalities.[3] Similarly, for their service and commercial activities in a given municipal territory, corporations are subject to an industry and trade tax issued by that municipality.[4] Law 1111 of 2006 created a tax value unit ("UVT") that is reevaluated on an annual basis by the retail price index.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Eligible non-profit organizations and civil societies incur a reduced income tax of 20 percent.[5] Further, organizations that reinvest their profits the following year in qualifying activities in health, education, technological research, sports, science or social development programs can receive full exemptions.[6] Gifts intended to aid scientific or technological projects can also qualify for tax exemption.[7] Although the exemption laws refer to non-governmental organizations ("NGOs"), the Colombian government has yet to provide a clear definition of an NGO. Therefore, the application of exemption laws remains uncertain.[8]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The tax year corresponds with the calendar year.[9] Corporations must submit tax returns within the four month period following the end of the relevant tax year.[10] Further, qualifying organizations and foundations must offer banks statements of tax withholdings on a monthly basis in order to uphold recognition as a civil society organization under federal law.[11] The organization must register its statutes of incorporation with the Chamber of Commerce.[12].

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Corporations that are deemed "large taxpayers" by the government may be required to pay taxes in five bimonthly installments beginning in February of each tax year.[13] For smaller corporations, taxes are only required to be paid in April and June of each year.[14]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations or gifts to qualifying organizations can be deducted in varying amounts.[15] Gifts to the National Network of Public Libraries are fully deductible, as are donations to entities or programs approved by the National Council for Science and Technology.[16]

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1 C. Vargas, ***Colombia – Individual Taxation***, Country Surveys IBFD (last visited 27 November 2013).
2 *Id.*
3 C. Hoyos Jiménez, ***Colombia - Corporate Taxation***, Country Surveys IBFD (last visited 27 November 2013).
4 Vargas, Colombia – ***Corporate Taxation***, Country Surveys IBFD (last visited 27 November 2013).
5 Jiménez, ***supra*** note 3.
6 *Id.*
7 *Id*.
8 NGO Law Monitor: Columbia, ICLN (last visited 23 July 2012).
9 Jiménez, ***supra*** note 3.
10 Vargas, ***supra*** note 4.
11 Defending Civil Society, ***Columbia Country Report Summary***, World Movement for Democracy (last visited 27 November 2013).
12 *Id.*
13 Vargas, ***supra*** note 4.
14 *Id.*
15 *Id.*
16 *Id.*

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Individuals may deduct all gifts subject to certain rules, rather than merely donations.[17]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. There is no inheritance or gift tax on either a local or federal level. However, inheritances of immovable property may incur a registration tax by the Registry Office of Public Documents.[18]

   FINAL SCORE: 10

17 *Id.*
18 Vargas, *supra* note 1.

Comoros

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Union of the Comoros ("Comoros") on income, sales and leases, imports (through a consumption tax), insurance, vehicles, and inheritances and gifts.[1] There is no Value Added Tax ("VAT") in the Comoros. Duties, such as capital duties, stamp duties, customs duties, excise duties, business license duties, and registration duties, are also imposed.[2]

The Comoros top individual income tax rate is 30 percent,[3] and the top corporate tax rate is 50 percent.[4] All corporate entities are taxed, unless they are specifically exempt.[5] In addition, non-resident corporate entities are generally subject to an annual profits tax.[6] Partnerships are treated as transparent.[7]

The consumption tax is imposed on all imported goods, on production activities, and on commercial and non-commercial services (except those of the medical profession) for all entities with a turnover exceeding KMF 20 million.[8]

Registration duties are levied on inheritances and gifts.[9] Inheritance and gift taxes are subject to certain personal allowances and are levied on worldwide personal and intangible property but only on real property located in the Comoros.[10] All beneficiaries are taxed based on their share of the inheritance or gift, but are jointly and several liable for the payment of registration duties.[11] The top gift tax rate is 60 percent.[12]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Services rendered by non-profit organizations with a philosophical, religious, political, civic, educational, patriotic, trade union, sporting, or cultural aim are exempt from the consumption tax.[13]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Although non-profit organizations are exempt from consumption tax, they are not exempt from paying other taxes and filing reports required of all entities.[14]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Corporations are given tax deductions for gifts, donations and grants for research or development organizations and for non-profit organizations up to a limit of 0.5 percent of the turnover (Article 18 of the GTC).[15]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. While there are incentives for corporates to make donations to non-profits, there are no incentives for individuals to do the same.[16]

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1 Domingos Paiva, *Comoros Islands – Individual Taxation* § 1, Country Surveys IBFD (last visited 26 September 2013).
2 *Id.*
3 *Id.*
4 Domingos Paiva, *Comoros Islands – Corporate Taxation* § 1, Country Surveys IBFD (last visited 26 September 2013).
5 Domingos Paiva, *supra* note 1.
6 *Id.*
7 *Id.*
8 Domingos Paiva, *supra* note 4, § 8.
9 Domingos Paiva, *supra* note 1, § 5.
10 *Id.*
11 *Id.*
12 *Id.*
13 Domingos Paiva, *supra* note 4.
14 *Id.*
15 Domingos Paiva, *supra* note 4.
16 *Id.*

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. While there are inheritance and gift taxes applicable in Comoros, there are no known exemptions applicable to transfers to a non-profit.[17]

FINAL SCORE: 6

17 Domingos Paiva, *supra note 1.*

Congo

1. Does the country have a tax system in place?

Yes. The Republic of the Congo ("Congo") imposes taxes on wages, dividends, capital gains (which are taxed as income), payroll, gifts, and inheritance, among others.[1] Congo consists of 10 administrative regions and local governments set some taxes (e.g., property taxes), however, local officials must seek guidance from the national government before setting rates, and the General Tax Code imposes maximum rates for some taxes.[2] Congo employs a progressive income tax with rates ranging from 1-45 percent[3]. Congo does apply a Value Added Tax ("VAT") at an 18 percent rate, but certain goods (e.g., gasoline) qualify for a lower VAT of 5 percent.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. However, the breadth of the exemptions in Congo is less generous than those in neighboring countries. Congo only offers exemptions for value added taxes and corporate income taxes, and the statutory language for corporate income taxes is vague.[5] There are corporate income tax exemptions, exempt agricultural co-operatives and mutual insurance companies.[6] However, when it comes to non-profits, Congo only exempts "public undertakings…of a scientific, academic, or social nature…"[7] Furthermore, Congo expressly grants an exemption to non-profits for any services they deliver of a "charitable, cultural, or religious nature."[8]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Congo requires both individual and corporate taxpayers to file annual returns. Corporations must also comply with CEMAC accounting requirements, which include the filing of particular forms.[9] However, the General Tax Code does not specify that non-profits must file any particular forms or have any reporting requirements beyond those required for other corporations.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The tax incentives in Congo are similar to other countries in central Africa, as incentives are available for businesses but not for individuals: the General Tax Code does not permit individual deductions for any kind of expense or gift related to charity. Corporations, on the other hand, may take deductions for charitable donations, although these deductions are limited.[10]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Corporations are permitted deductions for donations made or subsidies given to public interest groups or charitable organizations.[11] The corporations must still justify the deduction, and the organization to which the

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1 EY 2013-2014 The Worldwide Corporate Tax Guide and EY 2013-2014 The Worldwide Personal Tax Guide.
2 For example, the maximum property tax rate for developed land is 40 percent. Séverine Lauratet, ***Congo-Individual Taxation*** § 9, Country Surveys IBFD (last visited 20 June 2012).
3 Séverine Lauratet, ***Congo-Individual Taxation*** § § 6, 7, Country Surveys IBFD.
4 Séverine Lauratet, ***Congo-Corporate Taxation*** § 14, Country Surveys IBFD (last visited 22 June 2012).
5 *Id.* § § 2, 14.
6 *Id.* § 2.
7 *Id.*
8 *Id.* § 14.
9 *Id.* § 8.
10 Ribeiro Reis, ***Congo-Corporate Taxation*** § 1.3.2.2, Country Surveys IBFD.
11 *Id.*

business donates must reside in Congo.[12] Congo has limited deductions to smaller amounts than exist in neighboring countries, permitting deductions for 0.05 percent of sales.[13]

7. ***Finally does there exist an "estate tax" or some equivalent mechanism that encourages creation of donor institutions?***

No. Congo does have an inheritance tax on beneficiaries of a deceased's estate, but there is no direct mechanism in the General Tax Code that encourages the creation of donor institutions. Congo also exempts direct descendants and spouses from paying any inheritance taxes.[14] Taxes then increase the more distantly related the relative is.[15] Congo does exempt debt and hospital bills incurred during the last illness before the donor passed.[16] Congo also eliminates any inheritance taxes for estates being passed down to beneficiaries with three or more children.[17] Congo's General Tax Code appears to encourage, rather than discourage, transferring property to descendants.

FINAL SCORE: 6

12 *Id* § 1.3.
13 *Id.*
14 Lauratet, *Congo-Individual Taxation* § 5, Country Surveys IBFD.
15 *Id.*
16 *Id.*
17 *Id.*

Congo, Democratic Republic of the

1. ***Does the country have a tax system in place?***

   Yes. The Democratic Republic of the Congo ("DRC") imposes taxes on business income, employment income, rental income, and income on movable capital.[1] [T]he DRC contains 10 provinces currently, and provincial governments do have the authority to levy property taxes. The DRC has adopted a progressive income tax (with rates ranging up to 40 percent2), and it also collects valued added taxes ("VAT") on non-exports at a 16 percent rate.[3]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The Democratic Republic of the Congo exempts non-profit organizations from corporate income, rental and value added taxes.[4] [E]xemptions for all three types of taxes mention non-profits explicitly. With corporate income taxes, the DRC exempts any non-profit "engaged in religious, scientific, or charitable activities."[5] However, the non-profit cannot qualify for the exemption unless the DRC grants approval.[6] With property taxes, owners will receive exemptions if they are using their land for non-profit purposes (e.g., religious worship, schooling, medical care).[7] Finally, with VAT, the DRC exempts sales of goods made by non-profit organizations for non-profit purposes.[8]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No. Individuals and corporations do file annual returns, but non-profits do not have any special filing requirements.[9]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No. The DRC does not have any gift taxes,[10] so individuals do not have to pay any taxes on donations. However, the DRC does not provide for any deductions made to charitable organizations. The tax code generally only permits deductions for business expenses.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally does there exist an "estate tax" or some equivalent mechanism that encourages creation of donor institutions?***

   No.[11]

   FINAL SCORE: 2

1 Alexis Ribeiro Reis, *Congo (Dem. Rep.)-Individual Taxation,* Country Surveys IBFD, Introduction; Alexis Ribeiro Reis, *Congo (Dem. Rep.)-Corporate Taxation*, Country Surveys IBFD, Introduction.
2 Reis, *Congo (Dem. Rep.) – Individual Taxation* § 9, Country Surveys IBFD. Farid Hasnaoui, *Congo (Dem. Rep.) – Individual Taxation* § 4, Country Surveys IBFD.
3 Farid Hasnaoui, *Congo (Dem. Rep.) – Corporate Taxation* § 14, Country Surveys IBFD.
4 See Southern African Development Community, *DR Congo Direct Taxes*, citing Dem. Rep. of Congo Income Tax Act, art. 94.2, *available at* http://www.sadc.int/information-services/tax-database-dr-congo-direct-taxes/.
5 *Id.* at 2.
6 *See id.* ("non-profit...[must] have civil personality under special decree.").
7 *Id.* at 10.
8 *Id.* at 13.
9 Hasnaoui, *Congo (Dem. Rep.) – Individual Taxation* § 5, Country Surveys IBFD.
10 *Id.*
11 *Id*.

Costa Rica

1. ***Does the country have a tax system in place?***

Yes. Costa Rica imposes income tax on income generated from Costa Rican sources only (both for individuals and corporations).[1] Employers and employees are required to contribute to social security at varying rates. Employers contribute 26 percent, employees contribute 9 percent and self-employed domiciled Costa Ricans contribute between 11.5 percent and 18.75 percent depending on the reported income of that individual.[2] Taxes on capital gains are only imposed when those gains are derived from habitual transactions.[3] A real estate tax is levied quarterly on the appraised value of land and structures within the country.[4] The Costa Rican Tax Administration does not issue an inheritance or gift tax or a net wealth tax. Under the Income Tax Law 7092, corporations and companies are subject to Value Added Tax ("VAT") and an excise tax.[5] These tax rates vary depending on the good itself (e.g., alcohol versus perfume), as well as the state of the good when entering the country (e.g., raw materials versus manufactured good). Lastly, in order to operate in a given territory, businesses incur a business license tax imposed at the municipal level.[6]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

Yes. Religious institutions, as well as "associations, foundations, chambers, unions, political parties and other non-profit organizations" are exempt from income taxation.[7] These organizations include the Costa Rican Red Cross, state universities, civil and sporting associations and other institutions or foundations that carry out social welfare, cultural or scientific activities.[8]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

Yes. Tax returns must be filed within 2 months and 15 days after the close of the tax year.[9] Companies with gross income that does not exceed CRC 45.5 million pay tax at a rate of 10 percent, and companies with income in excess of CRC 45.5 million, but not CRC 91.6 million, pay 20 percent.[10]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Donations to organizations described in Question 2 above are excluded from gross income.[11]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No.[12]

FINAL SCORE: 9

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1 Costa Rican Investment and Trade Development Board, "Taxes in Costa Rica", ***available at*** http://www.costaricaweb.com/business/cindetaxes.htm (last visited 25 November 2013).
2 A. Rodriguez, ***Costa Rica -Individual Taxation,*** Country Surveys IBFD (last visited 23 July 2012).
3 ***See*** Costa Rican Investment and Trade Development Board, ***supra*** note 1.
4 ***Id.***
5 A. Rodriguez, ***Costa Rica - Corporate Taxation,*** Country Surveys IBFD (last visited 23 July 2012).
6 International Finance Corporation, "Doing Business: Costa Rica", ***available at*** http://www.doingbusiness.org/data/exploreeconomies/costa-rica/starting-a-business (last visited 25 November 2013).
7 ***See*** Costa Rican Investment and Trade Development Board, ***supra*** note 1.
8 ***See*** Rodriguez, ***supra*** note 5.
9 ***Id.***
10 ***Id.***
11 ***See*** Costa Rican Investment and Trade Development Board, ***supra*** note 1.
12 A. Rodriguez, ***Costa Rica -Individual Taxation,*** Country Surveys IBFD (last visited 23 July 2012).

Côte D'Ivoire

1. ***Does the country have a tax system in place?***

   Yes. In Côte D'Ivoire, a resident corporation is taxed on income sourced both domestically and abroad (including capital gains).[1] The standard company tax rate is 25 percent, but companies that generate less than XOF 1 million in income incur only a 20 percent tax rate.[2] Similar to corporations, individuals incur an income tax on worldwide income, taxable on the same schedule as companies.[3] Other taxes include a Value Added Tax ("VAT"), a capital duty, payroll tax, real property tax, social security, stamp duty, a business license duty, and transfer tax.[4]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. UN agencies and NGOs in Côte D'Ivoire are afforded a 100 percent duty and tax exemption for the import and export of food and non-food items that are within the framework of their operations, under the Côte D'Ivoire Customs Code.[5]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No. The Côte d'Ivoire Customs Code states that goods imported for works of solidarity, national or international, are exempt of duties and taxes (as discussed above), and that in order for this concession to apply, organizations must be approved by the Government and included on an official list which will be made a decree.[6] However, no information is available explaining how an organization registers and becomes approved by the Government.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 2

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1 Deloitte, "Ivory Coast", ***available at*** http://www.deloitte.com/assets/Dcom-SouthAfrica/Local%20Assets/Documents/IvoryCoast.pdf (last visited 9 December 2013).
2 ***Cote D'Ivoire Tax Rates***, ***available at*** http://www.taxrates.cc (last visited 25 July 2012).
3 Deloitte, ***supra*** note 1.
4 MK Strategic Consultancy, ***Taxation in Ivory Coast***, ***available at*** http://www.mkmusavirlik.com (last visited 23 July 2012).
5 Logistics Cluster, "Côte d'Ivoire National Legislation on Humanitarian Aid", ***available at*** http://www.logcluster.org/mobile/countries/civ/customs/view/customs_info/duties_and_taxes_exemption/non_emergency_response/national_legislation/ (last visited 9 December 2013).
6 ***Id.***

Croatia

1. Does the country have a tax system in place?

Yes. The tax system in the Republic of Croatia ("Croatia") includes a corporate income tax (profit tax), personal income tax, Value Added Tax ("VAT"), excise duties (on tobacco products, alcohol, soft drinks, beer, coffee, passenger cars and other motor vehicles, vessels and aircrafts, luxury goods), tax on liability and comprehensive road vehicle insurance premiums, real estate transfer tax, games of chance tax, county and municipal/city surtaxes as local self-governing units' revenues. The top income tax rate is 40 percent.

The Tax Administration is an administrative unit within the Ministry of Finance, whose basic task is to implement tax regulations and regulations concerning the payment of obligatory contributions.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The income of a non-governmental organization ("NGO") from economic activities is exempt from tax unless the exemption will give the organization an "unjustified privileged position in the market." The Tax Administration, on its own initiative or upon the request of a taxpayer or other interested person, may determine on a case by case basis whether to tax income generated by an NGO's economic activities. It is not clear how the Tax Administration will interpret the "unjustified privileged position in the market" language of the law, and what types of activities will be considered to afford such a position to an NGO. An organization that is found to have an "unjustified privileged position" is taxed at the regular business rate of 20 percent.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Associations must provide reports in compliance with financial management regulations for non-profits.[1]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. However, the tax incentives to encourage charitable donations are negligible. Donations made by corporations or individuals to organizations pursuing cultural, scientific, educational, health, humanitarian, sports, religious and other activities are deductible up to 2 percent of the donor's income generated in the prior calendar year. The established threshold may be exceeded upon approval of the competent ministry. The Government Office for Cooperation with NGOs, the National Foundation and NGOs have initiated discussion around the concept of public benefit status and the necessity of clarifying the legal framework, in order to expand the list of activities that may benefit from tax deductible donations. It is not known whether the relevant government ministry routinely allows individuals or corporations to deduct donations in excess of the 2 percent threshold.

6. If yes to 5, then do individuals and corporations have different incentives?

No.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. There is an inheritance tax and a gift tax, both of which are levied at a rate of 5 percent, based on the market value (less debts and related expenses) of the assets on the date that the liability is determined (presumably, the date of death or the date of the gift). The tax is paid by individuals or entities receiving the property and resident in Croatia.

The decedent's spouse, direct blood relatives and adopted individuals are exempt from paying inheritance tax. Also, siblings, siblings' descendants, sons-in-law and daughters-in-law are exempt from paying the tax if they lived in the

1 The Law on Associations, art. 24.

same residence as the decedent at the time of his or her death. There is no exemption for gifts to charity.

FINAL SCORE: 9

Cuba

1. Does the country have a tax system in place?

Yes. Under Law No. 73/94 of the Tax Systems Law ("TSL"), individuals resident in Cuba are liable to income tax on their worldwide income at rates ranging from 5 percent on income up to CUP 3000 to 50 percent on income exceeding CUP 60,000.[1] In accordance with the Profit Tax Regulation ("PTR"), companies are subject to income tax on business profits (including capital gains) at a rate of 35 percent.[2]

In addition, three taxes measure the index of consumption or expenditure: a sales tax, an excise tax on goods unless intended for export, and a tax on public services.[3] Two taxes measure the index of the taxpayer's ability to pay taxes based on the ownership of goods: the property tax (on land and houses) and the ground transportation tax (tax on vehicles).[4] Another tax measures the index of wealth: the property transfer (gift tax) and inheritance tax.[5]

Finally, there are taxes on documents, a labor force tax on the employment of wage-paid labor and a tax on the use of natural resources.[6]

Social security contributions are levied on salaries and other compensation.[7]

There are also various fees, including a toll duty on motor vehicles, an airport service fee and a fee for commercial advertising.[8]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profit organizations recognized by competent government authority are tax exempt.[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

There are reporting requirements for corporations, which must submit an annual income tax return before the close of the relevant tax period, however, there is no information available as to whether this requirement extends to non-profits.[10]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Cuba provides a deduction for donations to the Cuban government and to qualifying non-profit institutions.[11] Donations by companies are subject to prior authorization by the tax administration.[12]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes, however such incentives are limited to lifetime gifts. Inter vivos gifts made to the Cuban state, a qualifying

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1 M. Muñoz, ***Cuba - Individual Taxation*** § 5, Country Surveys IBFD (last visited 16 October 2013).
2 M. Muñoz, ***Cuba - Corporate Taxation*** § 1, Country Surveys IBFD (last visited 16 October 2013).
3 Law No. 73 on the Tax System, tit. II, ch. III-V (1994).
4 M. Muñoz, ***Cuba - Individual Taxation*** §4, Country Surveys IBFD (last visited 16 October 2013).
5 Muñoz, ***supra*** note 1.
6 Law No. 73, ch. IX-XI.
7 Law No. 73, tit. III, ch. I.
8 Law No. 73, tit. IV, ch. I-III.
9 Muñoz, ***supra*** note 2.
10 Deloitte International Tax, "Cuba Highlights 2013," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-cubahighlights-2013.pdf.
11 Muñoz, ***supra*** note 1.
12 Art. 44j PTR.

governmental organization, or a recognized charity, are exempt from inheritance and gift taxes.[13] However, transfers made upon death do not receive the benefit of this exemption. A gift tax is generally levied on the recipient of property acquired by gift at a flat rate of 4 percent.[14] An inheritance tax is levied on the recipient of inherited property at graduated rates ranging from 0–65 percent, depending on the relationship of the recipient to the deceased (there are four tiers of rates) and on the value of property transferred.[15] There is no incentive to make bequests to charities at death—in fact, charities are in the highest tier of inheritance tax rates, ranging from 14 percent on gifts of CUP 1000 to 65 percent on gifts exceeding CUP 1 million (as compared to a range of 0–25 percent for transfers to spouses and descendants).[16]

This country does not receive a Rules to Give By Index score due to the fact that we were unable to answer one or more questions definitively either due to a lack of legal clarity or a lack of available information

13 Muñoz, *supra* note 1.
14 *Id.*
15 *Id.*
16 *Id.*

Cyprus

1. ***Does the country have a tax system in place?***

   Yes. Individuals and companies residing in the Republic of Cyprus ("Cyprus") are liable for income tax on their worldwide income.[1] Taxable income includes trade income, income from salaried services, pensions, interest, dividends, royalties, any amounts of trade goodwill and the like. The income tax rate ranges from 20 percent on income over 19,500 EUR to 35 percent on income exceeding 60,000 EUR.

   An additional tax known as the "special contribution for the defence" is imposed in accordance with the Special Contribution for the Defence of the Republic Law on employees, self-employed individuals and pensioners based on gross monthly salary or pension.[2] This payment is shared equally by the employer and the employee and is deductible for income tax purposes.

   Capital gains tax is imposed on the disposition of immovable property in Cyprus or shares of companies in Cyprus which own immovable property at a rate of 20 percent.[3]

   Customs Duties are imposed on many consumer items, including motor vehicles, furniture, confectionery and cosmetics; however, as a result of the accession of Cyprus to the European Union (EU), the import duty has been abolished on most goods coming from the EU.[4]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Cyprus provides a personal deduction for contributions to charities approved by the Inland Revenue Department. The list of approved charities is available on the Inland Revenue Department website. Companies are also entitled to deductions for donations to approved charities.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. There is currently no estate tax or inheritance tax duty payable in Cyprus for domiciles. The estate duty was abolished in 2000.

   FINAL SCORE: 6

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1 Law No. 118(I) of 2002, as amended.
2 Law No. 117(I) of 2002, as amended.
3 Capital Gains Tax Laws 1980-2002.
4 Customs and Excise Duties Law Cap 34 (1975).

Czech Republic

1. Does the country have a tax system in place?

Yes. In the Czech Republic, individuals pay income tax at a flat rate of 15 percent. The rates of corporate income tax are 5 percent and 19 percent. Property tax applies to land and buildings. Most goods and services are subject to Value Added Tax ("VAT") at the basic rate of 20 percent, although there is a reduced VAT rate of 14 percent for food products and health care and social services. Beginning January 1, 2013, there will be only one VAT rate of 17.5 percent applicable to all goods and services.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Certain types of organizations generally are exempt from inheritance and gift taxes: foundations and funds; public benefit corporations (PBCs); registered churches and religious congregations; and other juridical persons with a seat in the Czech Republic established to undertake activities in the fields of culture, education, the protection of young persons, science, research, technological development, learning, health care, social care, ecology, the protection of endangered animals, physical training, sport, the training of children and youth, and voluntary fire protection.

The Income Tax Law generally excludes from income taxation the income of a not-for-profit organization (NPO) earned in connection with the pursuit of its statutory activities, provided that the income is less than related expenses. Income derived from subsidies and grants provided by the state, regional and communal public budgets, as well as from the budgets of the EU and other countries is exempt from taxation.[1] Income from advertisements and facility rentals is subject to taxation but the income from membership fees as defined in the statutory documents of an association is exempt from income tax.[2]

A special exempt category is also reserved for yields resulting from economic use of a property that is part of the protected endowment of a foundation. These yields are fully exempt from income tax.[3]

The income tax law also provides that NPOs are generally not required to pay income tax on interest on current accounts, state subsidies, and other income from their statutory activities, provided that the expenditures exceed the income from the activity.[4] Foundations, funds, PBCs, and other public benefit NPOs are also generally exempt from the tax on donations.[5]

Income from profit-yielding economic activities that is related to the statutory purposes of an NPO is subject to a reduced tax. All related income is fully exempt from income tax up to CZK 300,000. Total revenues (i.e., income minus related expenses) at the end of fiscal year that exceed this amount are reduced before taxation by 30 percent or CZK 1 million or whichever is less, provided that the proceeds are used for statutory public benefit activities within three years of accrual and other conditions are met.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The Czech Republic has extensive laws governing non-profits, their activities and their boards of directors or governing members. These provisions are contained in Act No. 227/1997 on Foundations and Funds ("Law on Foundations"), as amended by Act No. 158/2010.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Unclear. The Law on Basic Registers, which became effective on July 1, 2010, creates certain reporting obligations relevant to the economic activities of NPOs. NPOs must maintain their accounting records in such a way that

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1 Income Tax Law, art. 18(4)(b).
2 *Id.* art. 18(3).
3 *Id.* art. 19(1)(r).
4 *Id.* art. 18(4).
5 Tax on Donations, art. 20(4).

income and related expenditures subject to the income tax are separate from income and related expenditures not subject to or exempt from the tax. The Law of Foundations likely also creates certain reporting requirements, however, access to the text of these laws was not available.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Individuals can deduct the value of the charitable contributions from their tax base, if the overall value of the charitable contributions in the tax period is greater than 2 percent of their tax base or is a minimum of CZK 1,000. A maximum of 10 percent can be deducted from the tax base.[6]

For legal entities, if the value of the charitable contributions is a minimum of CZK 2,000, the value of the charitable contributions can be deducted from the tax base of the legal entity. A maximum of 5 percent can be deducted from a previously reduced tax base. This deduction is limited to taxpayers that are established for business purposes.[7]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. See response to question 5, above.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. The rates of the inheritance tax and gift tax range from 0.5 percent to 40 percent depending on the relation between the deceased/donor and the beneficiary (heir or donee). Note, however, that any properties inherited by children from their parents are not subject to taxation. There is no known exemption to gift or inheritance taxes for to non-profits.

This country does not receive a Rules to Give By Index score due to the fact that we were unable to answer one or more questions definitively either due to a lack of legal clarity or a lack of available information

6 Income Tax Law, art. 15(5).
7 *Id.* art. 20(8).

Denmark

1. Does the country have a tax system in place?

Yes. Denmark has a progressive tax system including direct and indirect taxes. Direct taxes are deducted directly from a person's income in the form of income tax and there are three different income tax brackets (bottom-bracket, middle-bracket, and top-bracket). Indirect taxes are levied on goods and services and include Value Added Tax ("VAT"), customs, green taxes and excise duties.[1] The tax rate in Denmark is one of the highest in the world, as a result of the very large public sector workforce.

The Danish tax authority is called the SKAT.[2] This is the state authority through which the Danish Treasury calculates and collects taxes.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. There are no general provisions in Danish law applicable solely to non-profit activities. Rather, in Denmark, any type of entity (i.e., a corporation, an association, a religious society, a foundation, etc.) can engage in non-profit, public benefit or charitable activities. Depending on the classification and circumstances, certain special tax privileges may apply.

In Danish, the term '*almennyttig' (translated into English as 'public benefit') is used to describe non-profit or charitable activities in general. This term is used in a number of provisions of Danish tax legislation, but it is not specifically defined. Instead, 'almennyttig' is generally understood to encompass three categories of public benefit purpose: (1) an entity is considered to have a public benefit if its assets are used to further the interests of persons or groups in economic need; (2) any purpose that is generally accepted by the population as a public benefit purpose will qualify; and (3) religious societies or entities of a religious nature will be considered as public benefit organizations.*

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Depending on the underlying status of the public benefit organization, it may need to comply with its statutory reporting requirements. For example, Danish corporations must submit to the Danish Commerce and Companies Agency a copy of the audited and adopted annual report within four months of the end of the company's financial year[3] and tax returns must be filed within six months of the end of the fiscal year.[4]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. As with question 3, this depends on the underlying status of the public benefit organization, and the requirements vary.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The SKAT provides limited income tax deductions for individuals and corporate donors of cash or in-kind gifts to qualifying charitable organizations. Gifts exceeding DKK 500 up to DKK 14,500 are deductible each year as of 2010 (limits adjusted annually).[5] In addition, the Danish Act on VAT contains a number of VAT exemptions. These exemptions cover public benefit and non-profit organizations, including those with philanthropic aims.

6. If yes to 5, then do individuals and corporations have different incentives?

No.

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1 SKAT, Tax in Denmark: An introduction – for new citizens (November 2005), ***available at*** http://www.skat.dk/getFile.aspx?Id=52797.

2 http://www.skat.dk/.

3 Danske Bank, Legislative Framework, ***available at*** http://www.danskebank.com (follow "Governance" hyperlink; then follow "Statutory provisions" hyperlink; then follow "Legislative framework" hyperlink).

4 Deloitte International Tax, "Denmark Highlights 2012," ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2012/dttl_tax_highlight_2012_Denmark.pdf.

5 The European Foundation Centre, "EFC Country Profile: Denmark," ***available at http://www.efc.be/programmes_services/resources/Documents/Denmark.pdf.***

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Donations made by an estate are exempt from inheritance tax, provided the donation is made to a foundation or association which uses the donation to further its public benefit purposes.

FINAL SCORE: 11

Djibouti

1. ***Does the country have a tax system in place?***

   Yes. In the Republic of Djibouti ("Djibouti"), individuals are liable for personal income tax,[1] taxes on real estate,[2] and inheritance and gift tax.[3] Individuals are also required to make social security contributions, which are deductible for personal income tax purposes.[4] Income tax is imposed on salaries, wages, and pensions and on professional or business profits.[5]

   Resident companies are subject to income tax on income attributable to an enterprise in Djibouti at a rate of 25 percent.[6] There are several miscellaneous taxes, such as transfer taxes on immoveable property and shares, bonds and other securities, the stamp duty, the customs duty, the excise duty and the tax on insurance contracts.[7]

   A Value Added Tax ("VAT") is also levied on transactions carried out in Djibouti by individual and legal entities who independently carry on taxable transactions, such as purchase goods for resale, industrial, commercial or handicraft making activities, including services.[8]

   For both individuals and companies, dividends and interest are exempt from tax.[9]

   Capital gains are taxed as ordinary income for individuals with certain exemptions for gain on the sale of personal residence, insurance payments, etc.[10] Capital gains are taxed as ordinary corporate income tax rates for companies.[11]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. The inheritance tax in Djibouti is imposed on the beneficiaries. Individuals must declare inheritances within 2 months after the death and pay tax on inheritances and gift amounts received at a rate of 2 percent. There is no incentive to create donor institutions.

   FINAL SCORE: 0

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1 Albert Atangana, *Djibouti-Individual Taxation § 1, Country Surveys IBFD (last visited 1 March 2013)*.
2 *Id. § 4.2.*
3 *Id. § 5.*
4 *Id. § 3.*
5 *Id. § 1.1, at 6.*
6 Albert Atangana, *Djibouti-Corporate Taxation §§ 1.3.1, 1.6.1, Country Surveys IBFD (last visited 1 March 2013)*.
7 *Id. § 9.*
8 *Id. § 8.2.*
9 Atangana, *supra note 1, § 1.5; Atangana, supra note 6, § 1.3.*
10 Atangana, *supra note 1, § 1.6.*
11 Atangana, *supra note 6, § 1.4.*

Dominica

1. Does the country have a tax system in place?

Yes. The Commonwealth of Dominica ("Dominica") imposes an income tax on resident individuals on their worldwide income.[1] The tax is generally imposed on the aggregate of all items of income at progressive rates, subject to deductions, allowances and credits.[2] Nonresident individuals are subject to income tax only on Dominican-source income.[3] Dominica also has a corporate income tax.[4] All entities, including companies and trusts, are liable for income tax.[5] Partnerships are not subject to income tax.[6] Each partner is assessed separately in proportion to participation in the partnership profits.[7] Dominica has a Value Added Tax ("VAT").[8]

There are no other taxes on income. Employers and employees must contribute to the Dominica Social Security.[9] There is no net wealth tax, real estate tax, estate tax, inheritance tax or gift tax in Dominica.[10]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The income from any charitable institution is exempt from tax, subject to certain restrictions.[11] Any trust registered under the International Exempt Trust Act of 1997 is exempt from all income tax, stamp duty with respect to instruments relating to the trust property or to transactions carried on by the trustees, and exchange controls.[12] The trust must be created for charitable purposes, such as the relief of poverty, the advancement of education, the advancement of religion, the protection of the environment, the advancement of human rights and the restoration of historical and cultural heritage sites.[13]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Non-profit companies must send to the registrar their annual financial statements showing assets and liabilities on a balance sheet and revenue expenditure of the company since the date of incorporation or previous financial statement.[14] The auditor and directors of the company must approve the statements.[15] A trust must register under the International Exempt Trust Act of 1997.[16]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Individuals can deduct any expenditure incurred by way of subscription or donation to a business or professional organization approved by the Comptroller if the Comptroller is satisfied that the organization is a non-profit body established with the object of maintaining and advancing the standards of the business or profession.[17]

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1 Vanessa A. Ferreira, ***Dominica—Corporate Taxation,*** Country Surveys IBFD (last visited 3 October 2013).
2 *Id*.
3 Income Tax Act 37 of 1982 (hereinafter *ITA*), as amended, art. 8(1)(a).
4 *Id.*
5 *Id.*
6 *ITA*, art. 21.
7 *Id.*
8 Value Added Tax Act of 2005.
9 Social Security Act of 1975, as amended (SSA).
10 Ferreira, ***Dominica—Individual Taxation*** § 5, Country Surveys IBFD (last visited 3 October 2013).
11 *ITA*, art. 25(1)(n).
12 International Exempt Trust Act of 1997, § 42.
13 *Id.*
14 Companies Regulations of 1997, § 28(1).
15 *Id.* at § 28(2).
16 International Exempt Trust Act of 1997, § 36.
17 *ITA*, art. 49(1)(f).

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.[18]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Dominica does not have a wealth tax, an estate tax, an inheritance tax or a gift tax.[19]

   FINAL SCORE: 9

18 *Id.*

19 Ferreira, *Dominica—Individual Taxation* § 5, Country Surveys IBFD (last visited 15 July 2013).

Dominican Republic

1. Does the country have a tax system in place?

Yes. Taxation in the Dominican Republic is governed by Law No. 11-92 of May 31, 1992, commonly known as the Tax Code.[1] Tax is imposed on individuals in the Dominican Republic on income, capital gains, real property, real property transfers, mortgages, gifts and inheritances.[2]

Tax is imposed on corporations in the Dominican Republic on income and assets.[3] There is also a Value Added Tax ("VAT") on the transfer and importation of most goods and services.[4] Taxes are collected by the Bureau of Internal Revenue, an autonomous government entity which may also issue its own regulations.[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Law 122-05 provides that non-profit associations legally incorporated and authorized to operate in the Dominican Republic will enjoy a general exemption from all taxes, duties, fees, special contributions, whether national or municipal, existing or future.[6] In addition, non-profit associations are exempt from any tax levied on donations and bequests if such associations qualify to receive donations from individual persons or legal entities, domestic or foreign.[7] However, nonprofit organizations must follow the following formal duties to remain eligible for such tax exemptions:

They must be registered and recorded in the registries prepared to register non-profit organizations. The identification number of the registration given by the Internal Revenue Department must be printed on documents and checks from the non-profit associations.[8]

They must have submitted the annual sworn declaration before the Internal Revenue Department, in the manner dictated by the regulations provided for such purposes, containing certain specific information they are required to submit (see item 3 below).[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes, each non-profit must have submitted the annual sworn declaration before the Internal Revenue Department, in the manner dictated by the regulations provided for such purposes, containing certain required information they are required to submit, including: (1) annual gross earnings; (2) annual expenses; (3) annual disbursements; (4) a balance sheet evidencing the assets, liabilities and income at the beginning and end of each financial year; (5) the total annual amount of contributions received, with names and addresses of the donors, in addition to data on bank deposits in the event that donations are in cash and inventory in case they are asset donations; (6) reports concerning movements of the bank accounts of any kind; (7) the names and addresses of those in leadership, management and key positions; (8) the compensation and any other payments made to personnel, management and senior management; (9) any other information necessary for the purpose of giving effect to Law 122-05 and the tax laws and other laws related to non-profit organizations; and (10) an international report on donations received by the association, which must contain the information of the donor, the donation amount and programs or projects they finance with these funds.[10]

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1 Law No. 11-92 of May 31, 1992 (Tax Code).
2 *Id.*
3 *Id.*
4 *Id.*
5 *Id.*
6 Law No. 122-05 of 2010 (On the Regulation and Promotion of Nonprofit Associations).
7 *Id.*
8 *Id.*
9 *Id.*
10 *Id.*

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.[11]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes, donations to charity institutions are deductible from gross income.[12]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Individuals do not receive a deduction for donation.[13]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. The Dominican Republic has an estate tax of 3 percent of an estate's net value.[14] The estate of any person, Dominican or foreign, whose last domicile was in the Dominican Republic is subject to Dominican inheritance taxes.[15] The inheritance of property located in the Dominican Republic is subject to Dominican inheritance taxes, irrespective of the nationality or domicile of the deceased.[16] There is also a gift tax of 25 percent of a gift's value.[17] There is no known exemption to gift, estate, or inheritance taxes on transfers to non-profits.

   FINAL SCORE: 6

11 *Id.*
12 Eunice Arias, *Dominican Republic—Corporate Taxation* § 8, Country Surveys IBFD (last visited 15 July 2013).
13 Eunice Arias, *Dominican Republic—Individual Taxation* § 8, Country Surveys IBFD (last visited 15 July 2013).
14 *Id.* § 15.
15 *Id.*
16 *Id.* § 14.
17 *Id.*

Ecuador

1. ***Does the country have a tax system in place?***

   Yes. Ecuador imposes an income tax on resident individuals for their worldwide income. The tax is generally imposed on the aggregate of all items of income at progressive rates, subject to deductions, allowances and credits.[1] Nonresident individuals are subject to income tax only on Ecuador-source income. Ecuador also has a corporate income tax. Taxable companies include corporations, limited liability companies, foreign entities' permanent establishments and all legal entities.[2]

   There are no other taxes on income, and there is no wealth tax. There is a real estate tax, inheritance tax and a Value Added Tax ("VAT"). Employers and employees must contribute to the Ecuador Social Security. Finally, there are several local and regional taxes.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The Ecuadorian income tax law exempts civil society organizations devoted to "public benefit, religious activities, women, children and family development, culture, arts, education, research, health, sports, professional, unions, indigenous people, cooperatives, federations, confederations and other associations of peasants."[3]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. To remain exempt from income taxes, organizations must only accept donations totaling 15 percent of total income. Further, they must submit to the registry the nationality, general data and identity cards of all members of the organization.[4]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Individuals can claim an allowance on their tax returns for donations to charity.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. There are no known incentives for corporations to engage in philanthropy.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Ecuador has an inheritance tax of up to 35 percent, depending on the amount that has been bequeathed and the relationship between the benefactor and the beneficiary, however, there is no known exemption from inheritance tax on transfers to charity .[5]

   FINAL SCORE: 6

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1 Deloitte International Tax, "Ecuador Highlights 2013," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-ecuadorhighlights-2013.pdf.
2 *Id.*
3 *NGO Law Monitor: Ecuador*, Research Center ICNL (last visited July 26 2012), ***available at*** http://www.icnl.org/research/monitor/ecuador.html.
4 *Id.*
5 *See* Deloitte International Tax, "Ecuador Highlights 2013."

Egypt

1. ***Does the country have a tax system in place?***

Yes. An income tax is imposed in the Arab Republic of Egypt ("Egypt") on the salaries and wages of natural persons, commercial and industrial activities, professional and non-commercial activities, and income derived from nonmovable property.[1] Tax is also imposed on "juristic" persons' (i.e., companies) net yearly profits from all activities both in Egypt and abroad.[2] For juristic persons not residing in Egypt, the tax is imposed on net profits derived from a permanent business establishment in Egypt only.[3] All real estate in Egypt is subject to a real estate tax, which is based on the annual rental value.[4] Egypt has a national sales tax that applies to the supply of most goods and the provision of services.[5] Egypt has customs duties, as well as stamp duties.[6]

The authority for the various taxes is the Revenue Authority, which is part of the Ministry of Finance.[7] There are three parts of the Revenue Authority: a Unified Authority which has control of the income and sales tax, a Real Estate Tax Authority, and a Customs Authority.[8]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

Yes. Under Article 50 of the Income Tax Law,[9] three types of non-profit entities are exempt from income tax:

(1) Educational establishments subject to the supervision of the State, and which are basically not-for-profit entities;

(2) Non-governmental organizations and institutions established under the provisions of the Non-governmental Organizations and Institutions Law promulgated by law no. 84 of 2002, within the limits of the purpose for which they were established; and

(3) Non-profit making bodies that carry out activities of a social, scientific, sports or cultural nature as long as those activities are not of a commercial, industrial or professional nature.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

Yes. Associations, foundations and unions must register with the Ministry of Social Solidarity. Non-profit organizations must register with the Ministry of Industry and Trade.[10] Non-governmental institutions must include in their articles of incorporation a detailed statement of the funds appropriated for the realization of the institution's purposes.[11]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

Yes. The Law on Non-Governmental Organizations applies only to organizations with 10 or more members.[12]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. In computing the net profit from commercial and industrial activity, a deduction is allowed for contributions to Egyptian non-governmental organizations and foundations registered in accordance with the provisions of their respective regulatory laws, as well as to educational institutions and hospitals subject to governmental supervision, and Egyptian scientific research institutions. The deduction is limited to 10 percent of the taxpayer's annual net

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1 Law no. 91 of 2005 on income tax (***Daribat al-dakhl***), art. 1, ***available at*** http://www.mof.gov.eg.
2 Suez Industrial Development Company, ***Why Egypt > Related Laws and Procedures > Tax Laws*** (2013), ***available at*** http://www.sidc.com.eg/English/Tax-Laws/20.
3 Ridha Hamzaoui, ***Egypt-Corporate Taxation,*** Country Surveys IBFD (last visited 15 July 2013).
4 *Id.*
5 *Id.*
6 *Id.*
7 *Id.*
8 *Id.*
9 Income Tax Law, art. 50.
10 Law no. 84 of June 5 2002 on Non-Governmental Organizations (***munazzama- ghayr- hakumiyya***), In Egy OG of June 5, 2002, no. 22.NB. In March 2013, a draft law changing reporting requirements was submitted to the president for approval. The law would restrict registration and operation of Egyptian CSOs (Civil Society Organizations). Nevertheless, the President was deposed on July 6, 2013, so the state of the draft law is not yet decided.
11 Non-Governmental Organizations Law, art. 9.
12 Non-Governmental Organizations Law, art. 1.

profit.[13] In computing the net revenue from non-commercial professions, a similar deduction, limited to 10 percent of annual net revenue from the non-commercial profession, is also allowed.[14]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No. The charitable deductions mentioned above apply to the profit from particular activities, and are not dependent upon the type of taxpayer.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Egypt does not have an inheritance or estate tax.

   FINAL SCORE: 10

13 The Income Tax Law No. 91, art. 23 (2005).
14 The Income Tax Law No. 91, art. 34 (2005).

El Salvador

1. Does the country have a tax system in place?

Yes. The income tax system in El Salvador is based on the territoriality principle. Resident and non-resident individuals are generally liable to income tax only on their Salvadorean-source income.[1]

Under the Income Tax Law (Ley del Impuesto de Renta, LIR), there is a tax on income of individuals, estates, trusts (whether or not domiciled in El Salvador), non-resident artists and sportsmen performing individually or in a group. There is also tax on real estate, excise taxes on various goods, a special tax on fuels and first-time registration tax on vehicles, ships and aircrafts. Companies resident in El Salvador are subject to a corporate tax on Salvadorean-source income, profits and capital gains.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The 5 percent withholding tax does not apply to funds generated by public interest institutions or non-profit entities.[2] Upon declaration as a public interest entity by the General Directorate of Internal Taxes under the Ministry of the Treasury, organizations and foundations are exempt from income tax.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Civil society organizations must supply financial and tax compliance information to the Ministry of Government's Registry of Not-for-Profit Associations and Foundations ("RAF") and the Treasury Ministry. The 1996 Law for Not-for-Profit Associations and Foundations' ("LAFSFL") regulations mandate that all organizations supply audited annual balance sheets and financial statements to the RAF within two months following the year in question. Additionally, all foundations or associations must report received donations on a monthly basis (within 10 days following the month in question). These reports must include the monetary amount and the name and tax identification number of the donor. Further, on a quarterly basis, organizations must submit a statement of use regarding received funds.[4]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Corporations or organizations that exceed USD 571,429 in income incur more intensive reporting requirements.[5]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. There is an exemption for health services rendered by government institutions or public interest institutions and educational services rendered by schools, universities and similar institutions.[6]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.

FINAL SCORE: 10

1 M.A. Munoz, *El Salvador – Individual and Corporate Taxation,* Country Surveys IBFD (last visited 27 June 2012).
2 *Id.*
3 J. Marinero Cortés, *Report on Laws and Regulations Governing Civil Society Organizations in El Salvador*, World Movement for Democracy (last visited 26 July 2012).
4 *Id.*
5 *Id.*
6 Law 296/92, art. 46.

Equatorial Guinea

1. ***Does the country have a tax system in place?***

   Yes. An income tax is imposed in the Equatorial Guinea.[1] The following taxes also exist, a Value Added Tax ("VAT"), transfer taxes on real and certain intangibles, stamp and customs duties and excise duties on certain luxury products.[2] Individual taxpayers are required to file tax returns every month for the income earned in the previous month and every April for income earned the previous year while corporations must file a return every April for the previous year.[3]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Certain non-profit organizations are exempt from corporate income tax.[4]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Corporations are entitled to charitable deductions for contributions to organizations with philanthropic, sport, education, scientific, social or family purposes.[5] There is a cap on the allowable deduction.[6] Individuals are only entitled to deductions for social contributions to National Institute of Social Security ("INSESO") and the Work Protection Fund and Training Tax.[7]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. See response to question 5, above.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Gift and inheritance taxes are levied on gifts and estates of citizens and residents of Equatorial Guinea. However, the tax is levied on the donee, not the decedent or donor.[8] There is no known exemption to gift or inheritance taxes on transfers to charitable organizations.

   FINAL SCORE: 8

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1 Vanessa Arruda Ferreira & Stéphane Klutsch, *Republic of Equatorial Guinea – Corporate Taxation* § 1, Country Surveys IBFD; Vanessa Arruda Ferreira & Stéphane Klutsch, *Republic of Equatorial Guinea – Individual Taxation* § 1, Country Surveys IBFD.
2 Ferreira & Klutsch, *Republic of Equatorial Guinea – Corporate Taxation* §§ 8 & 9, Country Surveys IBFD.
3 Deloitte, Investing in Africa Equatorial Guinea, *available at* http://www.deloitte.com/assets/Dcom-SouthAfrica/Local%20Assets/Documents/za_tax_EquatorialGuinea_280907.pdf (2006) (hereinafter *Investing in Africa Equatorial Guinea)*.
4 Ferreira & Klutsch, *Republic of Equatorial Guinea – Corporate Taxation* § 8.5, Country Surveys IBFD.
5 Ferreira & Klutsch, *Republic of Equatorial Guinea – Corporate Taxation* § 1.3.3.1, Country Surveys IBFD.
6 *See* Ernst & Young, The 2011 Global Executive, *available at* http://www.scribd.com/doc/84959443/37/Equatorial-Guinea (2011).
7 PWC, "Equatorial Guinea Individual – Deductions," *available at* http://taxsummaries.pwc.com/uk/taxsummaries/wwts.nsf/ID/JDCN-89HSAD.
8 *Investing in Africa Equatorial Guinea*.

Eritrea

1. ***Does the country have a tax system in place?***

   Yes. Taxes are regulated by the Income Tax Act 62/1994 and the subsequent amendments made by Act 116/2001 and Act 138/2003 (the "Tax Act").[1] Tax on income, capital duty, transfers of immovable property, shares, bonds and other securities, municipal, stamp, customs duty on imported goods and excise charged mainly on luxury products.[2] There is also a Value Added Tax ("VAT").

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No. There appears to be no explicit law exempting non-profits from income taxes. In the corporate context, income exempt from tax appears to include only dividends received from entities and income otherwise specifically exempted from income tax by the law in force in Eritrea, by international treaty or by any agreement made or approved by the Minister of Finance and Development.[3]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No. For individuals, no personal deductions, allowances or credits are allowed.[4] Corporate deductions do no contemplate any charitable giving.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. There are no inheritance or gift taxes levied in Eritrea.[5]

   FINAL SCORE: 0

1 K.H. Michael, *Eritrea –Corporate Taxation*, Country Surveys IBFD, Introduction.
2 *See generally id.*
3 *Id.* § 1.3.2.
4 K.H. Michael, *Eritrea-Individual Taxation* § 1.7, Country Surveys IBFD.
5 *Id.* § 6.3.3.

Estonia

1. Does the country have a tax system in place?

Yes. The Republic of Estonia ("Estonia") imposes an individual and a corporate income tax. Estonia has a number of state taxes imposed by tax acts and local taxes imposed by rural municipalities or city councils. The state taxes include excise duty, income tax, gambling tax, Value Added Tax ("VAT"), land tax, social tax, customs duty and heavy goods vehicle tax. Estonia has a flat tax rate for both individuals' and corporations' incomes (although in the case of corporations, this obligation is deferred until profits are actually distributed).

The tax authority for state taxes is the Tax and Customs Board, which operates within the Ministry of Finance.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profit associations, foundations and religious associations may benefit from income tax incentives, provided such organizations are approved and appear on an official list maintained by the government.[1] Organizations appearing on this list are not required to pay income tax on gifts and donations made in pursuit of the objectives set out in the articles of association of such an organization.[2] Non-profits on the official list are, however, liable for income tax on expenses that are not related to the activities specified in the organization's articles or association.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Non-profits included on the official list are required to submit declarations to the Tax and Customs Board concerning the gifts and donations received during a calendar year and concerning the use of such gifts, donations and other income. Religious associations submit such declarations exclusively on use of their income.[4]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No. These reporting requirements appear to apply to all non-profits.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. A natural person has the right to deduct certified gifts and donations to non-profit associations that appear on the official list.[5] This deduction is limited to 5 percent of the taxpayer's income of the same period, after accounting for other deductions.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. For corporate purposes, typically all gifts are subject to a distribution tax. Gifts and donations made to non-profit organizations are exempt from distribution tax up to 3 percent of the amount of the personalized social tax due for the current year or up to 10 percent of the annual profits for the previous financial year, whichever is higher.[6]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. There is no specific inheritance or gift tax in the Estonian taxation system.

FINAL SCORE: 9

1 Income Tax Act, § 11.
2 Income Tax Act, § 49(6)(1).
3 Income Tax Act, § 51.
4 Income Tax Act, § 57(3).
5 Income Tax Act, § 27.
6 M. Herm, *Estonia-Corporate Taxation*, Country Surveys § 1.3.1.2.

Ethiopia

1. Does the country have a tax system in place?

Yes. The Federal Democratic Republic of Ethiopia ("Ethiopia") imposes tax on income,[1] mining operations,[2] and exports.[3] Resident companies are subject to tax on income derived from worldwide sources, while non-resident companies are only subject to tax on income derived from Ethiopian sources.[4] Ethiopia also has an excise tax,[5] a Value Added Tax ("VAT"),[6] and imposes a turnover tax on those not registered for the VAT.[7]

Ethiopian taxes are administered by the Ethiopian Revenue and Customs Authority.[8]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes, although non-profits must pay applicable taxes on income derived from income generating activities, income from grants, donations, and membership fees are not subject to taxation.[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The Proclamation to Provide for the Registration and Regulation of Charities and Societies ("CSP") requires all charities and societies to register. It further requires foreign organizations to obtain a letter of recommendation from the Ethiopian Ministry of Foreign Affairs.[10] Article 20 of the CSP requires an annual statement of accounts.[11] Additionally, Articles 21 and 22 require an annual audit of account and an annual activity report, except that "Ethiopian women, youth and similar mass based societies may not be obliged to submit annual activity reports."[12]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Contributions made to registered welfare organizations are deductible.[13] The welfare organization must be registered as having a "record of outstanding achievement" and must operate its "accounting system operations with transparency and accountability." The term "welfare organization" is not defined within the Income Tax Proclamation.

Contributions made in response to emergency calls issued by the Government and donations to non-commercials education or health facilities are also deductible.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Donations made by businesses or trades are deductible.[14] A business or trade is defined as "any industrial, commercial, professional or vocational activity, or any other activity recognized as trade by the Commercial Code of

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1 Income Tax Proclamation No. 286/2002; Income Tax Regulation No. 78/2002.

2 Mining Income Tax (Amendment) No. 23/1996.

3 Tax on Coffee Exported from Ethiopia Proclamation No. 99/1998; Raw and Semi-Processed Hides and Skins Export Tax Proclamation No. 567/2008.

4 A resident company has its principal office in Ethiopia, or its place of effective management in Ethiopia, or it is registered in the trade register of the Ministry of Trade and Industry of Trade Bureaus of the Regional Governments. T. Lencho, *Ethiopia - Corporate Taxation* § 1.2.1, Country Surveys IBFD (last visited 22 June 2012).

5 These goods include: sugar, soft drinks, bottled water, alcoholic drinks, pure alcohol, tobacco, tobacco products, fuel, perfumes, textiles, jewelry, disk washing machines, washing machines, video decks, television and video cameras, cars, television broadcast receivers, carpets, asbestos, asbestos products, clocks, watches, dolls, and toys. Excise Tax Proclamation No. 307/2002; Excise Tax (Amendment) Proclamation No. 570/2008.

6 Value Added Tax Proclamation No. 285/2002.

7 Turnover Tax Proclamation No. 308/2002.

8 Ethiopian Revenues and Customs Authority Establishment Proclamation No. 587/2008.

9 *NGO Law Monitor: Ethiopia, available at* http://www.icnl.org/research/monitor/ethiopia.html.

10 *Id.*

11 Federal Negarit Gzeta of the Federal Democratic Republic of Ethiopia, Proclamation 621/2009, Proclamation To Provide for the Registration and Regulation of Charities and Societies, art. 20, *available at* http://www.refworld.org/docid/4ba7a0cb2.html.

12 *Id.* arts. 20 and 21.

13 Income Tax Regulation No. 78/2002, pt. IV, art. 11. Regulations Issued Pursuant to the Income Tax Proclamation.

14 Income Tax Proclamation No. 286/2002, ch. I, art. 21, § 2; Income Tax Regulation No. 78/2002, art. 11.

Ethiopia and carried on by any person for profit."[15] The deduction may not exceed 10 percent of the entity's taxable income. The Proclamation is silent with respect to deductions that individuals may make.[16]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. There are no explicit inheritance or gift taxes in Ethiopia.[17]

FINAL SCORE: 6

15 Income Tax Proclamation No. 286/2002, ch. I, art. 6.

16 *See* Income Tax Proclamation No. 286/2002, ch. I, § II, sched. A.

17 T. Lencho, *Ethiopia - Individual Taxation* § 6.3.3, Country Surveys IBFD (last visited 20 June 2012).

Fiji

1. Does the country have a tax system in place?

Yes. The Republic of Fiji ("Fiji") imposes an income tax, capital gains tax, value-added tax ("VAT"), and service tax.[1] Residents are subject to income tax on their worldwide income, including capital gains.[2] Individual income includes income from a business, employment income, any income from interest, rent, royalty, profits, dividends, annuities, etc.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Section 17 of Fiji's Income Tax Act (the "ITA") provides that "the income of any institution, body of persons or irrevocable trust of a public character established solely for the relief of the poverty or distress of the public, or for the advancement of religion or education, insofar as the Commissioner is satisfied that such income is to be expanded either in Fiji or for purposes which result in benefit of the residents of Fiji," is to be tax exempt.[4] Any profits or gain from an organization covered by the above provision will not be exempt from normal tax unless the profits or gains are applied solely for any such exempt purposes.[5]

Subsection 24 of Section 17 provides that those organizations (clubs, societies or associations) that are established for social welfare, civic improvement, pleasure or recreation, or for any other purpose except profit, are able to claim normal tax exemption.[6] The organization is required to show that no part of the income is available for the personal benefit of any proprietor, member or shareholder and that such income is not derived from a trade or business carried on by any such organization.[7]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The ITA requires associations or other bodies to file returns made and signed by the authorized officer of the association or body.[8] The tax return is to be filed on or before the 31st of March in each year without notice.[9]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Section 21(1)(n) of the ITA allows "one half of any cash donation by a taxpayer to the University of the South Pacific Endowment Fund, St John's Ambulance Brigade, Fiji Red Cross Society Fiji, Crippled Children's Society, Fiji Blind Society and such similar academic and charitable institutions as may be approved by the Commissioner" to be tax deductible.[10]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. The ITA provides that the deductible donations above may not exceed "in aggregate FJD 200 by an individual and FJD 1000 by a company".[11]

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1 PKF, "Fiji Tax Guide 2013", ***available at*** http://www.pkf.com/media/1954365/fiji%20pkf%20tax%20guide%202013.pdf (last visited 6 December 2013).
2 *Id.*
3 ***Fiji - Individual Taxation*** §1, Country Surveys IBFD (last visited 24 September 2013).
4 Income Tax Act § 17 (1985), ***available at*** http://www.frca.org.fj/docs/firca/legislations_regulations/INCOME%20TAX20ACT-%20REVISED%20TO%20 March%20%202011%20-%20WIP.pdf (last visited 6 December 2013) (hereinafter ***ITA***).
5 *Id.*
6 *Id.*
7 *Id.*
8 *ITA* § 45.
9 *Id.* at 4.
10 *Id.* § 21(1)(n).
11 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. There is no gift or estate tax in Fiji.

   FINAL SCORE: 9

Finland

1. Does the country have a tax system in place?

Yes. The Finnish state imposes taxes on income of individuals and organizations, on inheritances and gifts, on sales and additions of value to consumer products, on transfers of real estate and securities, and on imports of alcohol, tobacco, liquid fuel and soft drinks. A tax on real estate is imposed on the municipal level. Taxes on income are also imposed by municipalities and churches.

The primary state taxing authority is the Tax Administration and the national Board of Taxes under the Ministry of Finance. The National Board of Customs administers the taxation of imports and of some vehicles; other vehicle taxes are administered by the Vehicle Administration or the National Board of Taxes. Municipalities have their own tax administrations.[1]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes, some exemptions. Non-profit organizations are exempt from some income taxes, but are still liable for tax on income with respect to "business profits," including sales proceeds for retail sales and sales of investments and business assets, compensation for services performed, and dividends or interest received with respect to investment assets.[2]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Generally, no. Most Finnish non-profit-making organizations are organized as associations or foundations organized to promote the public good, and are generally not required to file income tax returns.[3] Foundations may be subject to audit requirements.[4]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes, very few. Finland offers no income tax incentives of any kind to individuals for donations to non-profit or charitable organizations. Corporations may deduct donations made for the promotion of science, the arts, or Finnish cultural heritage, but deductibility is limited depending on the donee. Donations to a European Economic Area ("EEA") state, a publicly funded university in the EEA, or a foundation or fund linked to such a state or university are deductible up to 250,000 EUR; such donations to an organization nominated by the Finnish National Board of Taxes as a deductible recipient are deductible up to 50,000 EUR; all other such donations are deductible only up to 25,000 EUR.[5]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Although Finland offers no income tax incentives for charitable donations to individuals, corporations may deduct certain limited donations as detailed above.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. The state imposes gift and inheritance taxes on lifetime and testamentary transfers where either the donor or the recipient is a resident of Finland, or where the property transferred is real estate located in Finland.[6] In

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1 Anders Colliander, Ministry of Finance, *Taxation in Finland 2009* (2009).
2 *Id.* at 27.
3 Finnish Tax Administration, How to complete a tax return - companies and organisations, *available at* http://www.vero.fi/en-US (follow "Companies and organizations" hyperlink; then follow "How to file income tax returns" hyperlink under heading "Declaring and paying") (last visited 3 July 2012).
4 National Board of Patents and Registration of Finland, Supervision of Foundations, *available at* http://www.prh.fi/en/saatiorekisteri/saatiovalvonta.html (last visited 3 July 2012).
5 Colliander, *supra* note 1, at 59.
6 *Id.* at 83-85.

each case, the tax is paid by the recipient. Non-profit-making organizations are exempt from both the gift and inheritance taxes.[7]

FINAL SCORE: 6

7 *Id.* at 84-86.

France

1. Does the country have a tax system in place?

Yes. In France, the federal government imposes taxes through the General Directorate of Public Finance, part of the Ministry of Economy and Finance. The General Directorate (accessible through its website www.impots.gouv.fr) levies taxes on corporate and personal income, property, payroll, net wealth, inheritance, and gifts.[1] France also has a Value Added Tax ("VAT"). In addition, some localities charge local business taxes.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. An association, public utility foundation, or corporate foundation is exempt from corporate income tax if: (1) its directors/management do not have a financial stake in the organization's success, (2) its activities are predominantly non-commercial and not-for-profit, and (3) its annual revenue from commercial activities does not exceed 60,000 EUR.[3] In addition, non-profits are eligible for reduced tax rates (24 percent, 15 percent, or 10 percent) on capital gains.[4]

Qualifying non-profits are also exempt from the VAT if (1) their revenue does not exceed 60,000 EUR per year, (2) their directors/management do not have a financial stake in their success, and (3) they are not competitors in the marketplace with for-profit companies.[5]

Finally, non-profit associations are eligible for annual tax relief of 6,002 EUR on the tax payable on wages paid (2011 amount).[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Associations and foundations that receive more than 153,000 EUR in donations or government grants annually must hire an auditor, conduct an audit, and submit financial statements (an income statement, balance sheet, and a supplement/annex[7]) and the auditor's report to the Directorate of the Official Journal ("Direction des Journaux Officiels") within three months of receiving confirmation that its taxes are in order.[8] The Official Journal then makes the reports available through its website.[9]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. See response to question 3, above.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. France offers tax credits for donations made by individuals or by corporations.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Individuals may receive tax credits for up to 20 percent of their annual taxable income for donations to public utility organizations, associations of general interest, and religious organizations authorized to receive contractual

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1 *France – Corporate Taxation*, Country Surveys IBFD; Ministere de L'Economie des Finances et de L'Industrie, *The French Tax System* (July 31, 2011), 50, ***available at*** http://www.impots.gouv.fr/portal/deploiement/p1/fichedescriptive_1006/fichedescriptive_1006.pdf.

2 Known as the "cotisation sur la valeur ajoutee des enterprises" (CVAE) and the cotisation fonciere des enterprises" (CFE).

3 Code général des impôts (hereinafter ***CGI***), art. 206, ***available at*** http://www.legifrance.gouv.fr (follow "les codes en vigueur" hyperlink; then choose "Code général des impôts" in the drop down menu next to "Nom du Code") (last visited 23 July 2012).

4 Ministere de L'Economie des Finances et de L'Industrie, ***supra*** note 1, at 12.

5 ***CGI***, ***supra*** note 3, art. 261.

6 Ministere de L'Economie des Finances et de L'Industrie, ***supra*** note 1, at 42.

7 Code de commerce, art. L612-4, ***available at*** http://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000005634379&idArticle=LEGIARTI000006235079&dateTexte=20090701 (last visited 23 July 2012).

8 Décret n° 2009-540 du 14 mai 2009 portant sur les obligations des associations et des fondations relatives à la publicité de leurs comptes annuels, ***available at*** http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000020616498&categorieLien=id (last visited 23 July 2012).

9 http://www.journal-officiel.gouv.fr/.

donations.[10] The tax credits are valued at 66 percent the value of the donation.[11] Also, charitable donations are exempt from the cap on tax credits (18,000 EUR plus 6 percent of total net taxable income).[12]

Corporations are also eligible for tax credits for donations to general interest associations, public utility associations, and public utility foundations.[13] Corporations receive tax credits valued at 60 percent of the value of the donation and cannot exceed 0.5 percent of the corporation's total revenue.[14]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. France imposes a gift and inheritance tax ranging from 5 percent-60 percent, based on the amount of the gift or inheritance and the relationship between the transferor and recipient. Transfers to charity are eligible for exemptions from both the gift and inheritance taxes.[15]

France also imposes a wealth tax on individuals with net assets worth 1.3 million EUR or more.[16] The annual tax is .25 percent for assets between 1.3 million EUR and 3 million EUR and .5 percent for assets worth more than 3 million EUR.[17] France allows a deduction from the wealth tax for donations to charitable organizations equal to 75 percent of the donation amount.[18] The maximum total deduction (including deductions for dependents and certain investments) is 45,000 EUR.[19]

FINAL SCORE: 11

10 *CGI*, *supra* note 3, art. 200. For an English-language explanation of this section of the French tax code, see U.S. Int'l Grantmaking, Country Information: France (June 2012), ***available at*** http://www.usig.org/countryinfo/PDF/France.pdf.

11 *Id*.

12 Ministere de L'Economie des Finances et de L'Industrie, *supra* note 1, at 31.

13 *CGI*, *supra* note 3, art. 238. For an English-language explanation of this section of the French tax code, see U.S. Int'l Grantmaking, Country Information: France (June 2012), ***available at*** http://www.usig.org/countryinfo/PDF/France.pdf.

14 *Id.*

15 Ministere de L'Economie des Finances et de L'Industrie, *supra* note 1, at 66.

16 *Id.* at 72 (detailing the change in the threshold from 800,000 EUR to 1.3 EUR that went into effect on Jan. 1, 2012).

17 *Id*.

18 Formulaire: Impot de solidarite sur la fortune 2012, ***available at*** http://www.impots.gouv.fr/portal/deploiement/p1/fichedescriptiveformulaire_7594/fichedescriptiveformulaire_7594.pdf.

19 *Id*.

Gabon

1. Does the country have a tax system in place?

Yes. The Gabonese Republic ("Gabon") imposes tax on income, payroll, insurance, and property. Companies, both residents and non-residents, are subject to income tax on income derived from Gabon.[1] Gabon also has an excise and Value Added Tax ("VAT").[2] The excise tax is levied on luxury goods and goods that are harmful to public health.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profits are required to pay income tax at a rate of 15 percent. This 15 percent rate is lower than the standard 35 percent corporate income tax rate.[4] Certain non-profits that are set up for the purpose of organizing fairs, exhibitions, and sporting events may be entirely exempt from income tax.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Non-profit organizations must go through a formal registration requirement with the Ministry of the Interior in order to take advantage of the tax exemption. [6]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy

Yes. Gifts to philanthropic, social, or family charities by corporations may be tax deductible.[7] These gifts cannot exceed 0.005 percent of a corporation's annual revenue.[8] Gifts made in respect of disasters are also deductible.[9]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. It does not appear that there is any deduction available for gifts to philanthropic, social, or family charities by individuals.[10]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Each beneficiary of an inheritance is subject to an inheritance tax. The tax rate may range from 3 percent to 35 percent depending on the proximity of the relationship between the deceased and the beneficiary and the value of the assets.[11] Each beneficiary of a gift is subject to registration duties that are similar to the duties levied on free transfers of real estate and movable assets.[12] There is no known exemption to inheritance tax on transfers to non-profit organizations.

FINAL SCORE: 6

1 Deloitte International Tax, "Gabon Highlights 2012," ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2012/dttl_tax_highlight_2012_Gabon.pdf; A. Atangana, ***Gabon - Corporate Taxation***, Country Surveys IBFD, Introduction (last visited 22 June 2012) (hereinafter *Corporate Taxation*).

2 Deloitte International Tax, "Gabon Highlights 2012," ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2012/dttl_tax_highlight_2012_Gabon.pdf.

3 *Corporate Taxation*, ***supra*** note 1, § 9.5.

4 *Id.* § 1.6.1.

5 *Id.* § 1.2.

6 International Religious Freedom Report for 2011, "Gabon", United States Department of State, ***available at*** http://www.state.gov/documents/organization/192925.pdf (last visited 25 October 2013).

7 *See Corporate Taxation*, ***supra*** note 3, §1.3.3.1.

8 *Id.*

9 *Id.*

10 PWC, "Gabon", ***available at*** http://taxsummaries.pwc.com/uk/taxsummaries/wwts.nsf/ID/JDCN-89HSDN (last visited 25 October 2013).

11 A. Atangana, *Gabon - Individual Taxation* §5, Country Surveys IBFD (last visited 20 June 2012).

12 *Id.*

Gambia

1. ***Does the country have a tax system in place?***

   Yes. The Gambia's tax system is based on the Income and Sales Tax Act, 2004. The Gambia Revenue Authority serves as its tax authority.[1] The types of taxes assessed in The Gambia include: corporate, personal income, payroll, capital gains, withholding, environmental, contractor, and private practitioner.[2] The Gambia also imposes a Value Added Tax ("VAT").[3]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Section 25(1) of The Gambia's Income and Sales Tax Act, 2004 provides for exemption from income tax for non-profit organizations. Section 25(2) of the same law defines non-profit organizations and includes, "a religious, charitable, or an educational institution of a public character."[4]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 2

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1 Kennedy Munyandi, ***Gambia – Corporate Taxation,*** Country Surveys IBFD, Introduction.
2 ***See Kennedy Munyandi, Gambia – Corporate Taxation,*** Country Surveys IBFD; Kennedy Munyandi, ***Gambia – Individual Taxation,*** Country Surveys IBFD.
3 Kennedy Munyandi, ***Gambia – Corporate Taxation*** § 8, Country Surveys IBFD.
4 Income and Sales Tax Act, 2004, ***available at*** http://www.wipo.int/wipolex/en/details.jsp?id=10480.

Georgia

1. *Does the country have a tax system in place?*

Yes. Georgia imposes income tax at the national level on individual and corporate income, and a Value Added Tax ("VAT"), in addition to excise taxes on the import or export of alcohol, tobacco or fuel, and customs duties on many other kinds of goods.[1] Local municipalities impose taxes on real property, business assets, airplanes and yachts and certain kinds of fixed and intangible personal property.[2]

The primary national tax authority is the Revenue Service, established under the Ministry of Finance.[3]

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Generally, yes. Charitable organizations in Georgia are exempt from income taxation on income not received from for-profit activity.[4] Similarly, charitable organizations are exempt from property tax on property not used in for-profit activity.[5] Charitable organizations do not appear to be exempt from VAT.

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

Yes. In order to qualify for the exemption from income taxes, a charitable organization must register with the Revenue Service and submit annual reports containing program information and audited financial statements.[6] However, a taxpayer with no tax liability (such as a charitable organization not engaged in for-profit economic activity) may not be required to file a tax return.[7]

4. *If yes to 3, then are those reporting requirements sensitive to the size of organizations?*

No.

5. *If yes to 1, are there tax incentives in place to encourage philanthropy?*

Yes. Although the Georgian tax code does not provide any deductions, allowances or credits to individuals,[8] a corporation may deduct charitable deductions of up to 10 percent of its taxable income.[9]

6. *If yes to 5, then do individuals and corporations have different incentives?*

Yes. See response to question 5, above.

7. *Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?*

No.[10]

FINAL SCORE: 6

1 *See* PricewaterhouseCoopers, Georgia Pocket Tax Book 2011 (hereinafter *PWC*); Sergi Kobakhizde and Anastasia Kipiani, ***Georgia – Individual Taxation***, Country Survey IBFD (hereinafter ***Individual Taxation***); Sergi Kobakhizde and Anastasia Kipiani, ***Georgia – Corporate Taxation***, Country Survey IBFD (hereinafter ***Corporate Taxation***).

2 *See Individual Taxation*, *supra* note 1, § 4.3.1; *Corporate Taxation*, supra note 1, § 5.3.1.

3 *See* Tax Code of Georgia, § 48 (2010).

4 *See id.* § 99(a).

5 *See PWC*, *supra* note 1, at 59; *Corporate Taxation*, *supra* note 1, § 5.3.1.

6 *See* Tax Code of Georgia, § 32 (2010).

7 *See id.* § 67(4).

8 *See Individual Taxation*, *supra* note 1, § 1.7; *PWC*, *supra* note 1, at 21.

9 *See* Tax Code of Georgia, § 117 (2010); *Corporate Taxation*, *supra* note 1, § 1.3.3; *PWC*, *supra* note 1, at 28.

10 *See Individual Taxation*, *supra* note 1, § 5.

Germany

1. Does the country have a tax system in place?

Yes. In Germany, tax is imposed on personal and corporate income (plus solidarity surcharge), estates and gifts. There is a value-added tax. Federal law imposes on the income of businesses an additional trade tax, which is assessed and collected by the municipalities. Other local taxes include real property tax and real property transfer tax.

Germany's fiscal administration is divided into federal tax authorities (central government) and state tax authorities. The supreme federal authority is the Federal Ministry of Finance. State tax authorities comprise the state ministries of finance as the supreme authorities, regional tax offices (state departments) as medium-level authorities and the tax offices as local authorities. Taxes are administered by the tax offices, with exceptions of customs and excise duty, and taxes of which the administration has been transferred to municipalities.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. In Germany, tax benefits are granted to entities serving tax-privileged purposes (i.e., public-benefit, charitable, or religious purposes). An entity serves public-benefit purposes if its activity is dedicated to the altruistic advancement of the general public materially, spiritually or morally. This category includes activities in the areas of science and research, education, arts and culture. Charitable purposes comprise all activities dedicated to the altruistic support for persons who–on account of their physical, mental or emotional state–are dependent upon the help of others, or whose financial means are limited so that they are in a state of need. Religious purposes mean activities dedicated to the altruistic advancement of a religious community. Such purposes need to be pursued directly, exclusively, in an altruistic way, with prompt use of funds and in line with the German constitution. Examples of religious purposes include construction of houses of worship and religious education.

The Act for the advancement of volunteering, which entered into force on January 1, 2013, established a procedure for determining whether statutory prerequisites for a public charity have been met. Accordingly, a domestic or foreign corporation can receive a binding decision as to whether they are in compliance with German law on charitable organizations, thus providing German donors with certainty as to the deductibility of donations to such organizations.

Fundamental principles are defined in Sections 51 to 68 of the German Fiscal Code and are applicable on all German taxes. The special tax laws (e.g., German Corporate Income Tax Act, Trade Tax Act, etc.) contain the various tax privileges but refer to the German Fiscal Code regarding the requirements that must be fulfilled. However, an entity that serves tax-privileged purposes is not tax exempt with respect to its economic activity (i.e., its business enterprise in competition with non-privileged entities is fully taxable). German tax law provides that tax-privileged entities may only be corporations within the meaning of the German Corporate Income Tax Act, which include stock corporations, limited liability corporations, foundations, cooperatives and associations.[1]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The fulfillment of the requirements for tax exemptions are monitored by the local tax offices which are responsible for the respective charitable entity on an ongoing basis. Typically, the general tax procedure rules for corporations apply, but in many cases organization tax authorities accept a simplified tax declaration every three years.[2]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Although there are no specific reporting requirements for non-profits, size-sensitive bookkeeping and accounting requirements must be observed. These requirements arise from general commercial regulations and the German Fiscal Code.

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1 German Fiscal Code § 51 (1).

2 Tax declaration Form Gem1, ***available at*** https://www.formulare-bfinv.de/ffw/form/display.do?%24context=1.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Donations for the support of public-benefit, charitable and religious purposes may, within certain limits, be deducted from the taxable income of an individual. The rule for the deductibility of donations for income tax purposes also applies to partnerships. In each calendar year, a taxpayer may deduct greater of (1) up to 20 percent of the sum of his annual income or (2), if an individual makes a donation from his business assets, up to 0.4 percent of the sum of the annual turnover and the wages paid in the relevant calendar year. Apart from the 20 percent limit, an individual person (not a company) can deduct the amount of a donation to the endowment of a foundation up to 1 million EUR. For spouses that are jointly assessed, the amount deductible is 2 million EUR. The recipient of a tax deductible donation must have its legal seat in Germany, in one of the EU member states, or in one of the states of the EEC (European Economic Community).

6. ***If yes to 5, then do individuals and corporations have different incentives?***

No. Like individuals, corporations may only deduct up to 20 percent of their income or 0.4 percent of the sum of the annual turnover and the wages paid in the respective calendar year. The higher of both thresholds is decisive.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Transfers by way of gift or inheritance to an entity that serves (1) under its statutes, acts of foundation or other constitution and (2) under its de facto management, exclusively and directly public-benefit, charitable or religious purposes are exempt from inheritance and gift tax. The exemption is fully revoked if the entity ceases to be tax-privileged within ten years after the donation and such assets are used for other than public-benefit, charitable or religious purposes.

FINAL SCORE: 11

Ghana

1. *Does the country have a tax system in place?*

Yes. Ghana imposes taxes on income, benefits, dividends, capital gains, and gifts.[1]

Ghana contains ten administrative regions, and these local governments can impose real property taxes.[2] Operating under the Ministry of Finance, the Ghana Revenue Authority administers tax collection in the country and consists of two divisions: The Domestic Tax Revenue Division (all domestic taxes, including Value Added Tax ("VAT")) and the Customs Division (import and excise taxes).[3]

The Internal Revenue Act of 2000 (as amended) governs both corporate and individual taxes, and the Value Added Tax Act of 1998 (as amended) controls taxes on goods.[4] Ghana utilizes a progressive income tax, with rates from 0-25 percent.[5] Ghana also uses a VAT on goods and services with a rate of 12.5 percent.[6] Ghana imposes a standard rate of corporation tax at 25 percent, with other variable rates applicable depending on the nature of a corporation's business.[7] Ghana uses the cedi ("GHS") as its currency.[8]

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Yes. Ghana provides exemptions to corporate income taxes for non-profits. The Internal Revenue Act exempts income earned from "religious, charitable, or educational institution[s] of a public character."[9] However, Ghana does not grant explicit exemptions to non-profit organizations from VAT. Ghana exempts a wide variety of goods and services, most notably for agriculture, commerce, and transportation.[10] Ghana also provides exemptions for educational products like textbooks and medical services, but the Internal Revenue Act does not explicitly mention charity as being exempt.[11]

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

Yes. All individuals and businesses must file annual tax returns in Ghana: individuals must file tax returns on or before 31 March in the following year[12] and companies must file within four months after the end of the accounting year.[13] Ghana does not have any separate forms or line items expressly for non-profit organizations. Ghana does have specific registration requirements for non-profit organizations, but the Ghana Revenue Authority does not manage registration for such companies. Non-profits must obtain a certificate of incorporation from the Registrar General then submit an application to operate to the Department of Social Welfare.[14] An exempt organization can register as either a domestic or foreign non-profit.[15] Revenue reporting requirements do not vary for non-profits in Ghana.

4. *If yes to 3, then are those reporting requirements sensitive to the size of organizations?*

No.

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1 *KPMG Ghana Fiscal Guide 2012-13* (last visited 12 September 2013).
2 *PKF Ghana Tax Guide 2012* (last visited 9 September 2013).
3 *Id.*
4 Internal Revenue Act of 2000 (as amended) and Value Added Tax Act of 1998, § 1.
5 *KPMG Ghana Fiscal Guide 2012-13* (last visited 12 September 2013).
6 *Id.*
7 *Id.*
8 *PKF Ghana Tax Guide 2012* (last visited 9 September 2013).
9 Internal Revenue Act of 2000, §§ 10, 94.
10 Kennedy Munyandi, *Ghana – Corporate Taxation §* 20, Country Surveys IBFD (last visited June 22, 2012).
11 *Id.*
12 *KPMG Ghana Taxation Regulation Report* 5 January 2013 (last visited 9 September 2013).
13 *PKF Ghana Tax Guide 2012* (last visited 9 September 2013).
14 Japan International Cooperation Agency, Ghana Office – *Regulatory System for NGOs in Ghana* (last visited 12 September 2013).
15 *Id.*

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Ghana permits companies to take deductions for donations to charity.[16] Ghana imposes gift taxes for gifts received during the same year of fiscal assessment with a total value of over GHS 50.[17] Gift tax is levied at a rate of 15 percent.[18] However, Ghana exempts donations to charitable organizations from the tax.[19] These exemptions apply regardless of the value of the gift.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. No mention of incentives for individuals appeared in any of the sources consulted.

7. ***Finally does there exist an "estate tax" or some equivalent mechanism that encourages creation of donor institutions?***

   No. There are no inheritance or estate taxes in Ghana.[20]

   FINAL SCORE: 6

16 Corporate tax return form 22A.
17 Internal Revenue Act 2000 (as amended), § 108(2).
18 *KPMG Ghana Fiscal Guide 2012-13* (last visited 12 September 2013).
19 Internal Revenue (Amendment) Act of 2003, Act 644.
20 Munyandi, *Ghana – Individual Taxation* § 6, Country Surveys IBFD.

Greece

1. Does the country have a tax system in place?

Yes. At the national level, Greece imposes a tax on income, property, sales, capital gains, inheritance and imports. The Greek system is based on direct and indirect taxes and the tax year runs from January 1st to December 31st each year.

Tax is administered by the Ministry of Finance.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. To receive tax exemption, a foundation must pursue charitable purposes. According to Article 1 of Law 2039/1939, a charitable purpose is any public, religious, philanthropic or other purpose beneficial to the community.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Audited budgets and statements of accounts must be submitted annually. Moreover, the budget must be approved by the Ministry of Finance in advance.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Individuals are allowed a 10% reduction in income tax for eligible donations, provided that the donations exceed 100 EUR and do not exceed 5% of the taxpayer's total income.[1]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. The above-described deduction for individual taxpayers does not seem to be available for corporations.[2]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes, every natural person or legal entity who acquires inherited property is obliged to file Greek inheritance taxation statements for the Greek estate, declaring the bequest of the inherited assets to the competent tax authority of the deceased's last residence. Personal belongings (e.g., household items, means of transport) which are situated abroad and transfer by hereditary succession (i.e., by means of a will or intestate) to a person whose normal residence is in Greece or transfer through a will to non-profit legal entities established in Greece, are exempted from duties and taxes.

Since 2010, Greece imposes a very low gift and inheritance tax rate of 0.5 percent to charities. The rate is applicable to acquisitions through inheritance by legal entities that have been incorporated or are under incorporation in Greece. This rate also applies to respective foreign legal entities on the condition of reciprocity, and provided these entities are shown to pursue national or religious, or on a wider circle, charitable, educational or artistic purposes. A foreign tax credit is provided for the deduction of bequests from the assets of the inheritance, subject to attachment in its inheritance tax statement, a certification of the executors or administrators of the bequest or of the foundation to whom the bequest has been given or by the persons exercising its management, certifying that the bequest has been deposited together with any overdue interest.[3] Cash donations in excess of 1000 EUR are subject to the same rate of 0.5 percent.

FINAL SCORE: 7

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1 "Greek Tax Overview 2014" TMS Auditors SA, ***available at http://tms-auditors.gr/uploads/greek_tax_overview.pdf.***

2 *Id.*

3 Rik Deblauwe et al., Gift and Inheritance Tax With Regard to Charities, ***available at*** http://www.eatlp.org (follow "Documents" hyperlink; then follow "Rotterdam (2012)" hyperlink; then follow "Annual Meeting Rotterdam (2012)" hyperlink).

Grenada

1. *Does the country have a tax system in place?*

Yes. Grenada has an income tax, a corporate tax and a sales tax or General Consumption Tax ("GCT").[1]

The income tax applies to an individual who is a resident, ordinarily resident and who is domiciled in Grenada and is applied to the person's worldwide income as it arises.[2] Non-residents are subject to tax on income accruing directly or indirectly from the carrying on of business in Grenada.[3] Income from any source other than from carrying on business is subject to withholding tax and is not considered when assessing income tax.[4] In ascertaining the chargeable income of an individual who is a resident of Grenada, XCD 60,000 per annum is allowed as a deduction, and a 30 percent tax rate is applied to the excess.[5]

The Grenada corporate tax applies to Grenadian resident companies.[6] The rate of tax on companies in Grenada is 30 percent, and it is assessed on all sources of nonexempt income wherever arising.[7] In the case of sole proprietorships, there is an XCD 60,000 per annum exemption.[8]

A Value Added Tax ("VAT") or GCT is levied on the importation and local sale of goods and some services.[9] The GCT on imported goods ranges from 0–25 percent, whereas the GCT on local goods and services ranges from 0–10 percent.[10]

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Yes. The Income Tax Act provides an exemption from income tax for the income of any religious, charitable or educational institution of a public character insofar as such income is not derived from business carried on by it for profit, other than a business carried on for the primary purpose of assisting disabled persons to learn or exercise a trade or skill.[11] Charitable organizations are also exempt from paying property taxes on their property, despite its value.[12]

In addition, a sale of goods or services is an exempt sale if it is specified in Schedule 3 of the Value Added Tax Act.[13]

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

Yes. In order to file articles of organization, a non-profit company must receive approval of the Attorney General. To receive approval, a non-profit company must restrict its business to one that is patriotic, religious, philanthropic, charitable, educational, scientific, literary, historical, artistic, social, professional, fraternal, sporting or athletic nature, or the like, or to the promotion of some other useful object.[14] A non-profit company may also be subject to an auditor's request for access to its records, documents, books, accounts and vouchers.[15] Public companies with gross revenue of over two million dollars or possessing assets of over one million dollars are required to submit copies of

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1 Income Tax Act 36/1994; Value Added Tax Act 23/2009.

2 *PKF Grenada Tax Guide 2013* (last visited 14 October 2013).

3 *Id.*

4 *Id.*

5 *Id* at 4.

6 *Id* at 1.

7 Income Tax Act 36/1994, Fifth Schedule; Inland Revenue Division, Government of Grenada, Income Tax (2013), ***available at*** http://ird.gov.gd/index.php?option=com_content&view=article&id=114&Itemid=121 (hereinafter, *ITA*).

8 Internal Revenue Division, Government of Grenada, "Income Tax," ***available at*** http://www.ird.gov.gd/index.php?option=com_content&view=article&id=114&Itemid=121.

9 Internal Revenue Division, Government of Grenada, "Value Added Tax," ***available at*** http://www.ird.gov.gd/index.php?option=com_content&view=article&id=120&Itemid=127.

10 *Id.*

11 *ITA,* art. 25.

12 Paul de Santos and Laurel Bain, "Caricom Survey of the Caribbean Tax Systems" (2004), ***available at*** http://www.caricom.org/jsp/community/cota/general_assembly/18cota-caricom-tax-system-survey.pdf (last visited 24 October 2013).

13 Value Added Tax Act 23/2009, ***available at*** http://ird.gov.gd/index.php?option=com_content&view=article&id=120&Itemid=127.

14 Companies Act, Art. 328.

15 *Id., Art. 172.*

its financial statements to the Registrar.[1]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. See response to question 3, above.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The Income Tax Act provides a deduction from a person's income tax "any expenditure incurred by that person during the basis period for that year of assessment by way of subscription or donation to a charitable organisation, a non-profit company or a professional institute approved by the Comptroller where he or she is satisfied that such organisation, company or institute is not engaged in business for profit but solely for the purpose of advancing its objects which are of a non-profit nature."[2]

6. If yes to 5, then do individuals and corporations have different incentives?

No. It seems that both individuals and companies are considered "persons" under the Income Tax Act, and therefore afforded the same tax incentives.[3]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No, there is no estate or inheritance tax in Grenada.[4]

FINAL SCORE: 10

1 *Id., Art. 154.*
2 Income Tax Act, Art. 37(m).
3 *Id., Art. Art. 56, Fifth Schedule.*
4 Global Property Guide, "Grenada," ***available at*** http://www.globalpropertyguide.com/Caribbean/Grenada/Inheritance (last visited 24 October 2013).

Guatemala

1. ***Does the country have a tax system in place?***

   Yes. Guatemala imposes tax on income, vehicles, Value Added Tax ("VAT"), stamp, inheritances, bequests and real estate. Excise and customs duties are also imposed. Resident individuals are only liable for income tax on their Guatemalan-source income.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The following are exempt from income tax: state and state agencies, municipalities and local public bodies; universities; private educational and cultural entities; churches and certain non-profit organizations authorized by law, provided that they are registered with the tax administration and do not distribute profits.[1] The services provided by these organizations are also exempt from the 12 percent VAT.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Any person or organization with income must file an income tax return, even when that income is fully or partially tax exempt. The return must be filed within 3 months following the year in question.[3] In addition, non-profits must register with the tax administration to be exempt from tax.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. There is an exemption from VAT for contributions and gifts to non-profit institutions, legally established and registered with the tax administration.[4] The Income Tax Law allows corporations or individuals to deduct up to the lesser of 5 percent of net income or GTQ 500,000 for contributions to non-profit associations and foundations.[5] For corporations and individuals to receive said deduction, the receiving organization must be registered as exempt with the Guatemalan tax authority. Lastly, memberships to cultural, social, scientific, educational and professional organizations are also exempt from the VAT.[6]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Guatemala levies a tax on inheritances and bequests.[7] The rate of tax depends on the degree of relationship to the deceased, with bequests or gifts resulting from the death of spouses or children ranging from 0–6 percent, and unrelated parties ranging from 12–25 percent. Inter vivos gifts do not incur taxation, so there is some incentive to make major lifetime gifts to non-profits.

   FINAL SCORE: 9

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1 J.P. Ortiz Meyer & L. Ogazon, ***Guatemala – Corporate Taxation***, Country Surveys IBFD (last visited 27 June 2012).
2 ***Guatemala***, United States International Grantmaking – Country Information (last visited 26 July 2012).
3 J.P. Ortiz Meyer & L. Ogazon, ***Guatemala – Corporate Taxation***, Country Surveys IBFD (last visited 27 June 2012).
4 ***Id.***
5 ***Guatemala***, United States International Grantmaking – Country Information (last visited 26 July 2012).
6 ***Id.***
7 Deloitte International Tax, "Guatemala Highlights 2013," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dt-tl-tax-guatemalahighlights-2013.pdf.

Guinea

1. Does the country have a tax system in place?

Yes. The Republic of Guinea ("Guinea") imposes tax on income, property, payroll, mining activities, insurance, inheritances, and gifts.[1] Guinea also has a Value Added Tax ("VAT") and an excise tax.[2] Non-resident companies are subject to income tax from Guinea sources.[3] Resident companies are subject to income tax from worldwide sources.[4] The excise tax is levied on alcohol.[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profit organizations are exempt from corporate income tax.[6] Also, buildings used for schools, medical or social purposes are exempt from property tax.[7]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations and gifts made to non-profit organizations may be deducted from taxable income.[8]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Individuals may deduct a maximum of 1 percent of their taxable income.[9] Companies are also subject to certain limitations, but a company's deduction is limited to 1/1000 of its business income ("*chiffres d'affaires*").[10]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. Each beneficiary of an inheritance is subject to an inheritance tax.[11] Each beneficiary of a gift is subject to a gift tax.[12] Gifts to non-profits would not incur these taxes.

FINAL SCORE: 9

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1 A. Atangana, *Guinea - Individual Taxation*, Country Surveys IBFD (last visited 20 June 2012) (hereinafter *Individual Taxation*); A. Atangana, *Guinea - Corporate Taxation*, Country Surveys IBFD (last visited 22 June 2012). (hereinafter *Corporate Taxation*).
2 *Corporate Taxation*, § § 8, 9.5.
3 *Id.,* Introduction.
4 *Id.*
5 *Id.* § 9.5.
6 *Id.* § 1.2.
7 *Id.* § 5.2.3.
8 *Id.* § 1.3.3.1.
9 *Individual Taxation* § 1.7.
10 République Guinée, Code Général des Impôts, art. 99.
11 *Individual Taxation* § 5.
12 *Id.*

Guinea-Bissau

1. Does the country have a tax system in place?

Yes. The Republic of Guinea-Bissau ("Guinea-Bissau") imposes tax on business income, earned income, investment income, urban real estate, and inheritances and gifts.[1] Companies and individuals are subject to tax on income derived from sources within Guinea-Bissau.[2] Guinea Bissau also has a sales tax and an excise tax.[3] The excise tax is levied on nine categories of goods. These goods include: soft drinks and beer, alcohol, tobacco, petroleum by-products, motor vehicles, perfumes and cosmetics, and gunpowder, explosives, firearms, and ammunition.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Recognized public interest entities are exempt from the business income tax.[5] Non-profit associations that conduct activities in the fields of welfare, culture, recreation, or sports are exempt from the business income tax on income derived from transactions with their members.[6] Certain qualified associations and charities may also be exempt from the urban real estate tax.[7]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No. Qualification for certain exemptions is either declared by the tax administration on its own motion or exemption is requested by the taxpayer.[8]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Each individual recipient of an inheritance, bequest, or gift must pay a tax. The tax rate is either 5 percent of the value of the property declared in the inventory presented to the Finance Secretary or 5 percent of the value indicated in the property certificate, whichever is higher.[9] There is no known exemption to gift, estate or inheritance taxes on transfers to charities.

FINAL SCORE: 2

1 S. Martinho Fernandes, *Guinea Bissau - Corporate Taxation*, Country Surveys IBFD, (last visited 22 June 2012) (hereinafter *Corporate Taxation*); V. Arruda Ferreira, *Guinea Bissau - Individual Taxation* § 1.2.1, Country Surveys IBFD (last visited 20 June 2012) (hereinafter *Individual Taxation*).

2 *Corporate Taxation* § 1.3.1; *Individual Taxation* § 1.2.1.

3 *Corporate Taxation* § § 8, 9.5.

4 *Id.* § 9.5.

5 *Id.* § 1.2.

6 *Id.*

7 *Id.* § 5.2.

8 *Id.*

9 *Individual Taxation* § 5.

Guyana

1. ***Does the country have a tax system in place?***

   Yes. The Republic of Guyana's ("Guyana") tax laws are published in the Laws of Guyana. The Guyana Revenue Authority serves as its tax authority. Taxes assessed include: Value Added Tax ("VAT"), income tax, corporation tax, property tax, capital gains tax, professional fees, withholding tax, premium tax, travel voucher tax, environmental tax, excise tax, customs duty, export tax and stamp duty.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Guyana provides an exemption from corporate tax for the income of any ecclesiastical, charitable, or educational institution or endowment of a public character within Guyana or elsewhere as may be approved by the President, and insofar as such income is not derived from a trade or business carried on by the institution.[1]

   Non-profit organizations may also obtain tax exemption from VAT.[2] Non-profits seeking exemption from VAT must complete a Tax Exemption Processing & Verification Division application.[3]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. See response to question 2, above.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Guyana's Income Tax Act provides for deductions for charitable donations of money or other property held by an individual for sale in the ordinary course of business.[4]

   Exemption from VAT is available for unconditional gifts to "associations not for gain," provided that the association qualifies as a registered tax-exempt organization, and an appropriate application was filed for VAT exemption.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. The incentives are generally the same. However, because individuals and businesses are subject to different taxes, individuals cannot obtain the added benefit of exemption from VAT.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 9

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1 Corporation Tax Act, ch. 81:03, § 7(e).
2 Value-Added Tax Act 2005, Act No. 10 of 2005, § § 18, 21; sched. II, § 2(e).
3 *Tax Exemption General Application Procedures*, Guyana Revenue Authority, ***available at*** http://www.gra.gov.gy/images/guides/exemptions.pdf (last visited 27 June 2012).
4 Income Tax Act, ch. 81:01, § 35.

Haiti

1. Does the country have a tax system in place?

Yes. The three primary taxes in Haiti include: a corporate tax of 30 percent assessed on net earnings, an individual tax ranging between 10–30 percent assessed on an individual's gross income, and a Value Added Tax ("VAT") of 10 percent.[1] Other taxes of note include a payroll tax, capital gains tax, and property tax.[2] The Directorate General of Taxes, a division of the Ministry of the Economy and Finance (MEF), is responsible for the collection of taxes.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. It seems clear that some tax exemptions are available for non-profit organizations, however, details on the level of exemptions that apply are unclear. Of the possible exemptions, the government appears to provide a duty and tax exemption for the limited purpose of importation of goods into Haiti. To qualify, organizations must file an application for a "Quitus Fiscal" (Type A income tax clearance) with the Direction General de Impots (DGI).[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Non-profit organizations, or associations with a similar purpose, are required to issue an annual report to the Director General of Taxes between October 1 and October 30.[4] The annual report must include financial information on interest, fees, salaries, wages, indemnities and other pertinent data as required by Article 7 of the Haiti Income Tax Law.[5]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Deductions are provided for contributions made to non-profit foundations, aid organizations, and other "social, cultural, educational and health institutions recognized and registered by the Directorate General of Taxes."[6]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. While deductions are available to both individuals and corporations for contributions made to qualifying non-profit or charitable organizations, the contribution limits vary. Individual contributions cannot exceed 20 percent of total revenue (calculated after applicable deductions are taken[7]).[8] Corporate non-profit contributions are limited to 10 percent of taxable revenue.[9]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Inheritances are subject to a stamp tax, which varies from 1–8 percent based on the relationship of the parties and the property involved.[10] Inter vivos gifts of real or chattel property are assessed a stamp tax between 2–9

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1 The Centre de Facilitation des Investissements (CFI) (an independent bureau under the Ministry of Trade and Industry of Haiti), "Taxes and Incentives," ***available at*** http://cfihaiti.net/en/getting-started/legal-framework/taxes-and-incentives.

2 "Paying Taxes in Haiti," Doing Business (a joint operation with the International Finance Corporation and The World Bank), ***available at*** http://www.doing-business.org/data/exploreeconomies/haiti/paying-taxes/.

3 Information provided by a Logistics Cluster, an Inter Agency Standing Committee involving "key UN and non-UN humanitarian partners." Information was obtained following conversations with a Customs Broker (2010), ***available at*** http://pdfdownloadfree.net/?pdfurl=1qeXpurpn6Wih-SUpOGum66n-h7Swv7m9iKjFxb29wbmVvbe7srupybqqw5LP3eaGvrq1u8G3ub23s5Cin4611ufW0YyhppakiNueppeglqHop5amkdyHr9ufoaOdqJbO6eHVpp6l3Ovfk9zh0N-Hg2-jhyt6d5dfbl9Tg5ZjW6M-mncab3-jU183J5eTO4aHM5N-S1dzm1ObcxuTb2NyjsuTUzt_j38jnx6jc59zi2djUtcbV49_Et93Y5OHW4aG259zI0dPr19nbkt-bh25zkytuPoOk; ***see also*** Logistics Capacity Assessment Draft on Haiti (2008), Logistics Cluster, ***available at*** http://oneresponse.info/Disasters/Haiti/Logistics/publicdocuments/IA-LCA_Haiti_2008_Draft.pdf.

4 Haiti Income Tax Law (RIA – compiled 1994), tit. II, ch. I – Taxable Persons, art. 7.

5 Haiti Income Tax Law (RIA – compiled 1994), tit. II, ch. I – Taxable Persons, art. 7.

6 Haiti Income Tax Law (RIA – compiled 1994), tit. II, ch. IV – Industrial and Commercial Profits, art. 24 (13).

7 Haiti Income Tax Law (RIA – compiled 1994), tit. II, ch. X – Final Declaration of Taxpayers, art. 129 (a)-(c).

8 *Id.* art. 129 (13).

9 Haiti Income Tax Law (RIA – compiled 1994), tit. II, ch. IV – Industrial and Commercial Profits, art. 24 (13).

10 Jeffrey A. Schoenblum, Multistate and Multinational Estate Planning, vol. I, app. I, at I-33, Wolters Kluwer (2009).

percent, depending on the relationship of the parties. There is no known exemption to gift or inheritance taxes on transfers to non-profit organizations.

FINAL SCORE: 9

Honduras

1. ***Does the country have a tax system in place?***

   Yes. Honduras collects an annual income tax on earnings from capital and labor "or the combination of both."[1] The income tax is progressive, ranging from 0–40 percent based on the net taxable income of the individual (subject to additional surcharges).[2] The corporate tax rate in Honduras is 25 percent of gross taxable income.[3] In addition to the federal taxes, there is also a local sales tax of 12 percent for most goods.[4] The General Director's Office of Taxation, a dependent agency of the Secretary of Finance and Public Treasury, is responsible for the administration and collection of taxes.[5]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Qualifying charitable organizations, the Church as an institution, professional associations (limited to their non-profit activities) and non-profit institutions "organized for scientific, political, religious, cultural, or athletic purposes," are exempt from taxation. Only Evangelical Confederation of Honduras and the Catholic Church are recognized as the "Church."[6] All qualifying organizations, however, must be recognized by the government before exemptions will apply.[7]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes, but these requirements are unclear. The laws and regulations for non-profits are "scattered throughout Honduran jurisprudence" which has resulted in "an absence of clear reporting requirements."[8] Due to the lack of legal framework, non-profit organizations are "vulnerable to multiple and ad-hoc requests for information from various government entities and/or to charges of a lack of transparency by the public."[9]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Deductions for individuals and corporations are available for gifts and legacies provided to legally-recognized educational institutions, educational development, charitable and welfare organizations, and athletic organizations.[10]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. While there is no stated limitation on corporate contributions, individuals are limited to 10 percent of their net taxable income for contributions made to legally-recognized educational, charitable and athletic organizations.[11]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[12]

   FINAL SCORE: 9

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1 Honduras Income Tax Law, ch. I, art. 1. (RIA), Decree Law No. 25 of December 20, 1963, Effective January 1, 1964, as amended through June 1991.
2 Honduras Income Tax Law, ch. VI, art. 22. (RIA), Decree Law No. 25 of December 20, 1963, Effective January 1, 1964, as amended through June 1991.
3 Doing Business in HONDURAS (2009). United States of America – Department of Commerce, at 16, ***available at http://honduras.usembassy.gov/root/pdfs/econ_ccg09.pdf***.
4 Doing Business in HONDURAS (2009). United States of America – Department of Commerce, at 24, ***available at http://honduras.usembassy.gov/root/pdfs/econ_ccg09.pdf***.
5 Honduras Income Tax Law, ch. III, art. 9. (RIA), Decree Law No. 25 of December 20, 1963, Effective January 1, 1964, as amended through June 1991.
6 U.S. Dept of State, Int'l Religious Freedom Report for 2011, ***available at*** http://www.state.gov/document/organization/193195.pdf.
7 Honduras Income Tax Law, ch. I, art. 7. (RIA), Decree Law No. 25 of December 20, 1963, Effective January 1, 1964, as amended through June 1991.
8 International Center for Non-for-Profit Law (ICNL), "Honduras," ***available at*** http://www.icnl.org/research/monitor/honduras.html.
9 *Id.*
10 Honduras Income Tax Law, ch. IV, art. 11 & 13 (RIA), Decree Law No. 25 of December 20, 1963, Effective January 1, 1964, as amended through June 1991.
11 Honduras Income Tax Law, ch. IV, art. 13 (RIA), Decree Law No. 25 of December 20, 1963, Effective January 1, 1964, as amended through June 1991.
12 "There are no inheritance, succession, or estate taxes." There is a gift tax, however, it is "limited to Honduras-situs property." Jeffrey A. Schoenblum, Multi-state and Multinational Estate Planning, vol. I, app. I, at I-34, Wolters Kluwer (2009).

Hungary

1. ***Does the country have a tax system in place?***

   Yes. In Hungary, corporations are subject to corporate income tax, local business tax, tax on transfers of property, value-added tax, an innovation contribution and a special surtax on certain companies (such as those in the finance and energy sectors). Individuals in Hungary are subject to a variety of taxes, including personal income tax, social security contributions, inheritance and gift tax.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. An association or foundation's income from any type of support, allowance, or membership fees is exempt from corporate income tax if it is allocated either to public benefit activities or other purposes of the organization as indicated in its charter document or bylaws. Hungary also exempts from corporate income tax an association or foundation's income derived from statutory or related economic activities, with unrelated economic income subject to tax under certain circumstances. Such a distinction does not apply to non-profit corporations; thus, their economic activities are generally taxable. However, income of a public benefit or "prominent public benefit non-profit corporation" is not taxed if it is generated from public benefit activities provided under contract with a state body.[1] Hungary permits certain legal forms, including non-profit organizations, to register as public benefit organization (PBOs). This status confers tax advantages, such as a corporate tax exemption with respect to a PBO's targeted activity, as defined in its founding document. If used for a PBO's purpose, various types of income are tax exempt, including investment income, income from economic activities, income from gifts and inheritances, real property, as well as grants, donations and membership dues.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes, for non-profits which are PBOs. In Hungary, a PBO must prepare and make available on its website a public benefit report containing an accounting report, a summary of public benefit activity, and information regarding the use of public support, the use of its own assets, amounts of budgetary subsidies received, and amount of remuneration extended to senior officers.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Companies may deduct up to 50 percent of the amount of a donation (including services in kind) provided to "prominent public benefit organizations" with the purpose of supporting the performance of governmental services. Up to 100 percent of pre-tax income is deductible. Individuals living in Hungary who pay income tax are also entitled to apply one percent of their income tax to specific NGOs that carry on public benefit or public purpose activities.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. See response to question 5, above.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Inheritance duty of 40 percent is levied, but the first HUF 20 million (approximately 85,000 USD) is exempt if it is received by close relatives. Gift tax is due on gifts of real estate, moveable property and certain other assets. However, individuals do not receive estate tax benefits for charitable donations.

   FINAL SCORE: 9

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1 U.S. Int'l Grantmaking, Country Information: Hungary, ***available at*** http://www.usig.org/countryinfo/PDF/hungary.pdf.

Iceland

1. ***Does the country have a tax system in place?***

   Yes. In Iceland, tax is imposed on income and profits, wealth, delivery of goods and services, imports, property and inheritance. The Director of Internal Revenue (federal government) is responsible for income, wealth, national insurance, value-added tax and inheritance tax, while the municipal jurisdictions impose an additional tax on income at various rates and assess a property tax.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The following entities are exempt from income tax: (1) certain legal entities that are domiciled in Iceland, whose only purpose is to spend all of its net income for the public good; (2) companies, funds and institutions that are not economic operators; and (3) those entities that are specifically exempt from tax by statute.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Exempt organizations are required to file a tax return like any other entity.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Income of legal entities and a person's income derived from running a business or from independent operations can be offset by gifts and donations to churches, acknowledged charities, cultural institutions, political parties and scientific research, though the deduction is limited to 0.5 percent of income in the year the gift was made.[4]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Gift and inheritance taxes are levied on gifts and estates of citizens and residents of Iceland. However, because the tax is levied on the donee, not the decedent or donor, there is little encouragement to donate to charitable organizations.[5]

   FINAL SCORE: 9

1 Invest in Iceland, Doing Business in Iceland, *available at* http://www.invest.is/resources/Files/DoingBusinessInIceland_April_2011.pdf.
2 Income Tax Act, art. 3.
3 *Id.* art. 90.
4 *Id.* art. 31.
5 Invest in Iceland, *supra* note 1.

India

1. Does the country have a tax system in place?

Yes. Tax is imposed in India on income (including salaries, income from house property, business income, capital gains, and income from other sources including interest, dividends, certain gifts from non-relatives), securities transactions, sales (central sales tax (CST)) and state-level Value Added Tax ("VAT"), net wealth, property, services, and luxuries. Some states also impose a professional tax (on employees and certain professionals), real estate taxes, and entry (state import) taxes.

The central taxing administration is the Central Board of Direct Taxes (CBDT) under the Department of Revenue in the Ministry of Finance.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Section 11 of the Income Tax Act of 1961 (the "Act") exempts from taxation the income (but only to the extent described below) of certain qualified non-profit organizations, which may take the form of trusts, societies, or companies under section 25 of the Companies Act of 1956. To qualify for income tax exemption, the non-profit must be created for religious or charitable purposes–including relief of poverty, advancement of education, medical relief, environmental preservation, preservation of monuments, places or objects of artistic or historical interest, or advancement of any other object of public utility other than trade, commerce or business activities–that benefit the public of India.[1] In addition, with limited exceptions, to qualify for tax exemption, a non-profit must register by filing an application and obtaining approval from the Commissioner of Income Tax.[2]

Currently, a qualified non-profit's income is exempt from taxation to the extent that it is (1) used toward the non-profit's charitable or religious purposes or (2) accumulated to the extent permitted under the Act (generally, 15 percent of the organization's net income including donations, or if certain conditions are met, an excess over 15 percent for up to 5 years).[3] However, it is expected that the Budget 2012-13 may include changes such as a 15 percent tax on the net income (over a specified exemption amount) of charitable organizations, although income of religious organizations would remain exempt under the current rules.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Registration as a non-profit only establishes ***eligibility*** for income tax exemption; a nonprofit's income is tax-exempt only to the extent that it is used toward the non-profit's charitable or religious purposes or accumulated within the permissible limits. Therefore, non-profits must file income tax returns. A non-profit accumulating income beyond the 15 percent limit described in question 2 must also have its accounts audited and file the audit report with its income tax return.[5] In addition, non-profits are subject to regulation by the Ministry of Home Affairs and the Foreign Currency Regulation Act (FCRA), which governs inbound foreign donations.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. India provides central income tax deductions for monetary contributions to eligible donees specified in Section 80G of the Act. Under Section 80G, eligible donees are divided into two broad categories. Gifts to donees in the first category are 100 percent deductible, while deductions of gifts to donees in the second category are limited to 50 percent of the gift. Deductions for gifts to certain types of donees within either category are limited to 10 percent

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1 Income Tax Act of 1961, § 2(15).
2 *Id.* § 12 AA.
3 *Id.* § 11.
4 Dion Global Solutions Limited, "Charitable organizations likely to be brought under tax net in 2012-13" ***available at*** http://www.investmentguruindia.com/budgetnews.aspx?GSID=2487 (Feb. 21, 2012).
5 *Id.* § 12 A.

of the donor's gross income.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No. The limits described in Question 5 apply equally to individuals and corporations.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. India does not impose any estate tax.

   FINAL SCORE: 9

Indonesia

1. ***Does the country have a tax system in place?***

   Yes. The Republic of Indonesia ("Indonesia") has income tax, Value Added Tax ("VAT") on most goods and services, sales tax on luxury goods, real estate tax on land and buildings, road tax, transfer tax, provident fund tax, stamp duties, customs duties and excise duties.[1,2] On the central government level, Indonesia has shared tax (e.g., land and building tax).

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Non-profit organizations are subject to income tax with some exceptions. Donations, including religious-based donations and grants, are not taxed to the donee provided that there is no business or ownership relationship between the parties concerned. In addition, the following types of income are tax exempt: (1) income that a non-profit uses to provide scholarship funds and (2) income of a non-profit working in the area of education or research and development that is re-invested in its work within certain timing requirements provided by the income tax law.[3]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Donations and grants received by charitable organizations are not taxable as long as no business or commercial relationship exists between the two parties. "Indonesian law requires significant transparency and accountability. Foundation Law No. 16/2001, and its amendment, Law No. 28/2004, state that a foundation must make its annual report available for public access. The report should disclose what the organization does and how it manages its resources as reflected in its finance report. The finance report must meet what is known as Standard of Financial Accounting No. 45, the Indonesian Accounting Standard Reporting for Non-Profit Organizations."[4] The existing law demands that any contribution of 70 USD or more be made public.[5]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Yes. Any non-profit organization with reportable annual income, from government or any other sources, exceeding 500,000,000 IDR or 51,382 USD at the current exchange rates, must publish its audited financial reports in local newspapers. In addition, Article 78 requires foundations receiving public funds to provide public access to their annual reports covering the past ten years.[6]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Individual and corporate taxpayers may deduct charitable contributions for natural disasters, research and development activities, development of social infrastructure, education facilities, and sport.[7]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No. There is no limit on the amount of the deduction available to individuals or corporations and both are entitled to income tax deductions.

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1 United States International Grantmaking, Country Information: Indonesia Tax Laws, ***available at*** http://www.usig.org/countryinfo/PDF/Indonesia.pdf.

2 Introduction to the Indonesian Tax System, ***available at*** http://www.pajak.net/info/indonesian_tax_system.htm.

3 Income Tax Law No.36 of 2008, art. 4, §3); United States International Grantmaking , Country Information: Indonesia Tax Laws, A. Tax Exemption, ***available at*** http://www.kpmg.com/Global/en/WhatWeDo/Tax/regional-tax-centers/asia-pacific-tax-centre/Documents/Asia-Pacific-Taxation/Indonesia.pdf.

4 Pahala Nainggolan: Tax Incentives and Transparency of NGOs in Indonesia, The International Journal of Not-for-Profit Law, vol. 8(4), August 2006, Transparency and Accountability Requirements, ***available at*** http://www.icnl.org/research/journal/vol8iss4/special_3.htm.

5 Mark Heidelberger, eHow Contributor: How Does Indonesia Control Its Charitable Organizations?, ***available at*** http://www.ehow.com/how-does_5548459_indonesia-control-its-charitable-organizations.html.

6 Pahala Nainggolan: Tax Incentives and Transparency of NGOs in Indonesia, The International Journal of Not-for-Profit Law, vol. 8(4), August 2006, Transparency and Accountability Requirements, ***available at*** http://www.icnl.org/research/journal/vol8iss4/special_3.ht.

7 Income Tax Law No.36 of 2008, art. 6, § 1; LAW OF THE REPUBLIC OF INDONESIA NUMBER 36 OF 2008 CONCERNING FOURTH AMENDMENT OF LAW NUMBER 7 OF 1983 CONCERNING INCOME TAX, ***available at*** http://www.expat.or.id/info/2008-IncomeTaxSDSN-Amendment.pdf.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. There is no gift or inheritance tax levied in Indonesia.[8]

FINAL SCORE: 10

8 KPMG, Indonesia - Other taxes and levies, ***available at*** http://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxation-international-executives/indonesia/pages/other-taxes-levies.aspx.

Iran (Islamic Republic of)

1. Does the country have a tax system in place?

Yes. Tax is imposed on income, real estate, capital gains, inheritance, incidental income (cash or non-cash income received by an individual as an ex-gratia payment) and corporate profit in the Islamic Republic of Iran ("Iran").[1] Different taxation rules apply to individuals according to the source of income they receive. Nationals resident in Iran are taxed on all income, whether earned in Iran or abroad.[2] Non-resident individuals of Iranian nationality are subject to tax only on income earned in Iran.[3] Non-Iranian individuals are subject to tax on income earned in Iran and also on income received from Iran from the grant of licenses and other rights.[4] Islamic taxes are collected on a voluntary basis.[5]

Iranian companies are taxed on their worldwide income.[6] Branches of foreign companies are taxed on income derived from contracts signed by them inside or outside Iran for work performed in Iran.[7] Non-resident companies are also taxed on their income derived from Iran.[8] Value Added Tax ("VAT") applies.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Registered public interest non-governmental organizations ("NGOs") enjoy tax exemption with respect to the financial aids and gifts (cash or in kind), membership dues, and other contributions, provided that such sources are used for the various purposes set forth in the Direct Taxation Act.[9] These purposes must be in accordance with "Islamic standards"; they include culture, research, science, invention, exploration, training, and health.[10] Contributions by estates or under a last will and testament are also deductible.[11]

Income earned by rural, tribal, agricultural, fishermen, labor, university and school student cooperatives, and unions are exempt from taxation.[12] Income earned through training and education given by non-profit schools, including primary, guidance, secondary, technical and vocational schools, non-profit universities and higher education institutes, as well as income earned by rehabilitation centers and institutes in charge of mentally-handicapped and physically disabled individuals, and the income of athletic institutes and sports clubs, with their authorizations and licenses issued by Iran Physical Training Organization, are exempt from tax.[13] There is an exemption for cash and non-cash donations received by Islamic science schools, foundations of the Islamic Revolution and those received by charitable organizations (provided the amounts received are used for charitable purposes).[14]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Every NGO is required to file an annual report of its activities and financial operations to the appropriate supervising board.[15] If the supervising board requires, the NGO may be required to submit periodic reports as well.[16] NGOs are also required to make their records available at the supervisory board's request for inspection at the NGO's

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1 Direct Tax Law (English), *available at* http://sheybani.com/iran-tax-code/ (hereinafter *Tax Code*).
2 *Id.* Book 1, art. 1.2.
3 *Id.* art. 1.3.
4 *Id.* art. 1.5.
5 Peter William Avery, Encyclopaedia Britannica, Iran: Labour and Taxation, ***available at*** http://www.britannica.com/EBchecked/topic/293359/Iran/230054/Labour-and-taxation
6 Direct Tax Law, *supra* note 1, art. 1.4.
7 *Id.* art. 107.
8 *Id.* art. 105.2.
9 Negar Katirai, NGO Regulation in Iran, 7 Int'l Journal of Not-for-Profit Law (Sept. 2005).
10 *See Tax Code*, art. 139, para. G, as amended by art. 64 of the Law Concerning Certain Articles of the Direct Taxation Act, enacted on February 16, 2002 (27 Bahman 1380).
11 *Id.* art. 24.3.
12 *Id.* art. 133.
13 *Id.* art. 134.
14 *Id.* art. 139.
15 *See* Executive Regulations 2005, art. 5; ICNL, "NGO Regulations in Iran", ***available at*** http://www.icnl.org/research/journal/vol7iss4/special_2.htm.
16 *Id.* § V.

office.[17] The law requires that submitted reports include information on operations as well as financial statements, but does not provide further detail.[18] The law is also silent as to whether these reports become a matter of public record, but it does provide that NGOs are entitled to access the records of public organizations as long as they are not classified.[19]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Donations are tax deductible. The Direct Taxation Act provides no limits on contributions by either businesses or individuals to NGOs.[20]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes. Upon the death of an Iranian national, the decedent's entire estate (whether real or personal), regardless of its location, is subject to inheritance tax.[21] The estate of a foreign national is taxed only to the extent that the estate's assets are located in Iran. The rate is dependent on the class to which the heirs belong, and the taxable base, ranging from 5 percent to 65 percent.

   Article 38 of the Iranian Tax Code provides that where profits derived from an estate are the subject of donation or will, the value of the estate is taxed at the rates provided for heirs of second degree. Second degree heirs are taxed at a rate of 15 percent on property up to 50 million IRR, 25 percent between 50 million and 200 million IRR, 35 percent on 200 million to 500 million IRR and 45 percent on property valued up to 500 million IRR.[22]

   Contributions to NGOs by estates or under a last will and testament are deductible.[23]

   FINAL SCORE: 10

17 *Id.*
18 *Id.*
19 *See id.* art. 12.
20 *Tax Code*, art. 24.
21 *Id.* arts. 17-22.
22 http://www.globalpropertyguide.com/Middle-East/Iran/Inheritance.
23 *See Tax Code*, art. 24.3, as amended by art. 64 of the Law Concerning Certain Articles of the Direct Taxation Act, enacted on February 16, 2002 (27 Bahman 1380).

Iraq

1. Does the country have a tax system in place?

Yes. Tax is imposed on the worldwide income of Iraq resident individuals or Iraqi-sourced income of non-Iraq resident individuals. Since April 1, 2004, a flat rate of 15 percent corporate income tax has been imposed (not applicable to oil and gas activity), payable to the Ministry of Finance. There are, however, two significant exemptions. First, the security agreement between the United States and Iraq provides tax exemptions for companies carrying out business in Iraq through a contract with the U.S. Government. A prerequisite for this exemption would therefore be a contract with the U.S. Government. Second, if a company is investing in Iraq and obtains an investment license (issued pursuant to the Investment Law No. 13 of 2006, as amended), then it is exempt from Iraqi taxation for ten years, which period is extendable for an additional five years upon meeting certain criteria.

There is also a real estate tax (annual levy on estimated or actual rental value of property other than vacant land), vacant land tax, real estate transfer tax, hotel and restaurant tax, petrol excise duty and a tax on goods imported into Iraq (reconstruction levy).[1] Dividends received by an Iraqi entity are generally not subject to tax, provided prior profit out of which the dividends were paid has been subject to tax in Iraq.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Real estate tax is not imposed on (1) real estate owned by religious groups and charitable foundations and used by them for schools, hospitals, orphanages or similar activities and (2) real estate whose revenue is dedicated to legally approved foundations or charities. Similarly, vacant lands specialized for moral and charity institutes are exempt from vacant land tax. There are a number of exemptions to corporate income tax including income of cooperative societies and public sector establishments. Non-profit organizations providing technical, material, financial and human resource assistance are exempt from the reconstruction levy.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes.[4] Non-profit organizations in Iraq (which are registered as such) must submit two documents to the NGO Department in the Secretariat of the Council of Ministers each year: (1) one financial report including a detailed description of the source of the NGO's funds and financial transactions, and (2) a report of the NGO's activities including a briefing on the projects implemented by the organization during the year.[5] All annual reports are due on March 31 for the previous fiscal year (January 1 – December 31).[6]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

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1 IMF Staff Country Report No. 07/294, Iraq.
2 ME Tax Handbook '11, "Iraq", ***available at*** www.deloitte.com/assets/Dcom-Lebanon/Local%20Assets/Documents/TAX/Tax%20Handbook%202011%20FAW.pdf.
3 *Id.*
4 http://www.egov.gov.iq/egov-iraq/index.jsp?sid=1&id=381&pid=405&lid=6
5 Non-governmental Organisation Law No. (12) of 2010, art. 15.
6 http://www.ncciraq.org/images/stories/NCCI%20DB/NGOs/NGOlaw/UNOPSICNLPressrelease5July2010ENG.pdf

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.[7]

FINAL SCORE: 3

7 Deloitte, ME Tax Handbook '11, ***available at*** http://www.deloitte.com/assets/Dcom-Lebanon/Local%20Assets/Documents/TAX/Tax%20Handbook%20 2011%20FAW.pdf

Ireland

1. Does the country have a tax system in place?

Yes. In Ireland, tax is imposed on income, profits of a trade or profession, transfers of an interest in land, capital gains, imports, duty on the sale of certain goods, estates, and lifetime gifts. Wages and salaries are subject to employer and employee Pay Related Social Insurance. Ireland has a value-added tax on goods and services, including some imported goods and services. There is also a domicile levy which is a wealth tax for wealthy individuals who are domiciled in Ireland and Irish citizens.

The tax system is administered by the Office of the Revenue Commissioners (the "Revenue Commissioners").

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Organizations which qualify for charitable status under Irish law may claim an exemption from tax on most forms of income and capital gains provided certain conditions are met. There is also an exemption from tax for trading income derived by a charity in pursuit of its objects. This, however, must be applied for separately. All charitable tax exemptions are subject to the condition that the income (and gains) are applied to the charity's charitable purposes.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Organizations which qualify for charitable status under Irish law must register with the Revenue Commissioners Charities Section to obtain an exemption from tax. Registered charities are required to file with the Charities Section a copy of their first year accounts together with a report on activities within 18 months of the exemption being granted. Additionally, registered charities are required to keep annual accounts which must be submitted to the Charities Section, as the Charities Section will monitor registered charities periodically to ensure that income is applied for charitable purposes. Registered charities must also receive approval from the Revenue Commissioners before changing their governing documents or to accumulate income for a period of more than two years.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Charities with income of less than EUR 100,000 per annum are not required to have their annual accounts audited while it is mandatory for all charities with income exceeding this amount to have their annual accounts audited.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Ireland provides relief for charitable contributions for income tax, capital gains tax and corporation tax purposes, provided certain conditions are met. The minimum value for the donation must be EUR 250 made to a single charity during a single year. Installment payments will be totaled for the year and the donation can be a mixture of money and certain securities.

Relief is generally available on any charitable donation of money or certain securities made by an individual who has paid, or will pay income and/or capital gains tax. How the relief operates depends on how the individual's tax is assessed. If the individual pays tax through self-assessment, then the individual can simply claim relief for charitable giving against any tax that would have been payable on the assets transferred. If, however, the individual pays tax through the pay-as-you-earn system, then the amount given to the charity will be "grossed up" to include the amount of tax paid by the individual and the individual will not receive relief. If the donation includes securities, the individual must pay any capital gains tax due to enable the charity to obtain tax relief.

Relief is also given to companies who donate money or certain securities. In this case, the company is able to claim a deduction for the donation as if it were a trading expense.

The amount of relief is limited where insufficient tax has been paid to cover the donation made. Additionally, the amount of relief is also limited where the charity and the donor are associated (for example if the donor is an employee or member of the charity). In this case, the relief is limited to 10 percent of the donor's total income for the relevant tax year.

Gifts to charities during life and on death are exempt from capital acquisitions tax. The transfer of real property to a charity is free from stamp duty.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. See response to question 5, above. There is an additional inheritance tax incentive for individuals described in the response to question 7.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Capital acquisitions tax is payable on estates of deceased persons and on certain lifetime gifts. The value of any charitable gifts made from an individual's estate (whether during their lifetime or on death) is exempt from capital acquisitions tax.

FINAL SCORE: 11

Israel

1. *Does the country have a tax system in place?*

Yes. Israel taxes individuals and corporations on their worldwide income. Tax revenue is generated primarily through four main taxes: an income tax, corporate tax, Value Added Tax ("VAT"), and a social security tax.[1] Under the Israel Income Tax Ordinance, income tax is levied on income derived from business operations, employment, property, sales, agriculture, and gains or profits derived from any other source.[2] The only local tax of note is a municipal property tax.[3] VAT is currently assessed at the rate of 16 percent, with exceptions provided for certain goods or services.[4]

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Yes. Exemptions are granted for organizations that qualify as "public institutions," which generally requires a body of at least seven people (most of whom are not related to each other) operating for a valid public purpose, with a commitment not to distribute profits.[5] Valid public purposes include activities such as religion, culture, education, science, health, welfare, sport, as well as any other purpose approved by the Minister of Finance.[6] While qualifying non-profits are exempt from income taxes, they are still required to pay payroll taxes (Wage Tax is 7.5 percent) and a VAT on purchases of goods or services.[7]

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

Yes. To qualify for the exemption as a "public institution," the organization must submit annual reports on its assets, income, and expenses according to regulations provided by the Minister of Finance.[8] Failure to submit a complete annual report for two successive years may result in a loss of "public institution" status, as determined by the Minister of Finance.[9]

4. *If yes to 3, then are those reporting requirements sensitive to the size of organizations?*

No. While reporting requirements may differ based on how the non-profit is organized locally (e.g., association, cooperative society, non-profit corporation), there are no distinctions made based on relative size.[10]

5. *If yes to 1, are there tax incentives in place to encourage philanthropy?*

Yes. Tax credits are available for contributions made to non-profit organizations that qualify as a "public institution" and are approved by the Knesset (national legislative body) Finance Committee.[11]

6. *If yes to 5, then do individuals and corporations have different incentives?*

Yes. For individuals, a 35 percent tax credit is available for contributions made to a qualifying public institution in excess of ILS 380, but not greater than ILS 4,013,000 or 30 percent of the individual's chargeable income, whichever is less.[12] Corporations are entitled to a tax credit of 25 percent for contributions made to qualifying institutions, subject to the same contribution limitations as individuals.[13]

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1 State of Israel, Ministry of Industry, Trade, and Labor, "Information for Investors: Taxation", ***available at*** http://www.investinisrael.gov.il/NR/exeres/51B-FA8E2-F457-4E6A-B282-3D714A1A047A.htm.

2 ***See generally*** Israel Income Tax Ordinance, ***available at*** http://www.financeisrael.mof.gov.il/FinanceIsrael/Docs/En/legislation/FiscalIssues/5721-1961_Income_Tax_Ordinance_%5BNew_Version%5D.pdf (last visited 13 December 2013) (hereinafter ***ITO***).

3 ***See*** State of Israel, ***supra*** note 1.

4 Amnon Rafael, "Business Operations in Israel," Tax. Mgmt. Foreign Income Port. (BNA) 967-5th.

5 ***ITO***, pt. III, ch. 1, art. 9(2).

6 *Id.*

7 "Country Information: Israel," Council on Foundations, ***available at*** http://www.usig.org/countryinfo/israel.asp.

8 ***ITO***, pt. III, ch. 1, art. 46.

9 *Id.*

10 ***See*** Council on Foundations, ***supra*** note 7.

11 *Id.*

12 ***ITO***, pt. III, ch. 1, art. 46 (Note that individual floor and ceiling rates are subject to annual adjustment, as provided in art. 46. As such, the rates should be reviewed annually to ensure accurate figures).

13 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. While estate tax was abolished 1981,[14] Israel does provide a capital gains exemption for gifts made to a valid public institution (within the meaning of Article 9(2) of the Income Tax Ordinance).[15]

FINAL SCORE: 10

14 Israel Ministry of Justice, "Frequently Asked Questions," ***available at*** http://www.justice.gov.il/MOJEng/AdministratorGeneral/FAQ.htm.

15 *ITO*, pt. III, ch. 1, art. 97.

Italy

1. Does the country have a tax system in place?

Yes. Italy's tax system consists of both direct and indirect taxes.[1] Whereas individuals are subject to individual income tax, corporations and non-profit entities (i.e., associations and foundations) are subject to corporate income tax.[2]

There is a regional tax on productive activities which replaced local income tax rules in 1998.[3] With respect to indirect taxes, some of the most important ones are value-added tax, registration tax, and gifts and inheritance tax.[4]

The main tax administration is the Revenue Agency, which is responsible for income taxes, VAT and other indirect taxes, except those which fall within the scope of the Customs Agency (i.e., excise and custom duties).[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. As a general rule, non-profit entities are subject to corporate income tax.[6] However, special tax benefits are provided by law for non-profit organization pursuing goals of social utility ("Organizzazione Non Lucrativa di Utilità Sociale," "ONLUS").[7] An ONLUS is not a distinct form of organization but it is a status which grants several tax advantages.[8] Income arising from "institutional activities" and "linked activities" carried out by an ONLUS is not subject to tax.[9] Associations, foundations, committees and, and cooperatives are allowed to become an ONLUS.[10] In order to be deemed an ONLUS, it is necessary to comply with certain specific requirements and carry out so-called "institutional activities" such as welfare activities, culture and recreation, social services, health, education and research.[11]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. To be instituted, an ONLUS must be registered, and it needs official permission from the Ministry of Finance.[12] The certificate of incorporation and statutes of ONLUS are required to contain a clause that obligates the organization to draw up and adopt an annual economic and financial statement.[13]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Simplified accounting rules apply to non-profit entities whose gross business revenues are less than 700,000 EUR (400,000 EUR if revenues derive from services) in the previous tax period. Moreover, non-profit entities which qualify for simplified accounting may also benefit from a lump-sum taxation. In this case, the taxable income is determined according to profitability ratios on revenues from services and on revenues from other activities.

Special simplified accounting rules are provided for ONLUS entities. If total revenues registered during the previous tax period, both from primary and linked activities, did not exceed 51,645.69 EUR, the organization is allowed to draw up a simplified report of revenues and expenses. On the other hand, if aggregate revenues exceed for two consecutive tax periods the amount of 1,032,913.80 EUR, an audit by a chartered auditor is required on the accounts of the ONLUS.

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1 Europa, "Italy: Taxes", *available at http://europa.eu/youreurope/business/vat-customs/buy-sell/index_en.htm#italy_en_paying-taxes (last visited 17 January 2014)*.

2 *See Amatucci, Fabrizio, "Taxation of Charities: Italian Report", available at http://eatlp.org/uploads/public/Reports%20Rotterdam/National%20Report%20Italy.pdf (last visited 17 January 2014)*.

3 PKF, "Italy Tax Guide 2013", ***available at*** http://www.pkf.com/media/1960282/italy%20pkf%20tax%20guide%202013.pdf (last visited 17 January 2014).

4 *Id.*

5 *See generally Agenzia delle Entrate, available at http://www1.agenziaentrate.gov.it/inglese/ (last visited 20 January 2014)*.

6 Amatucci, *supra note 2.*

7 *See id.*

8 *See id.*

9 *See id.*

10 *Id.*

11 *Id.*

12 *Id.*

13 *See id.*

All non-profit entities are required to file the same form of tax return.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Several tax incentives are aimed at encouraging philanthropy from individuals and corporations. The most important tax incentives are provided in the field of income taxes, usually by allowing contribution deductions from the taxable basis.[14] Deductions are generally limited up to a certain threshold, constituted either by an absolute value or a percentage of the donor's gross income.[15]

While some income tax deductions are allowed with no limitation other than a maximum amount (usually as a percentage of the donor's gross income), in some cases, tax deduction may be allowed only if the beneficiary institution has been previously recognized by the government.[16] Moreover, as a general rule, the donation is deductible regardless of the way–whether in cash or in kind–it is carried out, unless a specific provision of law stipulates otherwise.[17]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. The Italian Tax Code provides an extensive list of tax deductions for donations to non-profit entities. With respect to corporate income tax, several items are deductible for up to 2 percent of the taxable income of the donor, including gifts to entities devoted to scientific research, ONLUS, gifts to entities carrying out humanitarian initiatives, and gifts to registered non-profit entities which maintain, protect or restore property which has been determined to have cultural and/or historic value.[18]

With respect to individuals, the Italian tax system provides a tax credit of 19 percent for charitable gifts to legally recognized non-profit foundations and associations that carry out or promote research, or study or document cultural and artistic value.[19]

Moreover, a further incentive applies to contributions in cash made by individuals or corporations to a wide scope of non-profit entities including social promotion associations, humanitarian and religious initiatives, the entertainment sector, political parties, and sports organizations.[20]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. The Italian tax system includes a gift and inheritance tax, which is levied upon the death of the person or when a gift occurs.[21] Any transfer to ONLUS or to non-profit entities whose exclusive aim consists of assistance, study, scientific research, education or other public interest is exempt.[22]

FINAL SCORE: 11

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14 *See id.*
15 *See id.*
16 Agenzia delle Entrate, "Income Tax for Individuals", *available at http://www1.agenziaentrate.gov.it/inglese/italian_taxation/income_tax.htm#Exemption Area (last visited 20 January 2014).*
17 See *id.*
18 *See Heidenbauer, Sabine. Charity Crossing Borders: The Fundamental Freedoms' Influence on Charity and Donor Taxation in Europe, at 61 (Wolters Kluwer 2011).*
19 Income Tax for Individuals, *supra note 15.*
20 *See id.*
21 Amatucci, *supra note 2.*
22 *Id.*

Jamaica

1. Does the country have a tax system in place?

Yes. Tax is imposed in Jamaica on income, payroll, company profits, social security, education tax, human employment and resource training contributions, national housing trust, a Value Added Tax ("VAT") on goods and services, and certain property transfers.[1] The Tax Administration Jamaica (the "TAJ") operates as the country's revenue collecting agency.[2] The TAJ was established on April 1, 2011 under the Revenue Administration (Amendment) Act 2011 and began operating in its current form on May 1, 2011.[3] With the establishment of TAJ, the operations of the former Inland Revenue Department, Taxpayer Audit and Assessment and the Tax Administration Services Departments were consolidated.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Under Section 12(h) of the Income Tax Act, the "income of any corporation or association organized and operated exclusively for religious, charitable, scientific, or educational purposes, no part of the net income of which enures to the benefit of any private stockholder or individual" shall be exempt from tax, provided that "it shall be in the discretion of the Commissioner [of Taxpayer Audit] and Assessment to determine whether or not a corporation or association comes within the meaning of this provision."[5] In order to obtain the benefit of the exemption, an organization must apply to the TAJ.[6] The guidelines that TAJ employs to decide whether an organization qualifies for the exemption are not published.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Every non-profit organization must apply for a taxpayer registration number[7] and must apply to the TAJ to obtain the benefit of an exemption[8].

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Jamaica provides income tax deductions for amounts donated to charitable and educational institutions approved by the Order of the Ministry of Finance.[9] Such deductions must not exceed 5 percent of statutory income.[10] These income tax deductions are available to individuals, corporations, trusts, and others.[11] There are no provisions in Jamaican law allowing a tax deduction for a gift to an approved charity named in a person's will.

6. If yes to 5, then do individuals and corporations have different incentives?

No.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Jamaica imposes an estate tax, and exempts trusts in which the deceased held the property on behalf of

1 Deloitte International Tax, "Jamaica Highlights 2013", ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-jamaicahighlights-2013.pdf (last visited 26 November 2013).

2 Tax Administration Jamaica, ***available at*** http://www.jamaicatax.gov.jm/# (last visited 26 November 2013) (hereinafter *TAJ*).

3 TAJ, "Corporate Profile", ***available at*** http://www.jamaicatax.gov.jm/index.php/2012-05-11-17-26-05/2012-05-11-17-32-03 (last visited 26 November 2013).

4 *Id.*

5 Income Tax Act § 12(h) (1955) (hereinafter *ITA*).

6 *TAJ*, "Charitable Donations", ***available at*** http://www.jamaicatax.gov.jm/index.php/2012-05-14-21-25-44/donations (last visited 26 November 2013).

7 *TAJ*, "TRN Made Easy: Organisations", ***available at*** http://www.jamaicatax.gov.jm/publications/trn/trn_made_easy_organisations.pdf (last visited 26 November 2013).

8 *TAJ*, "Charitable Donations", ***available at*** http://www.jamaicatax.gov.jm/index.php/2012-05-14-21-25-44/donations (last visited 26 November 2013).

9 *ITA* § 13(1)(q).

10 *Id.*

11 *See ITO*, *supra* note 6, pt. III, ch. 1, art. 9(2).

another person.[12] However, as stated above, there are no provisions for an estate tax deduction for transfers made to an approved charity.

FINAL SCORE: 9

12 *TAJ*, "Stamp Duty & Transfer Tax", ***available at*** http://www.jamaicatax.gov.jm/index.php/2012-05-14-21-26-35/stamp-duty-transfer-tax#estatematt (last visited 26 November 2013).

Japan

1. Does the country have a tax system in place?

Yes. In Japan, taxes are imposed at the state level on personal income, corporate income, consumption, estates and gifts, social security, residents and, in certain instances, taxation also occurs at local levels.[1] Central government tax plays a big role in the existing tax system of Japan. The administration authorities of key taxes are mainly part of the central government, and the local governments only have the right to interpret or apply certain local taxes.[2] There are two mutually independent systems in charge of Central Taxes, which are administered by the Ministry of Finance, and local taxes, which are administered by the autonomous provinces.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Ratified public interest incorporated foundations, public interest incorporated associations and non-profit organizations are provided tax exemption for non-profits. In 2008, the Japanese Government enacted the *Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations*[3] as a part of their structural reforms for Japanese non-profit organizations. This act cancelled the government's authorization procedure[4] and, simultaneously, stipulated that once registered, all incorporated associations and incorporated foundations would become general incorporated associations or general incorporated foundations.[5] General incorporated associations or general incorporated foundations, which are engaged in 23 kinds of public interest activities stipulated by the government,[6] may seek authentication by the Public Interest Approval Committee and, if approved, they would be qualified to become public interest incorporated associations or public interest incorporated foundations and receive tax preferences. In addition, if a non-profit organization ratified by a local government or the Cabinet is also approved by the National Tax Agency, it would receive tax preferences.[7]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Japan provides different reporting requirements for non-profit organizations on the basis of the types of public interest corporations.

Public interest incorporated foundations and public interest incorporated associations have the obligations to report their financial and asset condition to the Cabinet and to be inspected by the Public Interest Approval Committee.

Non-profit organizations have the obligation to report their financial conditions to the local government or the Cabinet. If a non-profit organization failed to report for the three consecutive years, the non-profit organization would lose its corporate capacity automatically.

General incorporated associations and general incorporated foundations do not have the obligation to report their financial information to government departments. Rather, their only obligation is to report to the public by all methods, including internet.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No. According to the *Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations,* the reporting requirements are determined based on the type of public interest corporations, not their size.

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1 The tax distribution financial system in Japan [Ri ben fen shui zhi cai zheng ti zhi], ***available at*** http://www.chinabaike.com/article/baike/1002/2008/20080515149I274.html.

2 Li Shaogang et al., Report regarding Japan's finance and taxation and the concerned economy system, pt. II [Ri ben cai shui ji xiang guan jing ji zhi du yan xiu bao gao zhi er], ***available at*** http://tfs.mof.gov.cn/zhengwuxinxi/faguixinxifanying/200910/t20091028_224507.html.

3 Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations, ***available at*** http://www.cas.go.jp/jp/seisaku/hourei/data/AAPII.pdf.

4 ***Id.*** art. 29.

5 The influence and enlightenment to the international non-profits organizations by the reform of public interest corporations in Japan [Ri ben gong yi far en gai ge dui guo ji NGO de ying xiang yu qi shi], ***available at*** http://www.chinaassn.com/60232.html.

6 ***Id.*** at 3 (appended table).

7 ***Id.*** at 5.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. There are tax incentives in Japan to encourage philanthropy for individuals and corporations. According to Japanese tax law, donations are divided into two categories which are normal donations and special donations. The following situations will be regarded as special donations: (1) funds donated to the central authority or local authorities; (2) funds donated to the organizations appointed by the Ministry of Finance; and (3) funds donated to the Specified Public Interest Facilitating Corporations,[8] a status subject to heightened requirements and available to only certain types of organizations, including Public Interest Associations and Foundations. All other donations will be treated as normal donations.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Individuals can deduct up to 25% of their income for contributions to Specified Public Interest Facilitating Corporations. Businesses have a broader deduction and donations and contributions by businesses are deductible as follows:[9] (1) funds donated to the national and local government or designated by the national government and local governments are fully deductible; (2) funds donated to Specified Public Interest Facilitating Corporations are deductible up to 2.5 percent of taxable income plus 0.125 percent of paid-in capital and capital surplus (per annum); and (3) all other charitable contributions are deductible up to 1.25 percent of taxable income plus 0.125 percent of paid-in capital and capital surplus (per annum).

If the amount of donations and contributions to Specified Public Interest Facilitating Corporations exceeds the above limit, the excess amount is treated as ordinary donations and contributions in the third category.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. Generally, beneficiaries domiciled in Japan are subject to inheritance tax on assets of a Japanese decedent received regardless of the location of those assets, while beneficiaries not domiciled in Japan are subject to tax only if the particular assets are situated in Japan. However, a non-domiciled person who (1) has Japanese nationality and (2) either the person or decedent/donor had domicile in Japan at any time within five years before the decedent's death is subject to Japanese inheritance tax even when the person inherits non-Japanese assets.[10] Tax rates range from 10 percent to 50 percent and charitable donations are partially deductible on the basis of the type of recipient organization.

FINAL SCORE: 10

8 The tax exemption system for NGOs in Japan [Ri ben fei ying li zu zhi de mian shui zhi du], ***available at*** http://gongyi.qq.com/a/20111116/000023.htm.

9 KPMG, Asia Pacific Taxation – Japan (2011 Edition), ***available at*** http://www.kpmg.com/Global/en/WhatWeDo/Tax/regional-tax-centers/asia-pacific-tax-centre/Documents/Asia-Pacific-Taxation/Japan.pdf.

10 *Id.*

Jordan

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Hashemite Kingdom of Jordan ("Jordan") on personal and corporate income, real estate, sales, imports, and payroll, and an ad valorem stamp duty is imposed on certain documents.[1] Selected rates of tax include a 14 percent income tax rate for corporations, a progressive personal income tax rate of 7–14 percent and a 15 percent property tax levied on the estimated annual rental value of a property.[2]

The tax system is administered by the Income and Sales Tax Department.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. To be exempt from income tax, an organization must be "legally registered and licensed" to perform non-profit activities.[4] To be legally registered and licensed the organization must adhere to the requirements set out in the Law on Societies[5] and the Law Amending the Law on Societies.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Although there is no requirement for a non-profit to report to the Income and Sales Tax Department, non-profits are required to report annually to the relevant ministry governing their activities, operations and finances.[7]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Any society whose budget is less than JOD 2,000 (approximately 2,823.81 USD), based on audit, may be exempt at the discretion of the relevant ministry's Minister.[8]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations made by individuals or corporate entities to government departments, public or official institutions or municipalities may be deducted from gross income without limit.[9]

Other donations made within Jordan, without any personal benefit, for religious, charitable, humanitarian, scientific, environmental, cultural, sport or professional purposes may be deducted from gross income provided that the character of these donations is approved of by the Income and Sales Tax Department.[10] The deductible amount cannot exceed 25 percent of the taxable income, after any deductions for donations made to government bodies as specified above.[11]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.

FINAL SCORE: 10

1 Deloitte International Tax, "Jordan Highlights 2013", ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2013/dttl_tax_highlight_2013_Jordan.pdf (last visited 3 July 2012).
2 *Id*.
3 *Id*.
4 Income Tax Law, art. 4(a)(3) (2009) (hereinafter *ITL*).
5 *See* Law on Societies (2008).
6 *See* Law Amending the Law on Societies (2009).
7 Law on Societies Law, *supra* note 5, art. 16.
8 *Id.*
9 *ITL,* art. 10(a).
10 *Id.* art. 10(b).
11 *Id*.

Kazakhstan

1. Does the country have a tax system in place?

Yes. The Code of the Republic of Kazakhstan ("Kazakhstan") On Taxes and Other Obligatory Payments to the Budget (the "Code") became effective on January 1, 2009 and regulates the tax system of Kazakhstan.[1] Under this system, tax is imposed on personal income, corporate income, property, imports, exports, subsurface use, payroll, vehicles, land and other activities and business enterprises (e.g., gambling businesses).[2] The Ministry of Finance is responsible for all fiscal matters, and its Tax Committee is responsible for the collection of taxes.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Article 134 of the Code provides a tax exemption for non-profit organizations that receive income from an agreement to perform services for the governmental social order (which includes deposits, grants, admissions and membership fees), contributions of participants of a condominium, charity and sponsorship assistance, assets received free of charge and donations on a charge-free basis.[4] Any other types of income earned by a non-profit organization are subject to taxation under the general procedures of the Code.[5] To qualify for this exemption, a non-profit organization (1) must not have an objective to raise income as such, and (2) must not distribute earned net income or assets between participants.[6]

Additionally, Article 135 of the Code provides a tax exemption for organizations carrying out operations in the social sphere.[7] These tax-exempt operations generally include medical services, activities in the sphere of science, educational services and library services.[8] Autonomous educational organizations (as defined in Article 136 of the Code) are also exempt from tax.[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Every non-profit and tax-exempt organization is still subject to the filing and record-keeping requirements under the Code, including the filing of income tax returns.[10] Additionally, every non-profit and tax-exempt organization must comply with the applicable state reporting and re-reporting requirements and corresponding regulations.[11]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Article 133 of the Code allows an individual or corporate taxpayer to deduct up to 3 percent of the taxpayer's taxable income for expenses incurred in operating facilities related to the social sphere (as defined in the Code) and to deduct the value of property transferred to an organization that carries out an activity in the social sphere.[12] A taxpayer may also deduct the full value of assets transferred on a charge-free basis to autonomous educational organizations[13] and up to 50 percent of the expenses incurred in connection with the performance of scientific

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1 ***See generally*** The Code of the Republic Of Kazakhstan on Taxes and Other Obligatory Payments to Revenue (2009), ***available at*** http://www.salyk.gov.kz/eng/Documents/The%20code%20RK%202010%20english.pdf (hereinafter *Tax Code*).
2 PKF, "Kazakhstan Tax Guide 2012", ***available at*** http://www.pkf.com/media/387116/kazakhstan_2012.pdf (last visited 12 December 2013).
3 ***See*** Tax Committee Ministry of Finance of the Republic of Kazakhstan, "Statute on the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan", ***available at*** http://www.salyk.gov.kz/eng/nk/Pages/RegulationsonTaxCommittee.aspx (last visited 12 December 2013).
4 *Tax Code* § 134(2).
5 *Id.* § 134(4).
6 *Id.* § 134(1).
7 *Id.* § 135.
8 *Id.* § 135(2).
9 *Id.* § 136.
10 Law of the Republic of Kazakhstan on Non-Profit Organizations, No. 142-II 3KP, art. 5.
11 Law of the Republic of Kazakhstan on Non-Profit Organizations, No. 142-II 3KP, art. 31.
12 *Tax Code* § 133(1)(1).
13 *Id.* § 133(1)(4).

research, engineering or experimental development.[14]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 9

14 *Id.* § 133(1)(5).

Kenya

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Republic of Kenya ("Kenya") on income of individuals and organizations, on imports and on sales and additions of value to consumer products.[1] Taxes are collected by the Kenya Revenue Authority according to the Income Tax Act.[2] Municipalities may assess property taxes as well.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The income of an institution, body of persons, or irrevocable trust established solely for the purposes of the relief of the poverty or distress of the public or for the advancement of religion or education is exempt if the charitable organization was either established in Kenya or has its regional headquarters located in Kenya, and the Commissioner is satisfied that the organization's income will be expended in Kenya or in ways that benefit the residents of Kenya.[4] However, any income from gains or profits of a business shall not be exempt unless those gains or profits are applied to the purposes above and either the (1) business is carried on in the execution of those purposes, (2) work of the business is carried on by the beneficiaries of the purposes above, or (3) gains or profits are from rental income.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Charitable organizations must only report non-exempt income.[6] If a charitable organization does not have any non-exempt income, a return is not required to be filed.[7] The Commissioner may, by written notice, require an exempt organization file a return with a statement of the organization's exempt income.[8]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Any cash donation by an individual or a corporation made to a charitable organization registered or exempt from registration under the Societies Act or the Non-Governmental Organizations Coordination Act, 1990, and whose income is exempt from tax under paragraph 10 of the First Schedule of the Income Tax Act (see question 2), or to any project approved by the Minister of Finance is deductible.[9] Additionally, expenditures incurred by a person for the purposes of a business carried on by that person for either direct scientific research or amounts paid to a scientific research association approved by the Commissioner or to a university, college, research institute or other similar institute approved by the Commissioner are deductible.[10]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

1 *See Frederick Omondi, Kenya – Corporate Taxation, Country Survey IBFD; Frederick Omondi, Kenya – Individual Taxation, Country Survey IBFD.*
2 Deloitte International Tax, "Kenya Highlights 2012," ***available*** at http://www.deloitte.com/assets/DcomGlobal/Local%20Assets/Documents/Tax/Taxation%20and %20I nvestment%20Guides/2012/dttl_tax_highlight_2012_Kenya.pdf (2012).
3 The Rating Act, (2010) Cap.267 § 3. (Kenya).
4 The Rating Act, (2010) Cap.267 § 3. (Kenya).
5 Income Tax Act, (2012) Cap.470 First Schedule – Exempt Income §10. (Kenya).
6 *Id. § 52.*
7 *Id.* § 62.
8 *Id.* § 62.
9 *Id.* § 15(w).
10 *Id.* § 15(n).

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[11]

   FINAL SCORE: 9

11 Deloitte International Tax, "Kenya Highlights 2012," ***available*** at http://www.deloitte.com/assets/DcomGlobal/Local%20Assets/Documents/Tax/Taxation%20and %20I nvestment%20Guides/2012/dttl_tax_highlight_2012_Kenya.pdf (2012). *See also,* Omondi, *Kenya – Corporate Taxation, Country Survey IBFD;* Omondi, *Kenya – Individual Taxation, Country Survey IBFD*.

Kiribati

1. Does the country have a tax system in place?

Yes. The Republic of Kiribati ("Kiribati") imposes tax on business income, employment income, investment income, and land.[1] Resident companies and individuals are subject to tax on their worldwide income.[2] The Internal Revenue Board is the primary government agency responsible for tax administration.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The income of any religious, charitable, benevolent or educational institution approved as such by the Internal Revenue Board is exempt from income tax.[4] The term "religious and charitable organizations" are organizations not involved with activities that have a business character.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. In order to receive tax exempt status, qualified institutions must receive approval from the Internal Revenue Board.[6] In addition, every person, including companies, having taxable income must make a return of income on a prescribed form no later than March 31 of the following year.[7] However, there is no additional information provided on whether qualified exempt institutions have any particular reporting requirements beyond this.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.[8]

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.

FINAL SCORE: 3

1 Income Tax Act 1990, ***available at*** http://www.paclii.org/ki/legis/num_act/ita1990116/ (hereinafter ***ITA***).
2 L. Joo-Fong, ***Kiribati - Corporate Taxation***, Country Surveys IBFD (last visited 22 June 2012); L. Joo-Fong, ***Kiribati - Individual Taxation***, Country Surveys IBFD (last visited 20 June 2012).
3 Internal Revenue Board Act 1990, ***available at*** http://www.paclii.org/ki/legis/num_act/irba1990224/.
4 ***ITA***, art. 81.
5 Income Tax Amendment Act 1996, ***available at*** http://www.icnl.org/research/library/files/Kiribati/KiribatiIncomeTaxAmendmentAct1996.pdf
6 ***ITA***, ***supra*** note 4, art. 81.
7 L. Joo-Fong, ***Kiribati - Corporate Taxation*** § 1, Country Surveys IBFD (last visited 24 September 2013).
8 ***See ITA***, sched. 4.

Korea, Democratic People's Republic of

1. ***Does the country have a tax system in place?***

   Yes. Since the ratification of the law *On Completely Abolishing Taxes by the Supreme People's Assembly on March 21, 1974, Democratic People's Republic of Korea ("DPRK") has claimed to be the only country in the world that does not collect taxes.*[1] It does, however, retain profits from economic activities of citizens as national revenue. Sources from which national revenue is collected include: transactions, public companies' profits, cooperatives' profits, interest from overdue obligations, and profits from lumber sold.[2] The National Budget Revenue Act adds the following sources: depreciation levy, land use fee, social security levy, and gains from property.[3] In addition, the Foreign Investment Company and Foreigners Tax Act ("FICFTA") imposes an enterprise income tax, individual income tax, property tax, inheritance tax, transaction tax, and a business tax.[4]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No. There are no tax incentives in place to encourage philanthropy.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 0

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1 A country without taxes: 4 big welfares for DPR Korea citizens [Wu shui guo jia: chao xian ren ming de si da fu li], *available at* http://news.zwsky.com/n/200804/19/239378.shtml.
2 Y. Oh, *Korea (Dem. People's Rep.) - Individual Taxation*, Country Surveys IBFD (last visited 24 September 2013).
3 *Id.*
4 *Id.*

Korea, Republic of

1. ***Does the country have a tax system in place?***

   Yes. In the Republic of Korea ("Korea"), tax is imposed on a national and local level under the Income Tax Act. National taxes include internet tax, custom duties, education tax, and international tax. Local taxes include property tax, automobile tax, and license and registration tax.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes, although many non-government organizations ("NGOs") are not registered and Korea has many different names for NGOs. Organizations that are non-profit and address religious, educational, welfare, art and culture, and medical issues are tax exempt.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Korea is a self-assessed country and every taxpayer must file his/her own taxes.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No. Under the Income Tax Act, reporting requirements are consistent across organizations of all sizes.[4]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Form 45 of the Statement of Donations allows certain amounts to be deducted for donations, within the deduction limit, based on the type of donation.[5] Types of donations include donations to political funds or religious organizations, statutory donations, and special donations.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. For individuals, there are legal donations and designated donations (up to 15 percent of global income). These include donations to public interest entities, social welfare organization and religious organizations (up to 10 percent of global income). In addition, donations and scholarships for academic research, technical development, and athletic skill development are deductible. Other donations to public entities are prescribed by Section 80 of the Enforcement Decree of the Income Tax Act.[6]

   For corporations, donations to public interest entities such as government authorities and social welfare organizations, as well as donations for academic research and technical development are classified as Bub-jung donations. Bub-jung donations are tax deductible up to 50 percent of the total taxable income for the relevant fiscal year after deduction of net operating loss ("NOL"). Ji-jung donations to public entities prescribed by Corporate Income Tax Law ("CITL") are also tax deductible up to 10 percent of the total taxable income for the fiscal year after the deduction of Bub-jung donations and NOL.[7]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. There is no evidence of an estate tax or any similar tax.[8]

   FINAL SCORE: 9

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1 South Korea Tax Structure, ***available at*** http://www.asiatradehub.com/s.korea/tax1.asp.
2 Inchoon Kim and Changsoon Hwang, Defining the Non-Profit Sector: South Korea ***available at*** ***http://www.***zunia.org/uploads/media/knowledge/skorea.pdf.
3 National Tax Service, ***available at*** http://www.nts.go.kr/eng.
4 ***Id.***
5 *Id.*
6 ***Id.***
7 PriceWaterhouseCoopers, A Summary of Korean Corporate and Individual Income Taxes 2011, ***available at*** http://www.pwc.com/kr/en/publications/korean-tax_2011.jhtml.
8 ***Id.***

Kuwait

1. ***Does the country have a tax system in place?***

   Yes. Income tax is imposed in Kuwait on foreign corporate entities (including partnerships) carrying on business activities in Kuwait.[1] Taxable income is defined as the gains and profits of a corporate entity derived from the carrying on of a trade or business in Kuwait.[2] Under Law No 19 of 2000, a 2.5 percent tax is imposed on the annual net profits of Kuwaiti companies listed on the Kuwait Stock Exchange as National Labour Support Tax.[3]

   No income tax is imposed on companies incorporated either in Kuwait or in other Gulf Cooperation Council ("GCC") countries and wholly owned by nationals of Kuwait or other GCC countries.[4] The members of GCC are Bahrain, Kuwait, Oman, Qatar, Kingdom of Saudi Arabia and United Arab Emirates.[5] There is no Value Added Tax ("VAT") or other sales tax.

   No income tax is levied on Kuwaiti or foreign individuals, and individuals are not subject to any other taxes on income. There are no taxes on capital or property, nor any inheritance or gift taxes.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No. Traditionally the Kuwaiti government has been supportive of its nonprofit sector, but through annual subsidies and/or material support in kind, such as donations of land, rather than through tax exemptions.[6]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Donations, gifts and subsidies by foreign corporate entities are deductible up to 2.5 percent of net income if paid to Kuwaiti private licensed bodies such as charitable and social associations and societies.[7]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes, as income tax is only imposed on foreign corporate entities, and so the deduction is only available for such entities.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.

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1 PKF, "Kuwait Tax Guide 2012", ***available at*** http://www.pkf.com/media/387125/kuwait_2012.pdf (last visited 9 December 2013).
2 *Id.*
3 *Id.*
4 *Id.*
5 *Id.*
6 NGO Regulation Network, "Kuwait", ***available at*** http://www.ngoregnet.org/country_information_by_region/Middle_East_and_North_Africa/NGO_Law_and_Regulation_in_Kuwait.asp (last visited 9 December 2013).
7 International Business Publications, ***Kuwait: Taxation Laws and Regulations Handbook***, vol. 1, at 81 (2012).

Kyrgyzstan

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Kyrgyz Republic ("Kyrgyzstan") on individual income, corporate income (profits), land, property and sales.[1] Kyrgyzstan also imposes customs and excise duties as well as a Value Added Tax ("VAT").[2] The Ministry of Finance and the State Tax Inspectorate are responsible for administering and collecting taxes.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. There are two regimes of noncommercial organization ("NCO") taxation: one for all NCOs and one for NCOs that are charitable organizations.[4] For purposes of the corporate income (profits) tax, the income of an NCO does not include membership and entrance fees, gratuitously transferred assets, humanitarian aid and grants, provided that their use is in accordance with charter purposes, or payment for services on technical maintenance of apartment houses and their territorial buildings and structures, and payment for service in the supply of irrigational water in the framework of charter activity.[5] Land used by NCOs for disabled people and war veterans is exempt from the land tax.[6] Supplies by NCOs for payment, which do not exceed the expenses to carry out these supplies, are free from VAT if for social welfare and protection of children or indigent citizens of advanced age or in the sphere of education, medicine, culture and sports.[7] NCOs are otherwise subject to tax.[8] Charitable organizations are exempt from the corporate income tax,[9] VAT if the supplies are for charitable purposes[10] and sales tax, but not from land or property tax.[11]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. An exemption from corporate income tax does not exempt the taxpayer from filing a return.[12] Information on revenue return structure and the amount of property of an NCO must be reported to the state bodies as provided by law.[13] Charitable organizations must provide open access to their annual reports to the media[14] and charitable organizations that are conducting public fundraising campaigns must publish an annual report of the amounts collected and their use in the official press.[15]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Cash and property contributed to charitable organizations as well as organizations of culture and sports are subject to deduction from total corporate income (profits) tax up to ten percent of taxable income of the taxpayer.[16]

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1 Deloitte, Tax and Investment Guide (2013) *available at http://www.deloitte.com/assets/Dcom-Kazakhstan/Local%20Assets/Documents/T&L/En/Tax%20and%20Investment%20Guide_KG.pdf.*

2 *See* R. Bregonje & M. Rychkova, *Kyrgyzstan – Corporate Taxation*, Country Surveys IBFD, introduction (hereinafter *Corporate Taxation*); N. Idrisov, *Taxation of noncommercial organizations according to the new Tax Code of the Kyrgyz Republic*, Int'l. Center for Not-for-Profit Law § 1 (2008) (hereinafter *Taxation of NCOs*).

3 *See Corporate Taxation*, introduction.

4 *See Taxation of NCOs* § 1.

5 *See Id.* § 2 (citing pt. 3 of art. 189 of the Tax Code of October 17, 2008 (hereinafter *Tax Code*)).

6 *See Id.* (citing art. 343 of *Tax Code*).

7 *See Id.* (citing art. 252 of *Tax Code*)

8 *See Id.*

9 *See Corporate Taxation* § 1.7.1 (citing art. 212 of *Tax Code*).

10 *See Taxation of NCOs* § 3.

11 *See Taxation of NCOs*, § 5.

12 *See Corporate Taxation*, § 1.7.1; N. Bourjaily & M. Lyon, *Comparative Study of Laws and Regulations Governing Charitable Organizations in the Newly Independent States*, Int'l. Center for Not-for-Profit Law (2004), at 40.

13 The Republic of Kyrgyzstan Law on Non-Commercial Organizations of October 1, 1999, art. 17 (English translation by Int'l. Center for Not-for-Profit Law).

14 The Law of the Kyrgyz Republic "On Philanthropy and Charitable activity" of November 6, 1999, art. 12 (English translation by Int'l. Center for Not-for-Profit Law) [hereinafter *Charity Law*].

15 *Charity Law*, art. 13.

16 *See Taxation of NCOs*, § 3 (citing art. 208 of the Tax Code).

Sums contributed to the Kyrgyz Social Fund prescribed by law are deductible for corporate income tax purposes.[17]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. No deduction for contributions to charitable organizations is allowed against the individual income tax, so the only individuals who receive an income tax deduction are individual entrepreneurs who are subject to the corporate income tax.[18]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.[19]

FINAL SCORE: 6

17 *See Corporate Taxation* § 1.3.3.1 (citing art. 204 of the Tax Code).

18 *See Taxation of NCOs*, § 5.

19 *See* R. Bregonje & M. Rychkova, ***Kyrgyzstan – Individual Taxation***, Country Surveys IBFD, § 5 (updated through October 1, 2011).

Lao People's Democratic Republic

1. Does the country have a tax system in place?

Yes. There are two types of taxes, indirect and direct taxes, in Lao People's Democratic Republic ("Lao"). Indirect taxes consist of business turnover tax, excise tax, and Value Added Tax ("VAT"), as stipulated by Law on VAT.[1] Direct taxes consist of profits tax, minimum tax, income tax and fees and other service charges.[2]

Regarding tax administration, the tax authority is an organization under the Ministry of Finance which has a role in the administration, inspection of sources of income and administration of tax collection throughout the country to ensure remittance to the State budget.[3] There are three organizational structures of the tax authority: (1) central-level named tax department, (2) provincial-level named tax offices, and (3) district-level named tax units.[4] The tax authority at each level has rights and duties respectively that are set forth in Article 88 of the Tax Law of Lao.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Under Article 13 of the Tax Law of Lao, the following activities are exempt from business turnover tax: educational activities, approved charity activities that generate income organized by State organizations, the Lao Front for National Construction, mass organizations and social organizations. Further, Article 57 exempts from taxation income from "artistic activities, sports, charity or other public activities which have been properly authorized."

There are also relevant provisions on the VAT exemptions and deductions in the Law on Value-Added Tax.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No. There is no specified provision on reporting requirements for non-profits. But a request to deduct VAT must be made at the same time as VAT is calculated by submitting a written application to the tax authority within the month in which the VAT is incurred, or no later than six months after such tax is incurred.[6]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Corporations are exempt from paying business turnover tax for goods and services donated to certain aid projects.[7] However, there are no incentives available for individual donors.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. See response to question 5, above.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.

FINAL SCORE: 5

1 Law on Value-Added Tax of Lao People's Democratic Republic, art. 2 (hereinafter *VAT*).
2 Tax Law of Lao People's Democratic Republic, art. 9 (hereinafter *Tax Law*).
3 *Id. art. 86.*
4 *Id. art. 87.*
5 *VAT,* arts. 10, 22.
6 *Id.* art. 22.
7 *Tax Law,* art. 13 (27).

Latvia

1. Does the country have a tax system in place?

Yes. The Republic of Latvia ("Latvia") imposes an individual (26 percent) and corporate (15 percent) income tax on worldwide income (which generally includes tax on capital gains), social security contributions (11 percent for domiciled employees and 24 percent for employers), a stamp duty locally levied upon registration of transfer of ownership of immovable property and application for a building permit, a withholding tax on salary and a 21 percent Value Added Tax ("VAT"), although some goods and services qualify for a reduced rate of 10 percent.[1] A 1.5 percent real estate tax also applies to resident and non-resident individuals and corporations that own property such as land, bridges, buildings or pipelines.[2] Since joining the European Union ("EU") in May of 2004, the most significant aspects of the Latvian tax system have been standardized with EU tax law, including excise tax, VAT and other direct taxes.[3] No tax is levied on net wealth or inheritances.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Organizations must specifically apply for tax exemption. Once approved by the Cabinet of Ministries, certain cultural, medical, and education services are exempt from VAT.[5] Further, scientific research conducted and funded by public foundations is exempt.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. All companies and organizations are required to file tax returns within 4 months of the conclusion of the fiscal year.[7] As stated above, in order for a charitable organization to be considered exempt, it must apply and then be added to a list of exempt entities.[8]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No. Filing rules and regulations apply evenly to all organizations.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The Latvian tax system provides philanthropic incentives for both corporations and individuals. For companies, Latvia allows a tax credit totaling 85 percent of its contribution (up to 20 percent of the company's income tax pre-relief) to most governmentally sanctioned organizations.[9] For a select grouping of organizations, the tax administration grants a 90 percent tax credit.[10] The Latvian Olympic Committee, the Children's Fund and the Culture Fund are among those select organizations.[11] Latvian individuals can receive income tax deductions through donations to approved cultural, educational, scientific, charitable, sporting, health and environmental or religious organizations. These deductions may not exceed 20 percent of the taxpayer's total income.[12]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. See response to question 5, above.

1 Z.G. Kronbergs, ***Latvia – Corporate Taxation***, Country Surveys IBFD (last visited 19 July 2012).
2 ***Latvia Personal and Corporate Tax***, taxrates.cc (last visited 19 July 2012).
3 Global Corporate Tax Report 2009, ***Latvia – Corporate Taxation***, Country Surveys IBFD (last visited 30 July 2012).
4 Latvia Personal and Corporate Tax, ***supra*** note 2.
5 Kronbergs, ***supra*** note 1.
6 ***Latvia***, Translation and Terminology Centre (last visited 19 July 2012).
7 Kronbergs, ***supra*** note 1.
8 D. Rutzen, D. Moore, M. Durham, ***The Legal Framework for Not-for-Profit Organizations in Central and Eastern Europe***, ICNL (last visited 19 July 2012).
9 ***Id.***
10 ***Id.***
11 ***Id.***
12 Kronbergs, ***supra*** note 1.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 9

Lebanon

1. Does the country have a tax system in place?

Yes. Lebanon imposes individual and corporate income taxes.[1] Lebanon also imposes a Value Added Tax [2] ("VAT") as well as various indirect taxes and duties.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Consumers' cooperative companies, trade unions and agricultural cooperatives of a non-commercial nature, educational institutes, public institutions that do not compete with private establishments and tourist enterprises are exempt from the corporate income tax.[4] Hospitals, orphanages, benevolent asylums and similar institutions are exempt from the corporate income tax on their net profits resulting from contributions from public or private funds and subsidies.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. A non-profit association is required to notify the government of its existence once it has been formed.[6] This notification is submitted by filing two copies of the association's bylaws and the identification cards of the founders to the Ministry of Interior and Municipalities.[7] The government will issue a notification receipt within 30 days, and there are no further reporting requirements thereafter.[8]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Gifts and donations to approved cultural, social, sporting or charitable institutions are deductible expenses against the corporate income tax up to 10 percent of the taxpayer's net profits.[9]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. As described above, corporations are allowed a charitable deduction.[10] However, individuals are not allowed a deduction for contributions to charitable organizations.[11]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Inheritance tax in Lebanon is levied against the beneficiary, at rates of 12-45 percent depending on the level of family connection, and there are no specific exemptions provided for bequests to charitable organizations.[12]

FINAL SCORE: 6

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1 *See* R. Hamzaoui, ***Lebanon – Individual Taxation***, Country Surveys IBFD, introduction (updated through 1 March, 2012) (hereinafter ***Individual Taxation***); R. Hamzaoui, ***Lebanon – Corporate Taxation***, Country Surveys IBFD, introduction (updated through 1 March, 2012) (hereinafter ***Corporate Taxation***).

2 Deloitte International Tax, "Lebanon Highlights 2013", ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-lebanonhighlights-2013.pdf (last visited 2 December 2013).

3 *See Corporate Taxation* § 9.

4 *Id.* § 1.2.

5 *See id.*

6 ICNL, "NGO Law Monitor: Lebanon" (updated through 13 September, 2013), ***available at*** http://www.icnl.org/research/monitor/lebanon.html (last visited 2 December 2013).

7 *Id.*

8 *Id.*

9 *See id.*; *see also Corporate Taxation* § 1.3.3.1.

10 *See* ICNL, *supra* note 6.

11 *See Individual Taxation* § 1.7.1 (listing permitted deductions).

12 Global Property Guide, "Lebanon: Inheritance Tax and Law", ***available at*** http://www.globalpropertyguide.com/Middle-East/Lebanon/Inheritance (last visited 2 December 2013).

Lesotho

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Kingdom of Lesotho ("Lesotho") on income.[1] Lesotho also imposes a Value Added Tax [2] ("VAT") as well as various indirect taxes and duties.[3]

The Lesotho Revenue Authority is principally responsible for the assessment, collection and remittance to the government of public revenues in Lesotho.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Income of religious or charitable organizations, amateur sporting associations, and trade unions or like organizations is exempt from the income tax[5] on income related to the function constituting the basis for the organization's exemption.[6] However, dividends, interest (other than interest from which tax has been withheld), natural resource payments, rent, royalties and gains on the disposal of investment assets is subject to income tax and such organizations are liable for fringe benefits tax on fringe benefits provided to employees.[7] A "public international organization" (an organization specifically enumerated in a schedule to the Tax Act) is exempt from income and fringe benefits tax.8 The supply by way of lease of low income housing or a hostel or boarding establishment which operates as a non-profit-making establishment, the supply by an amateur sporting organization of sports activities and the supply of charity arrangements undertaken by an approved charitable organization or institution are exempt from the VAT.[9] Charitable arrangements means supplies made by a charitable organization in the furtherance of charitable activities or those facilitated in the name of charity, where if there is any amount collected in monetary terms, its recipients include the destitute, abandoned, poor or suffering from serious terminal diseases.[10]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The Commissioner of the Revenue Authority must have issued a written ruling confirming that such organizations are tax exempt for income tax purposes.[11] In order for the supply of charity arrangements undertaken by an approved charitable organization or institution to be exempt from the VAT, the charitable organization or institution is required to submit audited accounts to the Revenue Authority within two months of the event, or if the arrangement is by a permanent establishment, the establishment must first apply for exemption and submit yearly audited accounts.[12]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.[13] No deductions are allowed for charitable contributions for income tax purposes.[14]

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1 *See* C. Bardini, ***Lesotho – Individual Taxation***, Country Surveys IBFD, introduction (citing The Kingdom of Lesotho Income Tax Act 1993 (hereinafter *Tax Act*)) (updated through May 14, 2012) (hereinafter *Individual Taxation*); C. Bardini, ***Lesotho – Corporate Taxation***, Country Surveys IBFD, introduction (citing the Tax Act) (updated through May 14, 2012) (hereinafter *Corporate Taxation*).

2 *See id.*

3 *See Corporate Taxation* § 9.

4 *See* Lesotho Revenue Authority, *available at* http://www.lra.org.ls/About.php.

5 *Tax Act* § 25(1).

6 *Tax Act* § 25(3).

7 The Kingdom of Lesotho Income Tax Order, 1993 Explanatory Memorandum, § 25.

8 *Tax Act* § 21.

9 The Kingdom of Lesotho Value Added Tax (Amendment) Act, 2003, § 4 (hereinafter *VAT Amendment Act*).

10 Id. § 2(a).

11 *Tax Act* § 25(2).

12 *VAT Amendment Act* § 4(b).

13 *See Lesotho Tax Survey,* Int'l. Center for Not-for-Profit Law, § A.7. (1998).

14 *See* Tax Act §§ 33 – 48 (listing permissible deductions from the income tax).

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[15]

   FINAL SCORE: 3

15 *See Individual Taxation* § 5.

Liberia

1. Does the country have a tax system in place?

Yes. The Liberia Revenue Code of 2000 as amended uses a progressive rate scale to tax an individual's income.[1] Capital gains are included in gross income and taxed at the normal income tax rates.[2] Employees must contribute a percentage of their monthly gross salaries to the National Social Security and Pension scheme.[3] Corporate entities operating in the Republic of Liberia ("Liberia") pay corporate income tax on their business profits on an annual basis.[4] Liberia also has a goods and services tax, an excise tax, a real property tax, a motor vehicle tax, a business and professional license fee, a custom duty and a city ordinance tax.[5] There is no inheritance or gift tax in Liberia.[6]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Charitable private organizations that are approved by and registered with the Ministry of France, Republic of Liberia are referred to as "Exempt Persons" and are exempt from tax to the extent provided in the code.[7] A private charitable or not for profit organization qualifies for registration as a registered charity if it is a noncommercial organization established for the purpose of carrying out charitable activity.[8] The income of private foundations, corporations, community chests, funds and foundations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or for the prevention of cruelty to children, women or animals, is exempt from corporate income tax.[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. A Liberian non-profit corporation must apply for incorporation and accreditation by submitting their articles of incorporation and a required fee to the Ministry of Foreign Affairs and the Ministry of Planning and Economic Affairs.[10] Accredited nonprofit organizations must then submit activity reports and financial reports with required provisions within three months of the end of the organization's financial year.[11]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.[12]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. A deduction is allowed to taxpayer filing a tax return for the amount of a contribution made to the government, a government agency designated as an approved recipient of charitable donations, or an approved charitable, religious or educational organization, and is limited to an amount not in excess of 15 percent of the taxpayer's taxable income.[13]

6. If yes to 5, then do individuals and corporations have different incentives?

No. The allowed deduction is the same for taxpayers filing both individual and corporate tax returns.[14]

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1 T. Dekonty Joseph, ***Liberia - Individual Taxation*** § 1, Country Surveys IBFD (last visited 14 October 2013).
2 ***Id***.
3 ***Id***.
4 T. Dekonty Joseph, ***Liberia - Corporate Taxation*** § 1, Country Surveys IBFD (last visited 14 October 2013).
5 ***See generally*** Liberia Revenue and Finance Law, tit. 37 of the Liberian Code of Laws Revised § 1 (1991).
6 ***Liberia - Key Features***, (last visited 14 October 2013).
7 Dekonty, ***supra*** note 4.
8 The Int'l Journal of Not-For Profit Law 12.2, ***Liberia*** (February 2010).
9 Dekonty, ***supra*** note 4.
10 ***See*** The Int'l Journal of Not-For Profit Law, ***supra*** note 8.
11 ***Id***.
12 ***See Generally*** Liberia Associations Law § § 20.1 – 20.6 (2002).
13 ***See*** The Int'l Journal of Not-For Profit Law, ***supra*** note 8.
14 ***See generally*** Revenue Code of Liberia, §§ 205, 900, 901 (2000).

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. There is no inheritance or estate tax in Liberia.[15]

FINAL SCORE: 9

15 *See* Liberia - Key Features, *supra* note 6.

Libya

*1. **Does the country have a tax system in place?***

Yes. Libya imposes taxes on corporations and individuals. For corporations, tax is assessed on net income at a rate of 20 percent plus a "jihad" or defense tax of 4 percent.[1] Capital gains are treated as income and taxed at the standard rate.[2] However, dividends and similar distributions by resident companies are not subject to tax.[3] Interest paid on bank deposits is subject to a 5 percent tax.[4] Royalties (except those derived from the oil and gas sector) are taxed as ordinary income.[5] Stamp duty is levied at rates that typically vary between 1 percent and 2 percent on the execution of documents.[6] A Treasury fee of 0.5 percent is levied on all payments made to the tax authorities.[7]

Individuals are taxed on a progressive basis on employment income (which includes benefits), business income, professional income, investment income and capital gains income.[8] Pension, dividend and interest income are not taxable.[9]

*2. **If yes to 1, then does the country provide tax exemption for non-profits?***

Yes. Private bodies and schools recognized by the state catering to educational, charitable, social reform or athletic activities and approved by the Ministry of Cultural Affairs and Civil Society are exempt from the corporate tax.[10]

*3. **If yes to 2, then does the country provide reporting requirements for non-profits?***

Yes. Non-profit organizations are required to submit annual financial statements and tax returns.

*4. **If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

No.

*5. **If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. For purposes of determining taxable income, deductible expenses include donations to recognized charitable organizations up to a maximum of 2 percent of net taxable income.[11]

*6. **If yes to 5, then do individuals and corporations have different incentives?***

7. No, both corporations and individuals can claim a similar deduction.[12]

8. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. No inheritance tax is levied in Libya. Transfers of real estate rights, however, are subject to stamp duty at the rate of 8 percent on transfers between uncles, aunts and cousins. The rate is increased to 10 percent with respect to other transfers. Donations between persons in direct line of succession are exempt.[13]

FINAL SCORE: 9

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1 *Libya - Key Features*, (last visited 16 October 2013); Deloitte, "Libya Highlights 2014", ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-libyahighlights-2014.pdf (last accessed 14 March 2014).
2 *Id*.
3 *Id*.
4 *Id*.
5 *Id*.
6 R. Hamzaoui, ***Libya - Corporate Taxation***, Country Surveys IBFD (last visited 22 June 2012).
7 *Id*.
8 R. Hamzaoui, ***Libya - Individual Taxation***, Country Surveys IBFD (last visited 20 June 2012).
9 *Id*.
10 *See* Hamzaoui, *supra* note 6, § 1.2; *see also* Income Tax Law (7) of 2010, art. 33.
11 *Id.* §1.3.3.1.
12 Income Tax Law (7) of 2010, Article 71.
13 *Id.* § 5.

Liechtenstein

1. ***Does the country have a tax system in place?***

   Yes. On September 23, 2010, the Parliament of the Principality of Liechtenstein ("Liechtenstein") approved a new Law on National and Municipal Taxes (the "Tax Act"), which entered into force on January 1, 2011. For the taxation of natural persons, the Tax Act provides a combination of a wealth tax and a progressive personal income tax. Instead of the existing asset exemption limit and the household deduction, a new increased tax exemption from overall income is granted. Dividends and other income on capital such as interest, leases and rents will not be taxed separately, but rather through the taxation of wealth.

   Under the Tax Act, legal persons taxable in Liechtenstein and engaged in economic activities are only subject to a corporate income tax at 12.5 percent.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Upon application, the Fiscal Authority may exempt legal persons and "special asset dedications" without legal personality from tax liability, if such entities exclusively and irrevocably pursue common-benefit purposes as defined in Article 107, paragraph 4a of the Law on Persons and Companies, without the intention of making a profit.[1]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. By ordinance, the Government governs the exchange of data and records between the Foundation Supervisory Authority and the Fiscal Authority as well as the review of compliance with the preconditions for tax exemption by the Fiscal Authority and the audit offices.[2]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Both individuals and legal persons may obtain tax benefits for charitable contributions.

   Individuals may deduct from the amount of taxable income up to 10 percent of the taxable income for voluntary monetary payments to legal persons and special asset dedications with domicile in Liechtenstein which are exempt from tax liability in light of exclusively and irrevocably common-benefit purposes. Donations exceeding a total amount of CHF 300 must be substantiated with receipts. This shall apply *mutatis mutandis with respect to legal persons and special asset dedications with domicile in another member country of the European Economic Area or in Switzerland which are exempt from tax liability in light of exclusively and irrevocably common-benefit purposes in the country of domicile. Legal persons subject to corporate income tax must include in their taxable net corporate income any payments to the aforementioned charitable entities only to the extent that such payments exceed 10 percent of their taxable net corporate income prior to deducting certain losses.*[3]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Importantly, under the new Tax Act, taxation of capital gains as well as the estate, inheritance and gift tax have been abolished.

   FINAL SCORE: 9

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1 *See* Law of 23 September 2010 on National and Municipal Taxes (Tax Act), art. 4, para. 2, ***available at*** http://www.stv.llv.li.
2 *See* Tax Act, art. 4, para. 3.
3 *See* Tax Act, art. 16, para. 3(h); art. 47, para. 3(h).

Lithuania

1. Does the country have a tax system in place?

Yes. The Republic of Lithuania ("Lithuania") imposes an individual and corporate income tax rate of 15 percent on worldwide income (which generally includes tax on capital gains), social security contributions (9 percent for domiciled employees and 30.7 percent for employers), a municipally levied immovable property tax at 1 percent of the property's value, a land tax at 1.5 percent of the property's value, a withholding tax on salary and a 21 percent Value Added Tax ("VAT"), although certain goods and services qualify for reduced rates of 9 percent, 5 percent, or 0 percent.[1] Since joining the European Union ("EU") in May of 2004, the most significant aspects of the Latvian tax system have been standardized with EU tax law, including excise tax, VAT and other direct taxes.[2] There is no stamp duty.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. In Lithuania, a non-profit organization must qualify to receive sponsorship in order to avoid taxation on its donations.[4] Further, non-profits are not required to pay profits tax unless their annual income exceeds a total of LTL 1,000,000 (approximately 290,000 EUR).[5] This allows non-profits to engage in limited commercial activity. Non-profits engaged in health care goods and services, social services and education services are exempt from VAT.[6] Lithuania has also enacted laws that allow taxpayers to allocate 1-2 percent of their paid taxes to qualifying non-profit organizations of the taxpayer's choice.[7] This increases the autonomy of non-profits within Lithuania, as it lessens their reliance on federal funding. It also provides incentive to improve their organizations in order to attract more funding.[8]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Providers of sponsorship must keep accounts for sponsorships.[9] They must submit monthly or annual reports to the St. Tax Inspectorate.[10] Monthly reports are required when calendar year sponsorships exceed LTL 50,000.[11] The same is required of recipients of sponsorships.[12] The St. Tax Inspectorate submits the reports to the Department of Statistics.[13]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Corporate support granted to charities and international and domestic public organizations is deductible.[14] This deduction may also be doubled, totaling 40 percent of net taxable income.[15] Membership fees and contributions to non-profit organizations may also be deducted up to 0.2 percent of total income.[16]

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1 *Lithuania*, taxrates.cc (last visited 19 July 2012).
2 *Lithuania*, Global Corporate Tax Handbook 2009, Global Tax Series IBFD (last visited 23 July 2012).
3 R. Degesys, *Lithuania – Corporate and Individual Taxation*, Country Surveys IBFD (last visited 19 July 2012).
4 D. Rutzen, D. Moore, M. Durham, *The Legal Framework for Not-for-Profit Organizations in Central and Eastern Europe*, ICNL (last visited 19 July 2012).
5 *Id.*
6 *Lithuania*, Global Corporate Tax Handbook 2009, Global Tax Series IBFD (last visited 23 July 2012).
7 *Id.*
8 Rutzen, *supra* note 4.
9 Republic of Lithuania Law on Charity and Sponsorship, art. 12 (1993, as amended 2005), ***available at*** http://www.legislationline.org/documents/id/7002 (last visited 2 December 2013).
10 *Id.*
11 *Id.*
12 *Id.*
13 *Id.*
14 Transnational Giving Europe, "Cross-Border Giving in Europe After Persche and Stauffer", ***available at*** http://www.transnationalgiving.eu/uploadedFiles/TGE/Cross_border/TGE_EFC_Lithuania.pdf (last visited 2 December 2013).
15 R. Degesys, *Lithuania – Corporate and Individual Taxation*, Country Surveys IBFD (last visited 19 July 2012).
16 *Id.*

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Lithuania generally prohibits domiciled individuals from deducting their charitable donations, but conversely provides incentives for corporations.[17]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. An inheritance tax does exist in Lithuania; however, the inheritance tax law does not allow for a deduction for charitable bequests.[18]

FINAL SCORE: 6

17 D. Rutzen, D. Moore, M. Durham, *The Legal Framework for Not-for-Profit Organizations in Central and Eastern Europe*, ICNL (last visited 19 July 2012).

18 ***See*** Republic of Lithuania Inheritance Tax Law (2002), ***available at*** http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_e?p_id=286376&p_query=&p_tr2= (last visited 2 December 2013).

Luxembourg

1. ***Does the country have a tax system in place?***

   Yes. Luxembourg imposes on individuals separate taxes on income, gifts and inheritances.[1] Social security contributions also are imposed on wages and salaries.[2] Companies are subject to tax on income.[3] A Value Added Tax ("VAT") applies to the supply of goods and services within Luxembourg and the import of goods and services into Luxembourg.[4] Municipalities in Luxembourg impose a land tax on real property that varies by type of real estate and the municipality.[5]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. To be exempt from income tax a foundation must have its creation approved by the Ministry of Justice by Grand Ducal decree.[6] Foundations also are generally exempt from the VAT tax.[7] The foundation must have as its purpose one or more of the following: religious, charitable, scientific, artistic, educational, social, sporting, or tourism.[8]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. The directors of foundations have to submit accounts and the budget to the Ministry of Justice every year within two months of the closing of the accounts, and these reports must be made public.[9]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Charitable contributions are tax-deductible by individuals and companies if they meet certain criteria. The total annual value of donations must be at least EUR 120 but no more than the lesser of EUR 1 million or 20 percent of net income for the year.[10] Donations exceeding this ceiling may be carried over to the two following years.[11] To be deductible, the charitable contributions must be to Luxembourg-approved organizations or to organizations similarly recognized in another State of the European Union or in Iceland, Liechtenstein, Norway or Switzerland.[12]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No. The incentives are the same.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes, there is an inheritance tax.[13] Certain bequests to charities are exempt from the inheritance tax or subject to a reduced tax.[14]

   FINAL SCORE: 10

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1 PKF, "Luxembourg Tax Guide 2013", ***available at*** http://www.pkf.com/media/1960329/luxembourg%20pkf%20tax%20guide%202013.pdf (last visited 20 January 2014); KPMG, "Luxembourg: Income Tax", ***available at*** http://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxation-international-executives/luxembourg/pages/income-tax.aspx (last visited 20 January 2014).

2 PKF, *supra note 1*.

3 *Id.*

4 *See id.*

5 Deloitte, "Taxation and Investment in Luxembourg 2013", *available at http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-luxembourgguide-2013.pdf (last visited 20 January 2014)*.

6 European Foundation Centre, "EFC Country Profile January 2011: Luxembourg", *available at http://www.efc.be/programmes_services/resources/Documents/luxembourg.pdf (last visited 20 January 2014)*.

7 *See id.*

8 *See id.*

9 *Id.*

10 *Id.*

11 *Id.*

12 *Id.*

13 *Id.*

14 *See id.*

Macedonia, The former Yugoslav Republic of

1. ***Does the country have a tax system in place?***

   Yes. Among other taxes, the former Yugoslav Republic of Macedonia ("Macedonia") imposes an individual income tax at a single, flat rate of 10 percent. Net profits for legal entities resident in Macedonia are taxed at a single, flat rate of 10 percent as well. Excise taxes are levied on mineral oils, fuel, alcohol and alcohol products, tobacco commodities, luxury goods and passenger vehicles. An 18 percent Value Added Tax ("VAT") is levied on most products. Inheritance and gift taxes are described in question 7 below.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes, to a limited extent. Generally speaking, the law on profits tax applies to all legal entities that realize profits, and does not provide any exemption for non-profits. The only organizations exempt from tax under all circumstances are enterprises for professional rehabilitation and companies that employ disabled people to work under special conditions, both in manufacturing and in services. Other legal entities may be eligible for a reduction in their tax bases depending on the source of their income and the purpose of their expenditures.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. In addition to required tax reporting, an annual report must be filed with the ZPP (Payment Operations Service).[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.[4]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes, to a limited extent. While there are no deductions for donations made by individuals, expenses for donations and grants for scientific, humanitarian, cultural, educational, health care, religious and amateur sports purposes may be deducted from a corporation's tax base up to 3 percent of gross income, provided the donations and grants were made to public organizations financed by the state budget or the Red Cross of the former Yugoslav Republic of Macedonia.[5]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No. Individuals do not have incentives.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes. Inheritance and gift tax rates are determined by the order of succession. A taxable person in the first order of succession is exempt. A taxpayer in the second order of succession pays 2–3 percent in tax. A taxpayer in the third order or unrelated persons pay 4–5 percent in taxes. Exemptions apply to inheritances received by the central government, municipalities, the Red Cross and other humanitarian, educational, cultural institutions, religious social and scientific organizations.[6]

   FINAL SCORE: 7

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1 2012 Matthew Bender and Company, MKD Foreign Tax & Trade Briefs, 3 Eastern Europe, MKD Republic of Macedonia.
2 Survey of Tax Laws Affecting NGOs in Central and Eastern, International Center for Not-For-Profit Law, 2002.
3 Professor Vesna Pendovska, Q & A on Tax Customs Issues Related to Macedonia Non-Profit Organizations ("Pendovska").
4 Pendovska.
5 Professor Vesna Pendovska, Tax Treatment of NPOs in Macedonia, The International Journal of Not-for-Profit Law, vol. 4, issue 4 (July 2002).
6 K. Estatiev, *Macedonia-Individual Taxation*, Country Surveys IBFD.

Madagascar

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in the Republic of Madagascar ("Madagascar") on income (distinguishing between employment income and non-employment income), and such tax applies to both individuals and corporations.[1] Madagascar also imposes a property tax on land and a Value Added Tax ("VAT").[2] The General Tax Code defines employment income as salaries, wages, indemnities, allowances and any other employment related benefits.[3] Everything else is "non-employment income".[4] There is no special tax on capital gains, with the exception of gains from the disposal of immovable property.[5] There is no inheritance or gift tax in Madagascar.[6]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***
   Yes. Non-profit organizations are exempt from the corporate income tax.[7] Religious, educational, and charitable organizations are exempt from paying property tax on property used for their charitable purposes.[8]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***
   Yes. Non-governmental organizations ("NGOs") and associations must periodically fulfill their tax obligations under a schedule provided by the tax authorities, provided that the non-payment of such tax obligations does not exempt the NGOs and associations of the reporting requirements.[9]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***
   No.[10]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***
   Yes. Madagascar provides for a deduction when computing net profit for personal income tax purposes for donations in cash or in kind on the occasion of a catastrophe or natural disaster. There is an exemption from property tax for buildings, part of buildings and land exclusively allocated (free of charge) for educational, religious, social or medical purposes.[11]

6. ***If yes to 5, then do individuals and corporations have different incentives?***
   No.[12]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***
   No. There is no inheritance or estate tax in Madagascar.[13]

FINAL SCORE: 9

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1 Deloitte International Tax, "Madagascar Highlights 2013", ***available at*** https://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2013/dttl_tax_highlight_2013_Madagascar.pdf.
2 *Id*.
3 Rasoarisea, Sahondra, "Investing in Africa: Madagascar". Deloitte, June 2006.
4 *Id*.
5 *Id*.
6 *See* Deloitte, *supra* note 1.
7 International Monetary Fund, Republic of Madagascar: Selected Issues. July 2007.
8 *Id*.
9 Richard Glass, Partner, John Ffooks & Co., Madagascar.
10 *Id.*
11 International Monetary Fund, Republic of Madagascar: Selected Issues. July 2007.
12 Richard Glass, Partner, John Ffooks & Co., Madagascar.
13 *See* Deloitte, *supra* note 1.

Malawi

1. ***Does the country have a tax system in place?***
   Yes. Tax is imposed in the Republic of Malawi ("Malawi") on that part of income and capital gains received or accrued in the year of assessment from a source within or deemed to be within Malawi.[1] There are no major real estate taxes in Malawi, but urban local authorities impose levies on property located within their jurisdictions.[2] Malawi has a Value Added Tax ("VAT") and other miscellaneous taxes.[3] There is an estate duty levied on the estate located in Malawi of every deceased person, regardless of residence, and in respect of foreign movable property of those domiciled in Malawi.[4] There is no gift tax in Malawi, although gifts may be subject to income of the hands of the donee.[5]
2. ***If yes to 1, then does the country provide tax exemption for non-profits?***
   Yes. The Taxation Act generally does not exempt entities, but instead exempts income. In the case of ecclesiastical or religious, charitable or educational institutions of a public character or of trusts that derive income from the carrying on of any business, tax is imposed on taxable income, if any.[6] Certain types of goods when imported directly or from bonded warehouses by religious or educational institutions are allowed duty free entry or at reduced duty rates.[7]
3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***
   Yes. All non-governmental organizations must register with the NGO Board of Malawi by filling out a full application, which includes the Constitution of the organization, the Certificate of Incorporation, and a statement of the organization's planned activities.[8] The NGO Board of Malawi states that its objective is "to ensure that NGOs and civil society organizations function to the maximum benefit of Malawians."[9] After registering with the board, organizations must submit annual financial statements and returns.[10]
4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***
   No.
5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***
   Yes. Taxpayers may deduct donations to specific charities of at least MWK 500, or to any registered charitable organization of at least MWK 250.[11]
6. ***If yes to 5, then do individuals and corporations have different incentives?***
   No.[12]

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1 Deloitte International Tax, "Malawi Highlights 2013", ***available at*** https://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2013/dttl_tax_highlight_2013_Malawi.pdf (last visited 24 October 2013).
2 *Id.*
3 *Id.*
4 *Id.*
5 KPMG, "Malawi Fiscal Guide 2012-2013", ***available at*** http://www.kpmg.com/Africa/en/KPMG-in-Africa/Documents/MC9197_Fiscal%20Guide_Malawi.pdf (last visited 24 October 2013).
6 South African Development Community, "Malawi Direct Taxes", ***available at*** http://www.sadc.int/information-services/tax-database/malawi-direct-taxes/ (last visited 24 October 2013).
7 Malawi Revenue Authority, "Imports By Religious Institutions", ***available at*** http://www.mra.mw/customs/customs.php?ccPageName=%20Imports%20By%20Religious%20Institutions (last visited 24 October 2013).
8 NGO Board of Malawi, ***available at*** http://www.ngoboardmalawi.mw/about.php (last visited 24 October 2013).
9 *Id.*
10 *Id.*
11 Malawi Taxation Act, ch. 41:40, ***available at*** http://www.mra.mw/downloads/pdf/Taxation%20Act.pdf (last visited 24 October 2013).
12 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***
No. There is an estate duty levied on the estate located in Malawi of every deceased person, but it is unclear whether bequests to charitable institutions are deductible from the gross estate.[13]

FINAL SCORE: 9

13 *Id.*

Malaysia

1. *Does the country have a tax system in place?*

Yes. Tax is imposed in Malaysia on income and real property depending on individual states.[1] There is no inheritance tax. The Inland Revenue Board ("IRB") is the tax authority and the source of law is the Income Tax Act (the "Act").

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Yes. Non-governmental organizations ("NGOs") may be formed as charitable corporations regulated by the Companies Act or as societies/associations regulated by the Societies Act.[2] NGOs must formally apply to the IRB and, if approved, they will receive a tax exemption permit number to receive tax exemptions.[3] Income of non-profit oriented government-assisted and private schools, including schools formed by a body of persons, a trust body or a company limited by guarantee, is tax exempt.[4]

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

Yes. Malaysia is a self-assessment country, which means the responsibility for correctly assessing a person's tax liability is transferred from the IRB to the taxpayer.[5]

4. *If yes to 3, then are those reporting requirements sensitive to the size of organizations?*

No.

5. *If yes to 1, are there tax incentives in place to encourage philanthropy?*

Yes. Donations to an NGO with a tax exemption registration number are tax exempt, with a limit of 7 percent of aggregate income.[6] There is an unlimited tax exemption for gifts of money to the government, State government or local authorities, gifts of artifacts, manuscripts, or paintings, gifts of money to libraries or library facilities (not to exceed twenty thousand ringgit), gifts of money or contributions in kind for public facilities for the disabled, gifts of money or medical equipment to any healthcare facility approved by the Ministry of Health (not to exceed twenty thousand ringgit), value of gifts of paintings to the national art gallery or any state art gallery.[7]

6. *If yes to 5, then do individuals and corporations have different incentives?*

No.

7. *Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?*

No.

FINAL SCORE: 9

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1 Deloitte International Tax, "Malaysia Highlights 2013", ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-malaysiahighlights-2013.pdf (last visited 4 December 2013).

2 The International Programme of Charity Commission, Malaysia, "Summary of regulatory system in Malaysia," ***available at*** http://www.ngoregnet.org/country_information_by_region/Asia_and_Oceania/NGO_law_and_regulation_in_Malaysia.asp (last visited 4 December 2013).

3 ICNL, "NGO Law Monitor: Malaysia", ***available at*** http://www.icnl.org/research/monitor/malaysia.html (last visited 4 December 2013).

4 Malaysian Institute of Accountants, "Income Exempt From Taxes", ***available at*** http://www.mia.org.my/new/downloads/circularsandresources/budget/2012/SECTION_B/B15.pdf (last visited 4 December 2013).

5 HSBC Global Connections, "Country Guide: Malaysia", ***available at*** https://globalconnections.hsbc.com/global/en/tools-data/country-guides/my-march-2013/taxation-in-malaysia (last visited 4 December 2013).

6 Deloitte, "Malaysia International Tax and Business Guide" (2012), ***available*** at http://www.deloitte.com/assets/Dcom-Malaysia/Local%20Assets/Documents/Tax/Malaysia%20Country%20Tax%20Guide%202012.pdf (last visited 4 December 2013).

7 ***See generally*** Income Tax Act (1967), ***available at*** http://www.agc.gov.my/Akta/Vol.%202/Act%2053.pdf (last visited 4 December 2013).

Maldives

1. Does the country have a tax system in place?

Yes. The Business Profit Tax Act ("BPTA") imposes tax on companies, partnerships, individuals, corporate societies, trusts and bodies of persons who are resident or are carrying on business in the Republic of Maldives ("Maldives").[1] A 15 percent business profits tax is imposed on annual profits exceeding MVR 500,000 for companies and individuals (resident and nonresident).[2] Capital gains are not taxable.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Section 15(a)(3) of the BPTA exempts a body, association or public institution that is approved by the Maldives Inland Revenue Authority ("MIRA") and established for the promotion of Islam, relief of the poor, medical relief or education or any other object of similar general public utility.[3] To be exempt, an organization must register with MIRA by filing a Form 103 (Registration of Charitable Organizations).[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Exempt organizations registered with MIRA must submit an annual report, which includes a statement and description of donations received throughout the year.[5]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Section 10(e) of the Business Profits Tax allows a deduction for a contribution to a body, association or public institution that is approved by MIRA and established for the promotion of Islam, relief of the poor, medical relief, education or any other object of similar general public utility.[6] The deduction is limited to 5 percent of the profits after making all other deductions except the donation and loss relief.[7]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.

FINAL SCORE: 9

1 Business Profit Tax Act, Law no. 5/2011, Jan. 18, 2011 (hereinafter *BPTA*).
2 *Maldives - Key Features*, Country Surveys IBFD (last visited 24 September 2013). For the purposes of illustration, for the period July 8, 2012 to July 14, 2012, the exchange rate was MVR 15.36 to USD 1.
3 *BPTA* § 15(a)(3).
4 Maldives Inland Revenue Authority, "Forms", ***available at*** https://www.mira.gov.mv/FormsGuides.aspx#tabs1-General (last visited 22 November 2013).
5 Maldives Inland Revenue Authority, TR-2012/B7, § 14, ***available at*** https://www.mira.gov.mv/rulings/Tax%20Ruling%202012-B7%20(English).pdf (last visited 22 November 2013).
6 *BPTA* § 10(e).
7 *BPTA* §10(f).

Mali

1. Does the country have a tax system in place?

Yes. Tax is imposed at the individual level on a Republic of Mali ("Mali") resident's worldwide income and a non-resident's income and capital gain arising in Mali and on all income at the corporate level.[1] Six categories of income are subject to tax: wages and salaries, business profits, agricultural profits, real property income, income from transferable securities, and capital gains.[2] Each category of income is subject to special tax rules; there is no overall tax imposed on overall net income.[3] A Value Added Tax ("VAT") is also imposed.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profit organizations are exempt from income tax.[5] Also, goods imported for the Red Cross or other works of solidarity, national and international, may be imported duty and tax-free.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No information is available.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No information is available.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Article 52 of the General Tax Code indicates that companies may deduct 0.1 percent of revenue payments made for the benefit of public bodies or organizations of philanthropic character or educational, scientific, familiar or cultural purposes.[7]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. The above deduction does not appear to exist for individuals.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. Inheritance taxes are imposed on the beneficiary, and there is no tax imposed on an estate.[8] Article 309 of the Code Général des Impôts indicates that there is a reduced rate on inheritance tax for charities, set at 2 percent.[9]

This country does not receive a Rules to Give By Index score due to the fact that we were unable to answer one or more questions definitively either due to a lack of legal clarity or a lack of available information

1 African Nations Chamber of Commerce, "Mali", ***available at*** http://www.africanationschamber.com/CHAMBER_OF_COMMERCE_NEW_1/MALI.html (last visited 27 October 2013).

2 Deloitte. "Investing in Africa: Mali", ***available at*** http://www.deloitte.com/assets/Dcom-SouthAfrica/Local%20Assets/Documents/za_tax_Mali_280907.pdf (last visited 27 October 2013).

3 *Id*.

4 *Id*.

5 *Mali - Corporate Taxation* § 1.2, Country Surveys IBFD.

6 Logistics Cluster, "Mali National Legislation on Humanitarian Aid", ***available at*** http://www.logcluster.org/countries/mli/customs/view/customs_info/duties_and_taxes_exemption/non_emergency_response/national_legislation/ (last visited 27 October 2013).

7 Law No. 06-067 of 29 December 2006, Code General Des Impots, art. 52.

8 *Mali - Individual Taxation* § 5, Country Surveys IBFD.

9 Law No. 06-067 of December 29, 2006, General Tax Code, ***available at http://www.cnpmali.org/index.php/telechargements/doc_view/39-code-general-des-impots.***

Malta

1. ***Does the country have a tax system in place?***

   Yes. In Malta, tax is imposed on income, property, capital, sales, imports and estates.[1] Malta does not have a separate taxation system for individuals and corporations.[2] Companies and individuals are subject to the same income tax (i.e., the "*Taxxa fuq l-income*") provided by the Income Tax Act ("ITA"). In Malta there is only a federal system for income tax, and no local income taxes. The most relevant indirect taxes are Value Added Tax ("VAT"), stamp duty, custom duty and excise duty. The Inland Revenue is responsible for the administration of the Income Tax and Capital Transfer Duty Acts and the enforcement of social security contributions under the direction of the Ministry of Finance.[3]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. As provided by Article 12 of the ITA, an institution or foundation of a public character, and any other similar organization or body of persons, also of a public character, which is engaged in philanthropic work and either qualifies for exemption in accordance with rules from time to time prescribed by the Minister of Finance or is named by the Minister as engaged in philanthropic work is exempt from taxation.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. As a general rule, non-profit organizations are subject to the provisions applicable to companies. Companies must submit the Tax Index of Financial Data ("TIFD"). The TIFD is an extensive list of financial statement items where each item is assigned a unique four-digit code. A non-profit organization must indicate the amount received by members as donations and the gross sales and income from organizational activities.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Yes. "Smaller companies"[4] provide abridged balance sheets and abridged layouts of profit and loss account and abridged notes to the accounts. Such smaller entities prepare financial statements in accordance with the general accounting principles for smaller entities ("GAPSE").

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. If a company or individual donates to certain philanthropic institutions declared to be exempt by the Minister of Finance, such donation will be tax exempt. Donations generally are treated as if the donor sold the property and capital gains tax applies.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No. Individuals and corporations have the same incentives.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. There is no inheritance or gift tax in Malta. There is, however, a stamp duty chargeable on transfers of Maltese real estate at 5 percent, and on certain shares in Maltese companies at 2 percent.

   FINAL SCORE: 10

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1 Deloitte International Tax, "Malta Highlights 2013," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-malta-highlights-2013.pdf.

2 Deloitte, Taxation and Investment in Malta, 2013, ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-maltaguide-2013.pdf.

3 Inland Revenue, ***Inland Revenue Online***, Inland Revenue (Nov. 19, 2013), ***available at*** http://www.ird.gov.mt/.

4 "Smaller companies" are those that, based on financial statements data, do not exceed two out of the three following parameters: (i) balance sheet total: EUR 2,562,310.74; (ii) turnover: EUR 5,124,621.48; (ii) average number of employees during the accounting.

Marshall Islands

1. ***Does the country have a tax system in place?***

   Yes. The Republic of the Marshall Islands ("Marshall Islands") imposes tax on wages and salaries received by every employee at a rate of 8 percent on the first 10,400 USD and 12 percent thereafter.[1] There is no tax on capital gains. Businesses are also subject to tax on gross revenue.[2]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. According to the Marshall Islands Income Tax Act, an organization operated exclusively for religious, charitable, scientific, or educational purposes is not subject to the gross revenue tax.[3] This exemption applies only if no part of the net earnings of the organization inures to the benefit of any private shareholder or individual, no substantial part of the activities of the organization involves carrying on propaganda or otherwise attempting to influence legislation, and the organization does not participate or intervene in, including the publishing or distributing of statements, any political campaign on behalf of or in opposition to any candidate for public office.[4]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Prior to claiming an exemption under the Income Tax Act, a candidate organization must make an application to the Secretary of Finance.[5] Subsequently, qualifying organizations will be issued a certificate evidencing their exempt status.[6]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No. The gross revenue tax is computed on the basis of revenue with no deductions for business expenses. With respect to the wage withholding tax, there are no personal deductions, allowances or credits.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 3

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1 L. Joo-Fong, *Marshall Islands - Individual Taxation*, Country Surveys IBFD (last visited 24 September 2013).
2 L. Joo-Fong, *Marshall Islands - Corporate Taxation*, Country Surveys IBFD (last visited 24 September 2013).
3 48 MIRC ch. 1, Income Tax Act § 122(1)(e) (1989), ***available at*** http://www.paclii.org/mh/legis/consol_act_new/ita1989116/ (last visited 22 November 2013) (hereinafter *Income Tax Act*).
4 *Id*.
5 *Income Tax Act* § 122(2).
6 *Id*.

Mauritania

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in the Islamic Republic of Mauritania ("Mauritania") on income, real property, dwellings, motor vehicles, payroll, apprenticeships and gifts.[1] Municipalities also may impose taxes on industrial and commercial profits.[2] License fees and various transfer and stamp duties are also charged on a local level.[3] Mauritania adopted a Value Added Tax ("VAT") in 1995 on imports, delivery of goods and provision of services, except those activities specifically exempted.[4]

   The organization of local tax administrators varies widely by the various jurisdictions.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No. Mauritania does not provide for the concept of a non-profit organization.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Mauritania allows individuals to deduct up to 2.5 percent of income for "zakat," the Islamic practice of charitable giving,[5] and up to 1 percent of income for "patronage and sponsorship" costs[6], but does not define specific charitable organizations or recipients to which these donations must be given.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Corporate gifts in Mauritania are not tax deductible.[7]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Mauritania does not impose an estate tax, although gift tax is imposed on individuals who receive assets from the deceased.[8]

   FINAL SCORE: 3

1 EY, "2013 Corporate Worldwide Tax Guide: Mauritania", ***available at*** http://www.ey.com/GL/en/Services/Tax/Worldwide-Corporate-Tax-Guide---XMLQS?preview&xml=~ec1mages~taxguides~WCTG-2013~WCTG-MR.xml (last visited 27 October 2013); KPMG, "Mauritania Fiscal Guide 2011", ***available at*** http://www.kpmg.com/Africa/en/Documents/Mauritania%20Fiscal%20Guide%202011.pdf (last visited 27 October 2013).

2 Index Mundi, "Ease of Doing Business: Mauritania", ***available at*** http://www.indexmundi.com/facts/mauritania/ease-of-doing-business (last visited 27 October 2013).

3 *See* KPMG, *supra* note 1.

4 *Id.*

5 EY Worldwide Personal Tax Guide 2012-2013, "Mauritania," ***available at*** http://www.ey.com/GL/en/Services/Tax/The-worldwide-personal-tax-guide---XMLQS?preview&xml=~ec1mages~taxguides~TGE-2012~TGE-MR.xml.

6 *Id.*

7 EY Worldwide Corporate Tax Guide 2014, "Mauritania," ***available at http://www.ey.com/GL/en/Services/Tax/Worldwide-Corporate-Tax-Guide---XMLQS?preview&XmlUrl=/ec1mages/taxguides/WCTG-2014/WCTG-MR.xml.***

8 Deloitte, "Middle East Tax Handbook 2012", ***available at*** http://www.deloitte.com/assets/Dcom-MiddleEast/Local%20Assets/Documents/Services/TAX/me_Tax_Handbook_2012.pdf (last visited 27 October 2013).

Mauritius

1. ***Does the country have a tax system in place?***

   Yes. The major tax in the Republic of Mauritius ("Mauritius") is the income tax, which is a tax imposed on individuals as well as corporate entities.[1] There is also Value Added Tax ("VAT"), registration tax, customs and excise duty and land transfer taxes.[2] Corporate and personal taxes are embodied under one heading of income tax and are payable by all resident companies and individuals on non-exempt income derived from Mauritius and from other sources.[3]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The Income Tax Act (the "Act") exempts from tax any institutions approved by the Director-General, the objects of which are of a public character and which do not yield any profits to their members.[4] The objects of these institutions must be exclusively the advancement of religion, the advancement of education, the relief of poverty, sickness, and disability, the protection of the environment, the advancement of human rights and fundamental freedoms or the promotion of any other public object beneficial to the community, and these objects must be carried out in Mauritius or elsewhere.[5]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No. Tax return and payment requirements are stipulated in Articles 50E and 111 of the Act, but the Act does not mention the reporting requirements for non-profits.[6]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Individuals are allowed a deduction from net income in respect of any donations made to a charitable institution.[7] The deduction allowable shall not, in the aggregate, exceed MUR 40,000.[8] Companies are allowed the same deduction, which shall not, in the aggregate, exceed MUR 400,000.[9]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. The limitation on deduction by individuals and corporations is different. The limitation on deduction by corporations is 400,000 rupees while the limitation on deduction by individuals is 40,000 rupees.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Gifts, wealth and estates are not taxed in Mauritius.[10]

   FINAL SCORE: 8

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1 *See generally* Income Tax Act (1995), ***available at*** http://attorneygeneral.gov.mu/English/Documents/A-Z%20Acts/I/Page%201/INCOMETAX1.pdf (last visited 13 December 2013) (hereinafter *ITA*).
2 Duties and Taxes, ***available at*** http://www.gov.mu/portal/site/Businesshomepagesite/menuitem.0a3af2db23dea1d0d335d510a0208a0c/?content_id=8aaed575d1a88010VgnVCM100000ca6a12acRCRD.
3 *See ITA*, *supra* note 1.
4 *ITA,* sched. 2., §§ 2, 7.
5 *Id.*
6 *ITA*, arts. 50E, 111.
7 Income Tax Department, "How to File Your Return", ***available at*** http://www.mra.mu/download/ind1b05n.pdf (last visited 13 December 2013).
8 *Id.*
9 Baker Tilly Mauritius, "Income Tax Facts 2005-2006", ***available at*** http://www.intercontinental.mu/downloads/Income_tax.pdf (last visited 13 December 2013).
10 Inheritance tax and law, ***available at*** http://www.globalpropertyguide.com/Africa/Mauritius/Inheritance.

Mexico

1. Does the country have a tax system in place?

Yes. Mexico imposes a federal tax on all income (i.e., capital gains, certain types of gifts, and all other types of income unless expressly exempt), business revenues (in accordance with the business flat rate tax (IETU), which is also characterized as an alternative minimum tax), payroll, and goods, services and imports. In addition, states tax land transfers, land ownership and payroll, and some states also tax certain forms of income.

Mexico's tax administration authority is the Tax Administration Service (Servicio de Administración Tributaria, or "SAT").

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Tax exemption of non-profits is generally governed by Mexico's Income Tax Law and Flat Rate Business Tax Law. To be exempt from income tax, a non-profit must be organized for one of the purposes set forth in Article 95 of the Income Tax Law (which sets forth a broad range of civil associations) and must submit a successful application to the Ministry of Finance and Public Credit. To qualify to receive tax-deductible donations, the non-profit must also be dedicated to social services, medical relief, human rights, education, scientific or technological research, or support of the arts, culture, libraries or museums, as set forth in Articles 97 and 98 of the Income Tax Law. To be eligible for government funding, non-profits must register with the Registry of Civil Society Organizations ("CLUNI") and engage in activities that support charitable purposes, the environment, the creation and strengthening of civil society, human rights, education, health, consumer rights or sports. Organizations that are eligible for tax exemption or government funding must permanently allocate all assets to the organization's designated purposes and must not engage in political activities.

Non-profits generally take the form of Civil Associations ("ACs") or Private Assistance Institutions ("IAPs"). Both ACs and IAPs must register with the Public Registry of Property and the Federal Taxpayers Registry. IAPs are also registered with and supervised by the Private Assistance Board.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Non-profits are subject to extensive reporting requirements, including government funding reports, fiscal reports to the federal and applicable local government including monthly and annual transparency and social security reports, audits, information for the federal transparency web page, reports to the government where an organization receives public funds, reports to the ministry of the non-profit's applicable field of activities (such as the Education Ministry), reports to the Labor Ministry, reports to the Ministry of Social Development where an organization is registered with the Registry of Social Development, reports to federal and state tax authorities, and reports to the Private Assistance Board (in the case of IAPs).[1]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations of cash or property to eligible non-profit organizations are deductible from income tax. However, the deduction for charitable donations is limited to 7 percent of a taxpayer's gross income.[2]

The 1994 Mexico-US Tax Treaty also provides that donations from individuals or corporations to Mexican non-profits are deductible for U.S. income tax purposes if (1) the income is derived from activities in Mexico, (2) the non-profit is dedicated to the provision of social services, education, scientific or technological research, culture, ecology,

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1 The Int'l Center for Not-for-Profit Law, NGO Law Monitor: Mexico, ***available at*** http://www.icnl.org/research/monitor/mexico.html (last updated May 17, 2012).

2 Income Tax Law §§ 31 and 176(III); Income Tax Act Regulation §§ 31-33.

restoration of endangered or near extinct animal populations, or public museums or libraries, and (3) the non-profit has obtained authorization to receive such donations.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No. Deductions for charitable contributions are capped equally, at 7 percent of an individual or corporation's gross income.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Mexico does not impose an estate tax.

   FINAL SCORE: 9

Micronesia (Federated States of)

1. ***Does the country have a tax system in place?***

   Yes. The Federal States of Micronesia's ("Micronesia") Customs and Tax Administration imposes three taxes: (1) an import tax on all products brought into Micronesia; (2) a gross revenue tax assessed on all businesses operating within Micronesia (this tax is based on gross receipts and very few deductions are available); and (3) a tax on wages and salaries.[1] It is the responsibility of every employer in Micronesia to withhold income tax from workers' salaries.[2]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No. Micronesia does not recognize any local non-profits or tax-exempt organizations.[3] However, there is an exemption from import duties for international organizations that are importing goods into Micronesia pursuant to a foreign aid agreement.[4]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No. Micronesia does not provide any tax deduction for donations.[5]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 0

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1 *See generally* Federation States of Micronesia Code, Title 54: Taxation and Customs (1983), ***available at*** http://www.fsmlaw.org/fsm/code/title54/T54_Ch01.htm (last visited 12 December 2013) (hereinafter *Tax Code*).
2 Investment Guide: Federated States of Micronesia, ***available at*** http://www.fsminvest.fm/fsm/guide/overview.html
3 *See generally Tax Code*.
4 *Tax Code* §222.
5 *See generally Tax Code*.

Moldova, Republic of

1. *Does the country have a tax system in place?*

Yes. The Republic of Moldova ("Moldova") has a Tax Code (the "Code") and regulations passed on the basis of its provisions.[1] Tax regulations passed by the Government, Finance Ministry, Principal State Tax Service, Customs Department and other central and local public authorities may not contradict the Tax Code or exceed its limits. In case of any contradictions, the provisions of the Tax Code prevail.[2] State taxes include income tax, Value Added Tax ("VAT"), excise duties, private tax, customs duty and levies collected for the Road Fund.[3]

The system of local taxes includes land tax, real estate tax, tax on use of natural resources, area development levy, local auction and lottery levy, hotel levy, advertising levy, levy on use of local symbols, levy on placement of commercial objects, market levy, parking levy, health resort levy, dog owner's levy, levy on TV and film productions, levy on crossing state border, customs area sale levy and passenger transportation levy.[4]

The taxes stipulated by the Tax Code and tax regulations are sources of revenue for the consolidated national budget.[5] Income tax and road levies are regulatory sources of revenue for the budgetary system, and the real estate tax is a regulatory source of revenue for local budgets.[6] For local autonomies with a special legal status, the regulatory sources of revenue also include VAT.[7]

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Yes. For non-profits, the only tax benefit is exemption from paying income tax.[8] Tax exempt non-profit organizations include: (1) health care, educational, cultural, scientific organizations; (2) associations of the blind, deaf, and disabled; (3) veterans' and other public associations, funds, charitable organizations; (4) religious organizations; (5) associations, entrepreneurs, farmers, and other associations established for the purpose of creation of favorable conditions for the realization and protection of production; (6) technological or scientific, social and other interests of economic entities; (7) bar associations and unions; (8) notary unions and associations and notary chambers; (9) parties and other social-political organizations; and (10) other public associations, funds, charitable organizations operating exclusively for the following purposes: providing material and free services rendered to single persons and orphans, large families, unemployed, persons who suffered from wars, natural and ecological disasters or epidemics; activity related to the protection of human rights, education, acquisition and application of knowledge, healthcare, social support to the general public, culture, art, amateur sport; environment protection and other purposes beneficial for the general public in compliance with the Law on Public Associations and Funds.[9] Moreover, these organizations must comply with the requirements set forth in Article 52 of the Code.[10]

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

No.

4. *If yes to 3, then are those reporting requirements sensitive to the size of organizations?*

Not applicable.

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1 Tax Code of the Republic of Moldova, art. 3 (hereinafter *Tax Code*).
2 Iurie Lungu, Brief Overview of the Moldovan Tax System, ***available at*** http://www.welcome-moldova.com/articles/moldovan-tax/shtml (2013).
3 The Road Fund is a special fund to finance public roads. ***See*** The World Bank Group, "Moldova: Road Fund law (draft)," ***available at*** http://lnweb90.worldbank.org/ECA/Transport.nsf/ECADocByUnid/C29BCEB0FB5CA72D85256AF8005E7C50?Opendocument.
4 *Tax Code*, art. 6.
5 Lungu, *supra* note 2.
6 *Id.*
7 *Id.*
8 *See generally Tax Code*, *supra* note 1.
9 *Tax Code*, art. 52.
10 *Id*.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Moldova allows a resident taxpayer to deduct any donations made by the taxpayer during the fiscal year as philanthropy or sponsorships, limited to 10 percent of the taxpayer's taxable income.[11] The Code provides that such donations must be to public authorities and public institutions provided in Article 51, non-governmental organizations provided in Article 52(1)(a) and (b) and in Article 53(3), or to religious organizations provided for in Article 52(1)(c).[12] There are no tax incentives available for corporations.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. See response to question 5, above.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 5

11 *Tax Code*, art. 36.
12 *Tax Code*, arts. 51-53.

Monaco

1. ***Does the country have a tax system in place?***

   Yes. Monaco has a tax system in place that is characterized by a very low level of overall taxation.[1] In fact, there is no income tax on individuals, either residents or non-residents.[2] Business taxation applies to any individual or entity that carries out business activity with more than 25 percent of foreign turnover and to IP companies. Monaco also levies a number of indirect taxes: Value Added Tax ("VAT"), taxes on transfer of real estate and shares in real estate companies and businesses.[3] Inheritance and gift tax applies only in respect of goods located within Monaco. The Ministry of Finance is responsible for the collection of taxes. The "Tax division" is responsible for tax assessment, tax return and tax claims. The "division for real estate tax" is responsible for monitoring real estate transactions subject to tax.[4]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Income earned by non-profit organizations is tax exempt insofar as the activities carried out are VAT exempt.5

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. While there are no special reporting rules for non-profit organizations, there are a number of provisions regulating the administrative authorization procedure, transparency and supervision of associations and foundations. The Articles of associations must provide that the Board Minutes and Annual accounts must be available to anyone. Associations receiving public funding are subject to the provisions of Act 885 of May 29, 1970 on the financial control of private law bodies receiving state subsidies.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Gifts of property located within Monaco which are left to charitable institutions or to the nation are exempt from taxation, whether the transfer occurs on death or by way of gift.[6]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes. Inheritance and gift taxes only payable by residents on assets situated in Monaco but not for assets located outside the jurisdiction. The tax payable arises on a transfer made at the time of a person's death or on a transfer made by way of gift. Gifts to charity are exempt from these taxes.

   FINAL SCORE: 10

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1 Consulat General de Monaco, Tax System, ***available at*** http://www.monaco-consulate.com/index.php/useful-links/tax-system/.

2 *Id.*

3 *Id.*

4 Noah Gaoua, *Monaco – Key Features*, Country Surveys IBFD (2013).

5 Noah Gaoua, *Monaco – Corporate Taxation*, Country Surveys IBFD (2013).

6 Noah Gaoua, *Monaco – Individual Taxation*, Country Surveys IBFD.

Mongolia

1. Does the country have a tax system in place?

Yes. Mongolia has a relatively new and evolving tax system. Mongolia first adopted corporate and personal income tax laws in 1991, a general law on taxation in 1993, and later income and Value Added Tax ("VAT") laws.[1] The Mongolian taxation system includes taxes, fees, and payments imposed at the national and local levels.[2] The tax system provides for corporate income, personal income (including capital gains), VAT, customs, fuel, excise, immovable property, royalties, windfall profits and various other types of taxes.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Mongolia's 1997 law on non-governmental organizations ("NGOs") provides certain tax benefits for public benefit NGOs and mutual benefit NGOs.[4] Under Mongolian law, an NGO is an organization independent from the state, self-governing, not-for-profit, and established voluntarily by citizens or by legal persons other than governmental bodies on the basis of their individual or social interests and opinions.[5] A public benefit NGO is an NGO that operates for the public benefit in the fields of culture, art, education, science, health, sport, nature and environment, community development, human rights, protection of the interests of specific subsets of the population, charity, and other similar fields.[6] A mutual benefit NGO is an NGO other than a public benefit NGO that operates primarily to serve the legitimate interests of its members.[7] For a registered public benefit NGO, income from membership fees, contributions, inheritance, and mission-related economic activities of public benefit are exempt from income tax.[8] For registered mutual benefit NGOs, income from membership fees and members' contributions are exempt from income tax.[9]

In addition, Article 13 of Mongolia's VAT law includes exemptions from the VAT for (1) humanitarian and non-repayable aid goods obtained from governments and non-governmental organizations of foreign countries, international organizations, and charitable organizations, (2) educational and professional training services, (3) health services, and (4) services of religious organizations.[10] Charities or religious organizations are, however, subject to the immovable property tax.[11]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Under Mongolia's NGO law, NGOs must register with the Ministry of Justice in order to qualify for the income tax exemption and to receive legal status.[12] An NGO must also meet annual financial reporting requirements that include a balance sheet showing income and expenses from contributions, mission-related economic activities, and inheritance and a list of donors with cumulative donations greater than MNT 700,000.[13]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No. All registered NGOs are subject to reporting requirements.[14]

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1 General Department of Taxation, Implementing Agency of the Government of Mongolia, ***National Taxation System***, ***available at*** http://en.mta.mn/pages/17 (last visited 15 July 2012).
2 *Id.*
3 RIA Worldwide Tax & Commercial Law - Asia-Pacific, ***General Law of Taxation of Mongolia*** ch. 2 (Nov. 16, 2001) (hereinafter ***Law of Taxation***).
4 ***See generally The Law of Mongolia on Non-Governmental Organizations*** (Feb. 6, 1997), ***available at*** http://resource1.sodonvision.com/advocate/file/2011/11/4bb5883f600b0f5a/20a83bfef3dd5fd9.pdf (last visited 13 December 2013) (hereinafter ***NGO Law***).
5 *Id.*
6 *Id.* ch. 1, art. 4.
7 *Id.*
8 *Id.* ch. 4, art. 19.
9 *Id.* ch. 4, art. 21.
10 RIA Worldwide Tax & Commercial Law - Asia-Pacific, ***Value-Added Tax Law***, (June 2006) (hereinafter ***VAT***).
11 General Department of Taxation, Implementing Agency of the Government of Mongolia, ***Law of Mongolia on Immovable Property Tax***, http://en.mta.mn/uploads/assets/file/Laws/58.%20Tax%20immovable%20property.pdf (last visited 10 July 2012).
12 ***NGO Law***, ch. 3, art. 15.
13 *Id.* ch. 5, art. 23.
14 *Id.*

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Mongolia's NGO law provides for income tax deductions for contributions to registered public benefit NGOs.[15]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Both individuals and corporations are eligible for the tax deductions for contributions to registered public benefit NGOs.[16] Corporations are additionally eligible for tax deductions for charitable contributions to vocational education and training funds.[17]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Mongolia does not currently assess a national inheritance or estate tax,[18] although inheritance tax is permitted at the local level.[19] A contribution of an inheritance to a registered public benefit NGO is exempt from inheritance tax under Mongolia's NGO law.[20]

FINAL SCORE: 10

15 *Id.* ch. 4, art. 22.

16 PWC, *Mongolia Corporate – Deductions*, *available at* http://taxsummaries.pwc.com/uk/taxsummaries/ wwts.nsf/ID/JDCN-89HT8Y (last visited 1 June 2012); PWC, *Mongolia Individual - Other tax credits and Incentives*, *available at* http://taxsummaries.pwc.com/uk/taxsummaries/wwts.nsf/ID/JDCN-89HT8N (last visited 11 June 2012); Corporate Income Tax Table, *available at* http://en.mta.mn/uploads/assets/image/corporate%20income%20tax.jpg (last visited 10 June 2012).

17 PWC, *Mongolia Corporate – Deductions, available at* http://taxsummaries.pwc.com/uk/taxsummaries/ wwts.nsf/ID/JDCN-89HT8Y (last visited 11 June 2012); PWC, *Mongolia Individual - Other tax credits and Incentives*, *available at* http://taxsummaries.pwc.com/uk/taxsummaries/wwts.nsf/ID/JDCN-89HT8N (last visited 11 June 2012); *Corporate Income Tax Table*, *available at* http://en.mta.mn/uploads/assets/image/corporate%20income%20tax.jpg (last visited 10 June 2012).

18 L. Joo-Fong, *Mongolia – Individual Taxation,* Country Surveys IBFD (last visited 1 June 2012).

19 *Law of Taxation*, ch. 2, art. 17.

20 *NGO Law*, ch. 4, art. 22.

Montenegro

1. Does the country have a tax system in place?

Yes. Individuals are subject to income, property tax and inheritance and gift tax.[1] Social security contributions are also levied and the currency is the euro (EUR).[2] The following categories of income are provided for by the law: employment income; business and professional income; income from royalties; investment income (i.e., dividends, interest); and income from immovable property.[3]

An individual is deemed to be a resident of Montenegro if he or she stays permanently in Montenegro or has a place of habitual abode or center of vital interest there, or if he or she stays in Montenegro for at least 183 days within the tax year.[4]

Social security contributions payable by employees are withheld by the employer from the employee's remuneration.[5] The contributions are levied on the gross wages, and are payable at the following rates: 15 percent for pension and disability insurance; 8.5 percent for health insurance; and 0.5 percent for unemployment insurance.[6]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-governmental organizations ("NGOs") formed in Montenegro, which are associations or foundations, are subject to tax exemptions.[7] NGO's are generally exempt from taxation on grants, donations, membership dues, and non-economic sources of income.[8] Profits from related and unrelated economic activities are exempt up to 4,000 EUR (5,500 USD), provided that certain conditions are satisfied.[9] If an NGO's profits exceed 4,000 EUR, the NGO is obliged to register to carry out commercial activities, unless the profit it generates is below 20 percent of the operational budget of the NGO for that year.[10]

A Value Added Tax ("VAT") regime went into effect on April 1, 2003, with a standard rate of 17 percent; however, foreign grants and donations are not subject to VAT, nor are imported humanitarian goods.[11]

There are limited incentives for philanthropy as the concept of "public benefit" status in tax law is not well developed.[12]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Under Montenegrin law, corporations and individuals may deduct up to 3.5 percent of their gross (pretax) income for contributions to "medical, educational, scientific, religious, cultural, sport, humanitarian and environmental purposes."[13]

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1 Ernst & Young, Worldwide Personal Tax Guide 2012-13, "Montenegro," *available at* http://www.ey.com/Publication/vwLUAssets/Worldwide_Personal_Tax_Guide/$FILE/2012-2013_Worldwide_personal_tax_guide.pdf.
2 *Id.*
3 *Id.*
4 *Id.*
5 *Id.*
6 *Id.*
7 Decree Promulgating the Law on Tax on Profits of Legal Entities, art. 5, §1 (2001).
8 United States International Grantmaking, "Country Information: Montenegro", *available at http://www.usig.org/countryinfo/montenegro.asp (last accessed 31 January 2014).*
9 *Id.*
10 *Id.*
11 *Id.*
12 *Id.*
13 Corporate Income Tax Law of 2001, art. 14; Personal Income Tax Law of 2001, art. 24.

The concept of public benefit in Montenegrin tax legislation does not correspond with the concept of public benefit in the framework regulation, so it is not clear whether a donation to an organization promoting goals are recognized in the framework regulation as public benefit goals would qualify for a tax deduction.[14]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes. There is a 3 percent inheritance tax, and NGOs are generally exempt from this tax.[15]

   FINAL SCORE: 9

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14 *Id.*

15 Global Property Guide, "Montenegro, Inheritance Tax and Law"; *available at http://www.globalpropertyguide.com/Europe/montenegro/Inheritance (last accessed 31 January 2014); International Center for Not-for-Profit Law, Survey of Tax Laws Affecting Non-Governmental Organizations in Central and Eastern Europe 29 (2nd ed. 2003)*.

Morocco

1. Does the country have a tax system in place?

Yes. The Kingdom of Morocco ("Morocco") imposes corporate taxes on income (which includes interest income, capital gains income and dividend income), payroll and immovable property.[1] In addition, there is a Value Added Tax ("VAT") for certain producers of goods.[2] The standard corporate tax rate is 30 percent of net income.[3] The rate goes up to 37 percent for certain credit, leasing, banking and insurance institutions.[4] For companies realizing a low taxable profit (300,000 MAD or less) the rate is reduced to 10 percent.[5]

Individuals are taxed on a progressive rate structure on all business, professional and employment income (including benefits which are taxed at their actual value).[6] Income from immovable property and pensions is taxed at a reduced rate and royalty income is exempt from individual income tax.[7]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profit associations and legally similar organizations are completely exempt from corporate tax for operations that comply with the purpose defined in their bylaws.[8]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. All companies, whether taxable or exempt, with the exception of foreign (non-resident) companies opting to be subject to the 8 percent flat-rate tax, must file at the place where their head office in Morocco is situated and within 3 months following the end of each financial year, a statement of their results on a printed tax return supplied for that purpose by the tax authorities.[9]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Corporate deductible expenses include operating expenses consisting of gifts in cash or kind to recognized public utility associations which operate for charitable, scientific, cultural, literary, educational, athletic, teaching or health purposes. Also excluded from the scope of application of the tax is the lease value of real estate that the owners make available gratuitously to: (1) state and municipal agencies; (2) private assistance and welfare projects and (3) associations acknowledged to be of public utility when charitable non-profit institutions are established in said properties.[10]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. There appears to be no deduction available to individuals for charitable giving other than that of the lease value of real estate that is made available gratuitously by the owner to qualified organizations.[11]

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1 Deloitte International Tax, "Morocco Highlights 2013", ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-moroccohighlights-2013.pdf (last visited 5 December 2013).
2 *Id*.
3 *Id*.
4 *Id*.
5 *Id*.
6 *Id*.
7 L. Benchekroun, ***Morocco - Corporate Taxation***, Country Surveys IBFD (last visited 22 June 2012); R. Hamzaoui, ***Libya - Individual Taxation***, Country Surveys IBFD (last visited 20 June 2012).
8 L. Benchekroun, ***Morocco - Corporate Taxation*** § 1.2, Country Surveys IBFD (last visited 22 June 2012).
9 *Id.* § 1.8.2.
10 Morocco Tax Code, art. 11(i)(B)(2) (2008).
11 *Id.* art. 63(i)(B).

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. No inheritance or gift tax is levied in Morocco. The transfer of immovable property by gift is subject to income tax in the form of a 20 percent withholding tax. However, a gift of immovable property to parents or children for use as a dwelling is exempt from the income tax.[12]

FINAL SCORE: 9

12 *Id*.

Mozambique

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in the Republic of Mozambique ("Mozambique") on income and gifts.[1] Municipalities also impose a per capita national reconstruction tax and per capita personal tax.[2] Real property taxes and various transfer and stamp duties are also charged on a local level.[3] Mozambique assesses a Value Added Tax ("VAT") on importation, delivery of goods and provision of services, except those activities specifically exempted.[4]

   The national taxing agency is the Mozambique Revenue Authority.[5] The organization of local tax administrators varies widely by the various jurisdictions.[6]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The Corporate Income Tax Code (the "CITC") of Mozambique provides that "[d]uly recognised entities of public, social or cultural benefit, when their objective is not of a commercial, industrial or agricultural nature" are exempt from corporate tax.[7] The CITC also exempts "[i]ncome derived directly from the carrying out of cultural, recreational and sporting activities."[8]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Mozambique does not provide individuals with an exemption or deduction for charitable contributions. It does, however, provide incentives for corporations.[9]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Individuals cannot claim charitable deductions. However, corporations may exempt from income expenses incurred in maintaining nurseries, kindergartens, libraries and schools, prevention and medical care, and other social utility outlays approved by the taxing authorities.[10] In addition, donations up to 5 percent of taxable income for the prior year may be excluded from income to certain approved social entities.[11]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Estate duty tax in Mozambique is payable by the beneficiary/recipient, and depends on the amount and the relationship between the donor and the recipient.[12] There is no tax benefit encouraging philanthropic bequests.

   FINAL SCORE: 5

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1 KPMG, "Mozambique Fiscal Guide 2011", ***available at*** http://www.kpmg.com/Africa/en/Documents/Mozambique%20Fiscal%20Guide%202011.pdf (last visited 12 December 2013).

2 V. Arruda Ferreira, ***Mozambique - Individual Taxation***, Country Surveys IBFD (last visited 30 September 2013).

3 KPMG, ***supra*** note 1.

4 Deloitte, "Mozambique: Guide to Fiscal Information", ***available at*** http://www.deloitte.com/assets/Dcom-SouthAfrica/Local%20Assets/Documents/Mozambique.pdf (last visited 12 December 2013).

5 African Tax Administration Forum, "Republic of Mozambique", ***available at*** http://www.ataftax.net/en/mozambique.html (last visited 12 December 2013).

6 *See generally* Deloitte, ***supra*** note 4.

7 Corporate Income Tax Code § 10, ***available at*** http://www.doingbusiness.org/~/media/FPDKM/Doing%20Business/Documents/Law-Library/Mozambique-Corporate-Income-Tax-Code.pdf (last visited 13 December 2013) (hereinafter ***CITC***).

8 *Id.*

9 V. Arruda Ferreira, ***Mozambique - Corporate Taxation § 9***, Country Surveys IBFD (last visited 30 September 2013).

10 *CITC* § 37.

11 *CITC* § 41

12 South African Tax Guide, "Mozambique Taxes Overview", ***available at*** http://www.sataxguide.co.za/mozambique-taxes-overview/ (last visited 12 December 2013).

Myanmar

1. Does the country have a tax system in place?

Yes. The Republic of the Union of Myanmar ("Myanmar") levies an income tax, commercial tax and stamp duties through the Myanmar Internal Revenue Department.[1] While there is no Value Added Tax ("VAT"), the commercial tax is a turnover tax similar to VAT.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Income received by charitable or religious institutions and applied solely for religious/charitable purposes is exempt from income tax.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No. Returns of income are fillable within three months of the end of the relevant tax year for assessable income.[4] As non-profits are exempt from income tax, this requirement does not, presumably apply to them.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Myanmar provides deductions from income tax of up to 25 percent of total income for donations to "any religious or charitable institutions or any fund relevant to such matters sponsored by different levels of a state organization or recognized by the Ministry of Finance and Revenue by notification."[5] Contributions to charity are defined under Myanmar's "Income Tax Law" (1974) as "contributions for the benefit of the public such as donations for the education, health and welfare of the poor."[6]

6. If yes to 5, then do individuals and corporations have different incentives?

No. Incentives apply equally to corporations and individuals.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Myanmar does not levy estate, inheritance, or gift taxes, though inheritances and gifts are subject to stamp duty and registration.[7]

FINAL SCORE: 8

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1 KPMG Global Tax presentation on Myanmar, November 2013, ***available at*** http://www.kpmg.com/Global/en/services/Tax/regional-tax-centers/asia-pacific-tax-centre/Documents/CountryProfiles/Myanmar.pdf.
2 ***Myanmar – Individual Taxation***, Country Surveys IBFD, Introduction (last visited 27 June 2012).
3 Myanmar Income Tax Law 1974, § 5(a)(i).
4 ***Id.*** § 17(a).
5 J. Finch, Myanmar – Corporate Taxation § 1.7.1, Country Surveys IBFD (last visited 3 July 2013).
6 Myanmar Income Tax Law § 6(d), as summarized in ***Myanmar – Individual Taxation*** § 1.7.1., Country Surveys IBFD (last visited 27 June 2012).
7 ***Myanmar – Individual Taxation*** § 5, Country Surveys IBFD (last visited 27 June 2012).

Namibia

1. ***Does the country have a tax system in place?***

   Yes. The Republic of Namibia ("Namibia") imposes taxes on income of individuals and organizations, Value Added Tax ("VAT"), agricultural land, transfer of real estate, and imports of certain goods.[1] A tax on real estate is also imposed at the local level.[2]

   The Ministry of Finance is the primary national taxing authority.[3]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Most types of non-profit organizations in Namibia will qualify for exemption from income taxation.[4] The supply of goods to "charitable organizations" (although the term is not defined in the applicable statute) is exempt from VAT.[5] Charitable organizations are exempt from taxes on the transfer of real estate, and may be exempt from the tax on agricultural land, subject to the approval of the Minister of Lands, Resettlement and Rehabilitation.[6] Rebates for custom duties may be available for certain kinds of imports for the use of charitable organizations under narrow and particular conditions (frequently including governmental pre-approval).[7]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Charitable organizations, whether organized as trusts or companies, have the same reporting requirements as their non-charitable counterparts.[8]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Namibia offers tax deductions to individuals for donations to registered welfare organizations or educational institutions, in each case only if approved by the Minister of Finance.[9] Furthermore, such donations are only deductible if (1) no loss is created for the taxpayer; (2) the taxpayer receives a certificate from the donee confirming the donation; and (3) no individual person is nominated as the beneficiary of the donation.[10]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes, the only known tax incentives available in Namibia are those offered to individuals.[11]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Namibia does not impose inheritance or gift taxes.

   FINAL SCORE: 6

1 *See generally* Jude Amos, *Namibia – Individual Taxation*, Country Survey IBFD (hereinafter *Individual Taxation*); Jude Amos, *Namibia – Corporate Taxation*, Country Survey IBFD (hereinafter *Corporate Taxation*); Wesley Holl, Foreign Tax & Trade Briefs – Namibia (Matthew Bender & Company, Inc. 2012).
2 *Id.*
3 *See* Ministry of Finance, Republic of Namibia, *available at* http://www.mof.gov.na/en (last visited 13 December 2013).
4 Income Tax Act No. 24 of 1981, §16. *See* Benedict C. Iheme, *The Legal and Regulatory Framework for Civic Organizations in Namibia*, 11 Int'l J. Not-for Profit L., Feb. 2009, § 5.1; *see also* Holl, *supra* note 1, § II.B.
5 *See id.* § 5.3.
6 *See* Holl, *supra* note 1, §§ VI.B., X.B.
7 *See* Iheme, *supra* note 4, § 5.4.
8 *See* Companies Act of 2004, §§ 21, 306(5); *see also* Iheme, *supra* note 4, §§ 2.2, 2.3.
9 *See* Iheme, *supra* note 4, § 5.1; *see also Individual Taxation*, *supra* note 1, § 1.7.1.
10 *See* Holl, *supra* note 1, § I.K.
11 The resources found are inconclusive as to whether there is a tax deduction available for corporations that make charitable donations.

Nauru

1. ***Does the country have a tax system in place?***

   Yes. However, the Republic of Nauru ("Nauru") levies only "minimal customs duties, excise taxes on certain products and certain tourist charges."[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Not applicable.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Not applicable.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.

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1 *Nauru – Individual Taxation*, Country Surveys IBFD (last visited 27 June 2012).

Nepal

1. Does the country have a tax system in place?

Yes. Taxes are imposed on income in the Federal Democratic Republic of Nepal ("Nepal") by the Inland Revenue Department.[1] In Nepal, if an organization is paid for services it provides, the organization must pay income tax unless it has a tax-exemption certificate, for which it must apply to the Inland Revenue Department.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Civil Service Organizations ("CSOs") may apply for a tax-exemption certificate so that income from grants, donations, and investments is not taxed.[3] However, tax exemption is not guaranteed, and some written authority suggests that the tax exempt clause does not apply in practice.[4]

Furthermore, according to the Social Welfare Act, local CSOs that wish to receive foreign funding and implement programs with foreign support must receive advance approval from the Social Welfare Council ("SWC").[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. A tax-exemption certificate, as discussed above, remains valid so long as the CSO carries out the public benefit purposes mentioned in the organization's by-laws and does not carry out income generating activities.[6] However, all associations, tax-exempt or otherwise, are required to register with their local District Administration Office.[7] If an association is operated without having registered, the local authority may impose a fine of up to NPR 2,000 on each member of the management committee of the association.[8]

Associations are required to renew their registration annually, through a process that requires the association to submit a progress report, including audit, minutes of the annual general meeting, and the plan for the next year.[9] Reporting to responsible state agencies, such as the District Development Committee and District Administration Office, is required and is part of the registration renewal application.[10]

Organizations affiliated with the SWC must submit an audit report to the SWC within six months after the completion of the fiscal year along with detailed descriptions of the previous year's progress and the following year's proposed work and activities.[11]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No. Nepal provides no charitable deduction, and, as a result, corporate sectors are not stimulated to make donations. Lack of a supportive policy has limited the promotion of corporate social responsibility in Nepal. Similarly, individuals have no legal vehicle for support of government institutions and CSOs.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

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1 *See generally* Inland Revenue Department, ***available at*** http://www.ird.gov.np/ird/index/index.php (last visited 9 December 2013).
2 *See* ICNL, "NGO Legal Monitor: Nepal", ***available at*** http://www.icnl.org/research/monitor/nepal.html (last visited 9 December 2013).
3 *Id.*
4 *See, e.g.,* NGO Federation of Nepal. *Laws and Regulations Governing Non-Governmental Organizations in Nepal* p.81 (1996).
5 ICNL, *supra* note 2.
6 *Id.*
7 *Id.*
8 *Id.*
9 *Id.*
10 *Id.*
11 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No.

FINAL SCORE: 3

Netherlands

1. Does the country have a tax system in place?

Yes. The Kingdom of the Netherlands ("Netherlands") imposes tax on individual and corporate income, on transfers of real estate and on gifts and inheritances as well as a Value Added Tax ("VAT").[1] Social security contributions are included in the income tax rate, as is a deemed 4 percent annual yield on capital property (in lieu of a capital gains tax).[2] Local municipalities also levy a tax on real property.[3]

The primary national tax authority is the Tax and Customs Administration, a part of the Ministry of Finance.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. A non-profit organization may be generally exempt from corporate income tax if it meets the requirements of a multi-part test set out in the Dutch tax code, although such an organization will still be subject to tax on income derived from regular engagement in commercial economic activity.[5] A non-profit organization may be exempt from charging VAT when supplying certain kinds of services and goods, but it may not be able to deduct VAT paid for the input related to those services and goods, so the exemption is not necessarily favorable.[6] Gifts and inheritances received by certain kinds of charitable organizations are taxed at a reduced rate.[7]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes, some. Non-profits are not required to file income tax returns if no income tax is due.[8] However, non-profit organizations that receive government subsidies (the primary source of funding for Dutch non-profit organizations) must submit an annual report and financial accounting to the relevant government authority.[9] Furthermore, charitable organizations that engage in fundraising efforts may (but are not required to) apply to the Central Bureau of Fundraising for an evaluation, based upon which the Central Bureau of Fundraising may issue a "Declaration of Supportworthiness" to the organization.[10] Organizations that qualify for a Declaration of Supportworthiness for three years in a row may be granted the Central Bureau of Fundraising's official seal of approval.[11]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations to religious, charitable and cultural institutions by individuals and corporations may be deductible for income tax purposes,[12] although the institutions must be registered with the Tax and Customs Administration in order to qualify for the deduction.[13] In addition, certain investments in "green" funds (i.e., to benefit the environment) and in funds that invest in "social-ethical projects" may be deducted from the tax base used in computing deemed

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1 *See generally* René Offermanns, ***Netherlands – Individual Taxation***, Country Surveys IBFD (hereinafter ***Individual Taxation***); René Offermanns, ***Netherlands – Corporate Taxation***, Country Surveys IBFD (hereinafter ***Corporate Taxation***); D.C. Verzijl, Foreign Tax & Trade Briefs – Netherlands (Matthew Bender & Company, Inc. 2012).

2 ***Individual Taxation***, ***supra*** note 1, §§ 1.5.1, 3.

3 ***Corporate Taxation***, ***supra*** note 1, § 5.2.

4 Belastingdienst, The organisation, ***available at*** http://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/standaard_functies/individuals/organisation/ (last visited 27 July 2012).

5 Ary Burger and Vic Veldheer, The nonprofit sector in the Netherlands, Working document 70, § 1.2.6 (Sociaal en Cultureel Planbureau, The Hague, April 2001); Joost Rutteman and Thomas Keijser, Co-operation between Non-Governmental Organisations and Public Authorities in the Provision of Social Services: The Legal Framework in the Netherlands § 3.2 (Tacis, November 1999).

6 Verzijl, ***supra*** note 1, § VI.D; Burger and Veldheer, ***supra*** note 5, § 1.2.6; Rutteman and Keijser, ***supra*** note 5, § 3.3.

7 Burger and Veldheer, ***supra*** note 5, § 1.2.6; Rutteman and Keijser, ***supra*** note 5, § 3.4.

8 Philantropia, Inc., Establishing a Nonprofit in the Netherlands, ***available at*** http://philantropia.org/Establishing_Dutch.pdf.

9 Burger and Veldheer, ***supra*** note 5, § 1.2.5; Rutteman and Keijser, ***supra*** note 5, § 1.2.

10 Wino J. M. van Veen, Self Regulation on Monitoring of Fundraising Organizations in the Netherlands: The Central Bureau on Fundraising, 2.

11 *Id.* at 3.

12 ***Individual Taxation***, ***supra*** note 1, § 1.7.1; Burger and Veldheer, ***supra*** note 5, § 1.2.6; Rutteman and Keijser, ***supra*** note 5, § 3.5.

13 Verzijl, ***supra*** note 1, § II.H.5.

investment income.[14]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. The minimum threshold and maximum deduction for individuals and corporations are different; individuals may take larger deductions relative to their total taxable income than corporations.[15] Furthermore, an individual's pledge to make donations with a minimum of five annual installments, if set down in a notarial deed, is deductible with no limitations.[16]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. The Netherlands imposes gift and inheritance taxes, paid by the recipient, on lifetime and testamentary transfers, and reduced rates are available to certain kinds of charitable organizations.[17]

FINAL SCORE: 10

14 *Individual Taxation*, *supra* note 1, § 1.5.1; *Corporate Taxation*, *supra* note 1, § 1.7.
15 Burger and Veldheer, *supra* note 5, § 1.2.6; Rutteman and Keijser, *supra* note 5, § 3.5.
16 Burger and Veldheer, *supra* note 5, § 1.2.6.
17 *Id.*; Rutteman and Keijser, *supra* note 5, § 3.4.

New Zealand

1. Does the country have a tax system in place?

Yes. In New Zealand, tax is imposed on income, fringe benefits, goods and services, and imports.[1] Excise duty is levied on certain goods, including alcohol, tobacco and certain fuels.[2] There is no payroll tax, capital gains tax, real estate tax or net worth tax.

The tax system for the entire country is administered by the Inland Revenue Department. Import duty is collected by New Zealand Customs. New Zealand does not have separate state income taxes.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Charities registered under the Charities Act 2005 (the "Charities Act") are generally exempt from New Zealand income tax, unless they operate with no written rules, constitution or trust deed, they operate under a set of rules, a constitution or a trust deed that does not meet the requirements for income tax exemption, or they use business income for charitable purposes in foreign countries.[3] To be exempt from New Zealand income tax, an organization must qualify as a charitable organization. Charitable organizations are organizations (including charitable trusts, incorporated societies and companies) that carry out charitable activities or exist exclusively for charitable purposes. Under the Charities Act, charitable purpose includes "every charitable purpose, whether it relates to the relief of poverty, the advancement of education or religion, or any other matter beneficial to the community."[4] Since July 1, 2008, a charitable organization must be a "tax charity" to be eligible for tax exemptions. The primary way to become a tax charity is to register with the Charities Commission.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The Charities Act established the Charities Commission whose role is to maintain a registration and monitoring system for charitable organizations and to provide support and education to the charitable sector on governance and management.[5] The Charities Commission maintains a register of charitable entities. Registration with the Charities Commission is voluntary, but a charity must register in order to be exempt from income tax. Charitable trusts, incorporated societies, and companies also are subject to the registration requirements of the Charitable Trusts Act 1957, the Incorporated Societies Act 1908 or the Companies Act 1993, respectively. The Charities Act requires all charities registered with the Charities Commission to file an Annual Return and provide a copy of their financial statements.[6]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No. The Charities Act requires all charities registered with the Charities Commission to file an Annual Return.[7]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. New Zealand provides a refundable income tax credit of 33 1/3 percent of charitable gifts of 5 NZD or more made by individuals to certain donee organizations, up to the individual's taxable income.[8] Donee organizations are defined in Section LD 3(2) of the Income Tax Act of 2007 and a list of approved organizations is provided on the Inland Revenue Department website.[9] A donee organization must be a New Zealand society, institution, association, organization, trust or fund. This includes approved donee organizations, religious organizations, medical

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1 Income Tax Act; Goods and Services Tax Act; Tariff Act.
2 Customs and Excise Act.
3 Inland Revenue Department, Non-profit Organisations, ***available at*** http://www.ird.govt.nz/non-profit/np-charities/.
4 Charities Act § 5(1).
5 Charities Commission, Guide to the Charities Act, ***available at*** http://www.charities.govt.nz/setting-up-a-charity/registration-guidelines/charities-act/.
6 Charities Commission, Annual Returns under the Charities Act Information Sheet, ***available at*** http://www.charities.govt.nz/news/information-sheets/annual-returns-under-the-charities-act/.
7 *Id.*
8 Income Tax Act § LD 3(1).
9 Inland Revenue Department, Donee Organisations, ***available at*** http://www.ird.govt.nz/donee-organisations/.

research schools and universities, approved overseas aid funds, kindergarten associations, state and state integrated schools, or their board of trustees, schools who have been approved as donee organizations, and parent-teacher associations.[10]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Corporations may claim deductions for charitable contributions to donee organizations as defined in the Income Tax Act 2007 Section LD 3(2), and a list of approved organizations is provided on the Inland Revenue Department website. Although the incentives are similar to those for individuals, deductions by corporations are limited to the company's net income for that year before taking into account the donation deduction.[11]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. The gift duty was abolished effective October 1, 2011.[12] Prior to the repeal of the gift duty, donors of gifts to charities were exempt from the gift duty.

FINAL SCORE: 9

10 Inland Revenue Department, Individual Income Tax Donations, Childcare and Housekeeper Tax Credits, *available at* http://www.ird.govt.nz/income-tax-individual/tax-credits/dch-taxcredits/.

11 Income Tax Act § DB41.

12 Inland Revenue Department, *supra* note 1.

Nicaragua

1. Does the country have a tax system in place?

Yes. Nicaragua levies federal and local income tax and real estate tax.[1] There is also a Value Added Tax ("VAT") at the federal level.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Nicaragua provides an exemption from corporate income tax for universities and technical or professional educational institutions, non-profit institutions, except when deriving income from a business activity carried out in the normal market, and legal religious entities, but only with regard to income from the exercise of their own activities.[3]

Churches and religious foundations, as well as entities declared exempt from tax by the constitution are exempt from the VAT.[4]

The following are exempt from municipal income and property taxes: churches and religious faiths, with respect to temples and offices used for religious purposes; non-profit charity and social assistance institutions; cultural, scientific, sports and artistic institutions; unions and associations as long as they are not for profit; and non-profit civil associations, foundations, federations and confederations with recognized legal standing, with respect only to their assets and income related exclusively to the fulfillment of their own aims and purposes.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Law No. 147 requires non-profits to submit general balance sheets upon conclusion of the fiscal year. Some organizations must also submit activities reports clarifying the relation between implemented actions and fund amounts managed.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Nicaragua does not appear to provide an income tax deduction for charitable contributions, or any other tax incentive to encourage philanthropy.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Nicaragua does not have an estate tax or equivalent mechanism.

FINAL SCORE: 3

1 *Nicaragua – Individual Taxation* § 4.2, Country Surveys IBFD (last visited 27 June 2012).
2 *Nicaragua – Corporate Taxation* § 8, Country Surveys IBFD (last visited 27 June 2012).
3 *Id.* § 1.2.
4 *Id.* § 8.2.

Niger

1. Does the country have a tax system in place?

Yes. Niger has an income tax, an annual profits tax, a minimum flat rate tax, stamp duty, real property tax. It also has a Value Added Tax ("VAT") and customs and excise duties.[1]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Exemption from the annual profits tax is provided for "low-cost housing companies and agencies and cinema-clubs and cultural centers."[2]

Exemption from property tax is provided for "buildings serving as public places of worship, buildings owned and used by political parties, non-profit-making associations and syndicates for their activities; buildings used as public or private schools and universities; buildings allocated or dedicated for use in provided medical or social assistance."[3]

Exemption from the VAT is provided for "activities of non-profit organizations and of cinema clubs, cultural centers and national museums; non-profit associations, museums and cultural centers operating in accordance with the applicable law."[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No. Gifts made to the state and its institutions are deductible from income, "up to a limit of 2 percent of turnover" but there do not appear to be any similar deductions for gifts to non-profit organizations.[5]

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.

FINAL SCORE: 2

1 *Niger – Individual Taxation*, Country Surveys IBFD, Introduction (last visited 27 June 2012).
2 *Niger – Corporate Taxation* § 1.2, Country Surveys IBFD (last visited 27 June 2012).
3 *Id.* § 5.2.3.2.1.
4 *Id.* § 8.5.
5 *Niger – Individual Taxation* § 1.7.1, Country Surveys IBFD (last visited 27 June 2012).

Nigeria

1. Does the country have a tax system in place?

Yes. Each of Nigeria's three tiers of government (federal, state and local) imposes and collects taxes.[1] The Federal Board of Inland Revenue, through its operational arm, the Federal Inland Revenue Service, imposes the following federal taxes on companies in Nigeria: company income tax, Value Added Tax *("VAT"), withholding tax and capital gains tax.*[2] Individuals are also subject to personal federal income tax, but enforcement is poor.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The following types of income are exempt from Nigerian taxation: (1) the profits of any company engaged in ecclesiastical, charitable, or educational activities of a public character in so far as such profits are not derived from a trade or business carried on by such company, and (2) the profits of any company formed for the purpose of promoting sporting activities where such profits are wholly expendable for such purpose.[4] In addition to tax exemptions for these stated purposes, Nigerian non-profit companies may all apply to the Nigerian President for an order exempting them from all or any profits from any source.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. All non-governmental organizations (defined as associations registered for the advancement of any religious, educational, literary, scientific, social development, cultural, sporting and charitable purpose) must file a tax return every year.[6] The tax return must contain: (1) the audited accounts, tax and capital allowances computations and profits from each and every source computed in accordance with the provisions of the Company Income Tax Act; (2) various information required by rules for specific profits and allowances; and (3) a declaration to be signed by a director or secretary of the organization that the information contained in the return is true and correct.[7]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. A tax benefit, in the form of an allowable deduction, is available to any Nigerian company that makes a donation to one or more of the ecclesiastical, charitable, benevolent, educational and scientific institutions, established in Nigeria, and specified on the Fifth Schedule of the Company Income Tax Act.[8] The amount of this deduction for any year may not exceed 10 percent of the donating company's total profits for that year.[9]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Nigeria offers a charitable deduction to companies but not to individuals.[10]

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1 Dr. Nnama Meshach Umenweke, *Tax Collection in Nigeria, 22 J. of Int'l Tax'n 49 (2011)*.

2 The Economist, Economist Intelligence Unit, *Nigeria, In* Country Commerce 2010, 35-42 (2010). "Companies In The Oil And Gas Sector Together With Construction And Consulting Companies Providing Services To Oil Companies Are Regulated By Separate Tax Laws." Pkf, *Nigeria Tax Guide 2011, In* Pkf Worldwide Tax Guide 2011, 1 (2011).

3 The Economist, *supra* note 2, at 41.

4 Company Income Tax Act, § 23(1)(c-d) (Nigeria).

5 United States International Grantmaking, Country Information: Nigeria, *available at* http://www.usig.org/countryinfo/nigeria.asp (last visited 11 July 2012), *citing* Company Income Tax Act, § 23(2).

6 Guidelines On The Tax Exemption Status Of Non-Governmental Organisations, issued by the Federal Inland Revenue Service on August 27, 2010.

7 Proshare, *Guidelines on the Tax Exemption Status of Non-Governmental Organisations (NGOs)*, *available at* http://www.proshareng.com/news/14285 (last visited 11 July 2012).

8 Companies Income Tax Act, *available at* http://www.google.com/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CCsQFjAA&url=http%3A%2F%2Fwww.firs.gov.ng%2FTax-Management%2FTax%2520Legislations%2FCITA.pdf&ei=miuAUrSqDI-44APC6Y-HoAw&usg=AFQjCNEsh8MqDNpX6A3dpiX20rSibIGaWA&bvm=bv.56146854,d.dmg (last visited 10 November 2013).

9 United States International Grantmaking, *supra* note 7.

10 *Id*.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Nigeria does not impose an estate tax or any equivalent mechanism on its residents.

FINAL SCORE: 6

Norway

1. ***Does the country have a tax system in place?***

   Yes. In Norway, tax is imposed on income, wealth, delivery of goods and services, imports, property, national insurance contributions and inheritance.

   Taxes are collected by the Norwegian Tax Administration (federal government) and five local tax offices spread across the country. Income and wealth taxes are assessed and collected at the federal and local level, while property taxes are assessed at the local level.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Charitable foundations, church organizations and companies or organizations that do not have business as their purpose are exempt from income tax. However, if an exempt organization has income from any business or commercial activity, including rental income, that income is taxable.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Individuals may claim a deduction for all gifts made to companies, foundations or cooperatives which have their registered office in Norway or another European Economic Area country, do not have trade as their purpose, and carry on the following activities: (1) care and health promotion for children or adolescents, elderly, sick, disabled or other disadvantaged groups; (2) children and youth-oriented music, theater, literature, dance, sports, outdoor activities; (3) religious or other beliefs related activities; (4) activities for the protection of human rights or development aid; (5) disaster relief operations and the prevention of accidents and injuries; and (6) cultural heritage, environmental protection, nature conservation or animal protection. In order to claim the deduction, the donation must be above NOK 500 and the deduction cannot exceed NOK 12,000 per year. Additionally, the Tax Director prepares an annual list of all organizations that receive deductible gifts.[3]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Corporations are not entitled to deductions. Individuals are entitled to deductions as discussed in the response to question 5.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Gift and inheritance taxes are levied on gifts and estates of citizens and residents of Norway. However, because the tax is levied on the donee, not the decedent or donor, there is little encouragement to donate to charitable organizations.[4]

   FINAL SCORE: 5

1 Norwegian Directorate of Taxes, Guide to the Norwegian Tax Administration, a*vailable at* http://www.skatteetaten.no/upload/PDFer/Guide_taxadministration.pdf.
2 Income Tax Act § 2-32.
3 Income Tax Act § 6-50.
4 Norwegian Directorate of Taxes, *supra* note 1.

Oman

1. Does the country have a tax system in place?

Yes. The Sultanate of Oman ("Oman") assesses tax on the income of companies and "establishments". "Income" is broadly defined to include cash or other benefits, capital gains, profits, rents, interest, royalties, management fees and dividends. There is no property tax or payroll tax. Dividends paid by Omani companies, however, are tax-exempt.

"Establishment" is defined as an individual enterprise owned by a natural person to carry on in Oman an independent commercial, industrial or professional activity. It includes any "commercial, industrial or professional establishment carrying on an independent commercial, industrial or professional activity practiced for the purpose of realizing profits". A professional activity is defined as any activity based on capital and labor, but relying mainly on the latter. It includes the personal performance of certain types of arts and sciences such as medicine, engineering, law, accounting, auditing, etc. Thus, individual income tax is imposed only on income from business and professional activities.[1]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes, in limited circumstances. An exemption is provided for Omani establishments and companies, the principal activity of which is in the education or private hospital sector.[2]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Though there is no tax exemption for non-profits, a provisional declaration of income must be filed within three months of the end of the accounting period to which it relates, and the final declaration must be filed within six months. There doesn't appear to be any special exemption from the reporting requirement for any kind of non-profit organization.[3]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. For taxpayers whose capital exceeds OMR 20,000, the final declaration must be accompanied by the final audited accounts certified by an independent auditor authorized to carry on activities in Oman. The conditions concerning capital, gross income and number of employees that exempt companies from submitting audited accounts together with the final declaration are laid down in the executive regulations, which include provisions aimed at reducing the compliance burden for small and medium-sized enterprises.[4]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations of up to 5 percent of a company's taxable income to ministries, government bodies, municipalities, charities and other listed organizations may be deducted.[5]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. It appears that all taxpayers are eligible for deductions for the above-described donations, but individuals are not subject to taxes in Oman.[6]

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1 S. Gueydi, ***Oman - Individual Taxation*** § 1.1, Country Surveys IBFD (last visited 20 June 2012); S. Gueydi, ***Oman - Corporate Taxation*** § 1.2, Country Surveys IBFD (last visited 22 June 2012).

2 S. Gueydi, ***Oman - Corporate Taxation*** § 1.2.4, Country Surveys IBFD (last visited 22 June 2012).

3 *Id*. § 1.8.2.

4 *Id.*

5 *Id.* §1.3.3.1.

6 Deloitte, "Oman Tax Update – Implications of the recently-issued Executive Regulations," ***available at*** http://www.deloitte.com/assets/Dcom-Lebanon/Local%20Assets/Documents/TAX/Oman%20Tax%20Update%202012%20-%20En.pdf.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. There are no inheritance or gift taxes in Oman.

This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives

Pakistan

1. ***Does the country have a tax system in place?***

   Yes. Pakistan imposes an income tax on corporations and individuals. Additionally, a sales tax and customs duties are levied on the supply and import of goods and on specified services. A federal excise tax is also due on certain services. The Federal/Central Board of Revenue is the highest tax administrative authority of Pakistan and has overall responsibility for implementation of fiscal policies and collection of taxes.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The income of any trust or welfare institution approved by the Regional commissioner of Income tax and certain trusts administered for the benefit of ex-servicemen and ex-government employees are not subject to income tax. Religious or charitable institutions deriving income from voluntary contributions are also not subject to income tax. The Income Tax Ordinance also lists certain specific organizations the income of which is not taxed.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Organizations registered under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961 are required to maintain accounts and submit an annual report and audit report to District Officers. The report must detail the management of the agency, its activities and plans for the next year. Accounts and reports are made publicly available.

   Non-profit companies must submit annual returns, audited accounts and other documents for examination. Accounts are open to public scrutiny. NGOs, which benefit from tax exemptions, are required to submit annual audited accounts, a list of donors and beneficiaries and other financial information to the Central Board of Revenue.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Taxpayers are entitled to a tax credit with respect to any sum paid, or any property given as a donation to: (1) any board of education or any university in Pakistan established under law; (2) any educational institution, hospital or relief fund established or run in Pakistan by some government authority; and (3) any non-profit organization.[4] The amount of the credit is equal to a fraction of the lesser of the charitable donations given in the taxable year or a specified percentage of such person's taxable income. The numerator of such fraction is the amount of tax assessed (without considering this credit) and the denominator is the person's taxable income.[5]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. As mentioned above, the tax credit available for charitable donations is a fraction of a number equal to the lesser of the amount of the charitable donation or a specified percentage of taxable income. In the case of an individual, the specified percentage is 30 percent of the taxable income of that person for the year. In the case of a company, the specified percentage is 15 percent of the taxable income of that person for the year.[6]

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1 KPMG, *Asia-Pacific Taxation: Pakistan* (2009).
2 Income Tax Ordinance, sched. 2.
3 NGO Regulation Network, ***Pakistan**, **available at*** http://www.ngoregnet.org/country_information_by_region/Asia_and_Oceania/pakistan_countrypage.asp.
4 Income Tax Ordinance § 61.
5 Income Tax Ordinance § 61.
6 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No, there is no estate, inheritance or gift tax in Pakistan.

FINAL SCORE: 9

Palau

1. ***Does the country have a tax system in place?***

   Yes. The Republic of Palau ("Palau") has enacted the Unified Tax Act (the "Act").[1] Individuals in Palau may be subject to tax on gross revenue, wages, salaries and imports.2 Revenue tax is imposed on businesses established in Palau.[3]

   The principal form of tax is the gross revenue tax of 4 percent, which applies to all businesses operating in the islands.[4] No tax is payable where annual gross revenue is 2,000 USD or less.[5] The gross revenue tax essentially applies to all revenue received, whether in the form of cash or property, from sources other than wages and salaries from which the employer has withheld the wages and salary tax.[6]

   Employers are required to assess, levy, and collect such taxes from wages and salaries paid to their employees. The rate is currently six percent (6 percent) on the first 8,000 USD earned and twelve percent (12 percent) on any amount earned over 8,000 USD.[7]

   In addition to the above, Palau has an import tax, hotel room tax, vessel cabin tax, amusement device tax, departure head tax, road use tax, fish export tax and foreign water vessel tax.[8]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of*** *donor institutions?*

   No, Palau does not impose estate tax.[9]

FINAL SCORE: 0

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1 Palau National Code, tit. 40, div. 2.
2 Republic of Palau Business Regulations and General Business Resources, ***available at*** http://www.pacificsbdc.com/sbdc-locations/palau/index.html (last visited 11 November 2013).
3 T. Tom, ***Palau - Corporate Taxation***, Country Surveys IBFD (last visited 2 October 2013).
4 Palau Business Regulations, ***supra*** note 2.
5 *Id*.
6 Tom, ***supra*** note 3.
7 *Id.*
8 *Id.*
9 ***See*** Palau Business Regulations, ***supra*** note 2 (detailing all taxes in Palau, with no mention of estate tax).

Panama

1. Does the country have a tax system in place?

Yes. Panama imposes an individual and corporate income tax.[1] In addition, there is an immovable property tax imposed on all Panamanian-situs immovable property as well as a Value Added Tax ("VAT") levied upon the transfer of goods and services rendered in Panama.[2] The tax administration agency in Panama is the *Dirección General de Ingresos.*[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The following entities are exempt from corporate income tax: churches, seminaries and religious or public welfare societies (at least with regard to income directly arising from religious or public welfare activities); asylums, hospices, orphanages, foundations and other non-profit associations, provided such income is used exclusively for social assistance, public welfare or educational or athletic purposes.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Law 33 of June 30, 2010 requires an organization to maintain monthly updates on a website, including information on all of its donors.[5]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. An income tax deduction is available for donations to charitable organizations. Such an organization must be authorized by the Directorate General of Income of the Ministry of Economy and Finance for "public benefit" status. The requirements to receive such authorization, however, are quite onerous[6].

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Individuals may receive a deduction for donations to local educational and charitable institutions if such institution has been duly authorized up to an amount of approximately 50,000 USD. Corporations may deduct gifts made to public bodies and non-profit educational and public welfare institutions approved by the government, up to 1 percent of the company's total taxable income.[7]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Panama does not levy an estate or inheritance tax, although an inter vivos transfer of real property may be subject to gift tax, dependent on the degree of kinship between donor and donee.[8]

FINAL SCORE: 9

1 Deloitte International Tax, "Panama Highlights 2013," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-panamahighlights-2013.pdf.
2 *Id.*
3 ***Panama***, E. Jimenez Boyd and A. Campos Barranco, at p. 391, ***available at*** http://www.morimor.com/wp-content/uploads/2013/10/1-TLR-Tax-Panama.pdf.
4 J.F. Boyd Law, ***Income Tax***, ***available at*** http://jfboydlaw.com/ingles/libro/CHAPTER_X.pdf.
5 International Centre for Not for Profit Law, ***NGO Law Monitor: Panama***, ***available at*** http://www.icnl.org/research/monitor/panama.html.
6 *Id.*
7 A. Marusic, ***Panama-Corporate Taxation***, Country Surveys IBFD (last visited 27 June 2012).
8 International Management & Trust Corp., ***Internal Tax Structure, available at*** http://www.intertrustpanama.com/panama/tax.html.

Papua New Guinea

1. Does the country have a tax system in place?

Yes. Tax in the Independent State of Papua New Guinea ("PNG") is imposed primarily on income and the sale of goods and services, with mining, gas and petroleum operations potentially subject to additional taxes.[1] Other taxes include a stamp duty on certain documents, a departure tax, certain excise taxes and local real estate taxes.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The Income Tax Act provides an exemption from income tax for religious institutions, hospitals, charitable bodies, and certain non-profit bodies, including societies, associations or clubs established for: musical purposes; the encouragement of music, art, science or literature; and encouragement or promotion of an athletic sport, etc.[3] In addition, a non-profit that carries on charitable activities and is approved by the Commissioner may receive "zero-rated" status, allowing the non-profit to receive a credit for goods and services tax paid on non-exempt purchases to the extent those purchases are not used for carrying on a profit making taxable activity.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Non-profits (and all organizations) are required to file a Form B Business Return reporting annual income.[5] Non-profits must be approved by the Commissioner not less than every five years in order to receive income tax exempt status.[6]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Non-profits (and all organizations) are required to register for the goods and services tax if their gross income exceeds PGK 100,000 per year.[7] These non-profits must file goods and services returns on a monthly basis to report and forward any goods and services tax received, and to claim any credits on tax paid.[8]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Businesses and individuals may deduct gifts in excess of PGK 50 paid to charitable organizations approved by the Commissioner.[9] The Income Tax Act also provides certain deductions for specific foundations, organizations and festivals.[10]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. There are no inheritance or gift taxes, although stamp duty may be levied on documents evidencing some gifts.[11]

FINAL SCORE: 10

1 *See generally* Income Tax Act (1959), ***available at*** http://www.paclii.org/pg/legis/consol_act/ita1959116/ (last visited 22 November 2013) (hereinafter *ITA*).
2 T. Toryanik, *Papua New Guinea - Individual Taxation* § 1, Country Surveys IBFD (last visited 2 October 2013).
3 *ITA* § § 11, 25, 25A, 27.
4 Internal Revenue Commission, "Goods & Services Tax," ***available at*** http://www.irc.gov.pg/gst.html (last visited 22 November 2013).
5 Internal Revenue Commission, "Tax Forms", ***available at*** http://www.irc.gov.pg/tax_forms.html (last visited 22 November 2013).
6 *ITA* § 25A.
7 *See* Tax Forms, *supra* note 5.
8 *Id.*
9 *ITA* § 69E.
10 *See, e.g., ITA* § 69G.
11 T. Toryanik, *Papua New Guinea - Individual Taxation* § 5, Country Surveys IBFD (last visited 3 October 2013).

Paraguay

1. ***Does the country have a tax system in place?***

   Yes. The main taxes imposed in Paraguay are a corporate income tax and a consumption-based Value Added Tax ("VAT"). Paraguay also imposes an excise tax on specific products, documents tax and property tax. An individual income tax (*impuesto a la renta del servicio de character personal) has been introduced, but various laws (Law 3307 of 2007, Decree 966 of 2008 and Law 3712 of 2009) suspended the individual income tax temporarily.*

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***
   Yes. Non-profit organizations are not subject to the corporate income tax, except when performing commercial, industrial, or service activities unrelated to nonprofit activities.[1]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***
   Yes. Article 13.1 of Act 1, 015/97 includes foundations and non-governmental organizations among the entities required to report under the law.[2]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***
   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***
   Yes. Deductions are available for gifts to central and local governments, recognized religious entities and charitable entities.

6. ***If yes to 5, then do individuals and corporations have different incentives?***
   Yes. Individuals may deduct up to 10 percent of their annual gross income, although such a deduction appears to be inapplicable as long as Paraguay is not imposing an individual income tax. For corporations, donations under certain circumstances are deductible. Regulations specifying which are deductible have not yet been published.[3]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***
   No, there is no inheritance or estate tax or gift tax in Paraguay.

   FINAL SCORE: 9

1 Lex Mundi, Guide to Doing Business in Slovakia (12/1/2011), 50.
2 IMF Paraguay, Detailed Assessment Report on Anti-Money Laundering and Combating the Financing of Terrorism, IMF Ctry Rep. No. 09/235 (2009).
3 Lex Mundi, Guide to Doing Business: Paraguay, 64 (2013).

Peru

1. Does the country have a tax system in place?

Yes. The major taxes imposed in Peru are the income tax, a Value Added Tax ("VAT") and excise tax, property tax and import duties.[1] Taxes for the main government are collected by and overseen by the National Tax Administration.[2] Local governments collect their own taxes in their respective jurisdictions.[3] The various taxes are governed by different laws; for example, income tax is governed by the Income Tax Law of 2004.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The tax exemption for non-profits in Peru is not a broad income tax exemption, but is based on whether the organization exclusively pursues specific purposes within Peru as established by law.[5] These purposes are: charity, social assistance, education, cultural, science, art, literature, athletics, politics, union/trade unions and housing.[6] In addition, foundations that pursue the following purposes – and so state in their governing documents – do not pay income tax: culture, advanced research, charity, medical/social assistance and social benefits for company employees.[7] The National Tax Administration determines eligibility for this exemption when an organization registers.[8]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. To be eligible for tax exemptions, an organization must register with the National Tax Administration.[9] Charities to which donations from individuals and corporations are deductible must submit additional documentation to the Ministry of Economy for donations to be deductible.[10]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Limited deductions are available for donations by individuals and corporations to select charities.[11] Such charities must pursue of one of the following purposes: charity, social assistance or well-being, education, culture, science, art, literature, athletics, health, indigenous cultural and/or historical patrimony and other similar purposes.[12] Charities to which donations are deductible must submit additional documentation to the Ministry of Economy for donations to be deductible.[13]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

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1 PKF, "Peru Tax Guide 2013", *available at http://www.pkf.com/media/1958951/peru%20pkf%20tax%20guide%202013.pdf (last accessed 31 January, 2014)*.

2 Inter-American Center of Tax Administrations, "Peru", *available at http://www.ciat.org/index.php/en/products-and-services/ciatdata/countries/peru.html (last accessed 31 January 2014)*.

3 *Id.*

4 *Id.*

5 United States International Grantmaking, Country Information: Peru, available at http://www.usig.org/countryinfo/PDF/Peru.pdf (last accessed 31 January 2014).

6 *Id.*

7 *Id.*

8 *See id.*

9 *Id.*

10 *Id.*

11 *Id.*

12 *Id.*

13 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No, there is no inheritance or gift tax.

   FINAL SCORE: 9

Philippines

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Republic of the Philippines ("Philippines") at both the national level and local level. National taxes are imposed and collected by the Bureau of Internal Revenue ("BIR").[1] The basic source of Philippine tax law is the National Internal Revenue Law, which codifies all tax provisions, the latest of which is embodied in Republic Act No. 8424 ("The Tax Reform Act of 1997"), which was approved on December 11, 1997.

Philippines imposes tax on personal income (including business income, capital gains, dividends, interest, royalties and rents), corporate income (profits, consisting of business and trading income), real property and inheritances.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The Constitution provides that all revenues and assets of all non-stock, non-profit educational institutions are exempt from taxation,3 as are charitable institutions, churches, mosques, non-profit cemeteries, and all lands, buildings, and improvements, actually, directly, and exclusively used for religious, charitable, or educational purposes.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. However, not every non-profit organization is required to report. If the non-profit organization is registered as a non-stock organization, it is required to regularly report financial and corporate information to the Bureau of Internal Revenue and the SEC under Section 141 of the Corporation Code 1980.[5]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.[6]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. According to the Section 34 (H) of the National Internal Revenue Code (the "NIRC"), in general, taxes are deductible "for the use of the Government of the Philippines or any of its agencies or any political subdivision thereof exclusively for public purposes, or to accredited domestic corporation or associations organized and operated exclusively for religious, charitable, scientific, youth and sports development, cultural or educational purposes or for the rehabilitation of veterans, or to social welfare institutions, or to non-government organizations, in accordance with rules and regulations promulgated by the Secretary of finance, upon recommendation of the Commissioner."[7]

Moreover, under Article XIV § 4(4) of the Constitution, subject to the conditions prescribed by law, all grants, endowments, donations, or contributions used actually directly, and exclusively for educational purposes are exempt from tax.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Generally, the percentages of income that can be deductible are different for individuals and corporations, which is "ten percent (10 percent) in the case of an individual, and five percent (5 percent) in the case of a corporation, of the taxpayer's taxable income derived from trade, business or profession as computed", according to Section 34(H) of NIRC, except for those contributions, which can be deducted in full, made to the government, certain foreign institutions or international organizations, accredited non-profit organizations.[8]

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1 Bureau of Internal Revenue, Republic of the Philippines, Guide to Philippines Tax Law Research (2004) ***available at http://www.bir.gov.ph/legalmatters/8757.htm.***
2 Deloitte International Tax, "Philippines Highlights 2013," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-philippineshighlights-2013.pdf.
3 Art. XIV, § 4(3).
4 Art. VI, § 28(3).
5 Corporation Code § 141.
6 *Id.*
7 National Internal Revenue Code § 34(H).
8 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Although the net estate is typically subject to tax at rates between 5–20 percent, transfers of estate for public use are exempt from tax.[9]

FINAL SCORE: 10

9 Please refer to § 86 (A) (3) of NIRC.

Poland

1. Does the country have a tax system in place?

Yes. The Republic of Poland ("Poland") imposes taxes on individual and corporate income (including separate taxes on some capital gains and corporate dividends) on transfers of real estate and on gifts and inheritances as well as a Value Added Tax ("VAT").[1] Social security contributions and health insurance contributions are withheld from payroll.[2] Transfers of real property are subject to a flat transfer tax, and transfers of many kinds of personal property are subject to a stamp tax.[3] Local jurisdictions also levy a tax on real property.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes, some. A non-profit organization may apply for tax exempt status with respect to income tax.[5] Services connected with science, education, culture, the arts, sports and health care are exempt from VAT.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes, although the reporting requirements appear to be connected to whether the organization is a "public benefit" organization (and thus eligible to receive tax-deductible donations) as opposed to whether the organization is exempt from income taxation. Public benefit organizations are required to register with the state registry, must comply with organizational requirements, and must file detailed program reports.[7]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations to public benefit organizations may be deductible for income tax purposes.[8] Furthermore, individual taxpayers may designate 1-2 percent of their paid income taxes to be distributed to specific charitable organizations.[9]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. The maximum deduction for individuals and corporations are different; corporations may take larger deductions relative to their total taxable income than individuals (except for donations for religious purposes, which individuals can deduct without limitation).[10]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. While Poland imposes gift and inheritance taxes, paid by individual recipients, on lifetime and testamentary transfers, it is unclear whether charitable organizations are liable for this tax.[11]

FINAL SCORE: 9

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1 *See* Magdalena van Doorn-Olejnicka, ***Poland – Individual Taxation***, Country Survey IBFD (hereinafter ***Individual Taxation***); Magdalena van Doorn-Olejnicka, ***Poland – Corporate Taxation***, Country Survey IBFD (hereinafter ***Corporate Taxation***); Foreign Tax & Trade Briefs – Poland (Matthew Bender & Company, Inc. 2012) (hereinafter ***Foreign Tax & Trade***).

2 *See* ***Individual Taxation***, ***supra*** note 1, § 3; ***Foreign Tax & Trade***, ***supra*** note 1, § 10.1.

3 *See* ***Foreign Tax & Trade***, ***supra*** note 1, §§ 7, 9.

4 *See* ***Individual Taxation***, ***supra*** note 1, § 4.2.

5 *See* Douglas Rutzen, David Moore, and Michael Durham, ***The Legal Framework for Not-for-Profit Organizations in Central and Eastern Europe***, 11 Int'l J. Not-for Profit L., Feb. 2009, § VII.A.1; ***Foreign Tax & Trade***, ***supra*** note 1, § 3.2.

6 *See* ***Corporate Taxation***, ***supra*** note 1, § 8.5.

7 *See* Rutzen, Moore and Durham, ***supra*** note 5, §§ I.E.5, I.F and IV.B.

8 *See* ***Individual Taxation***, ***supra*** note 1, § 1.7.1; ***Foreign Tax & Trade***, ***supra*** note 1, § 10.1; Rutzen, Moore and Durham, ***supra*** note 5, § VII.B.

9 *See* Rutzen, Moore and Durham, ***supra*** note 5, § VII.B.

10 *See* ***Individual Taxation***, ***supra*** note 1, § 1.7.1; Rutzen, Moore and Durham, ***supra*** note 5, § VII.B.

11 *See* ***Individual Taxation***, ***supra*** note 1, § 5.2.

Portugal

1. ***Does the country have a tax system in place?***

   Yes. In Portugal, corporations are taxed on their profits, including business/trading income, passive income and capital gains. Individuals are taxed on their income at progressive rates. There are six categories of income that are subject to personal income tax: employment income, business and professional income, investment income, real estate income, increases in net worth and pensions. Most investment income is taxed at a flat 25 percent rate; there are various exemptions available for capital gains.[1] In addition, real property tax, real estate transfer tax and stamp duties are imposed on the federal level.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Organizations that pursue exclusively or predominantly objectives of a charitable or benevolent nature are tax-exempt.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Corporate taxpayers must annually file a tax return and no special exemption appears to be made for tax-exempt organizations, even though they pay no tax.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Corporate taxpayers may deduct donations in cash or in kind to qualifying non-governmental organizations engaged in the pursuit of scientific, cultural or charitable goals, provided that the donor is not entitled to any monetary or commercial benefit in respect of such donation.[4]

   Donations by individuals to churches, religious institutions, qualifying religious charities and organizations specified by law and engaged in the pursuit of scientific, cultural or charitable goals are creditable in the amount equal to 25 percent of 130 percent of the donation made (however, in certain cases the credit may not exceed 15 percent of the donor's income tax liability). The tax credit is granted provided that the donor did not treat the donation as a business expenses.[5]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. See response to question 5, above.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. A stamp duty is levied on various events including inheritances and gifts. However, transfers to spouses, descendants and ascendants are exempt from this stamp duty. Portugal adheres to the territoriality principle for the purposes of this stamp duty. Accordingly, a gratuitous transfer by reason of an inheritance or gift is taxable if the property transferred is situated or presumed to be situated in Portugal.[6]

   FINAL SCORE: 9

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1 V. Arruda Ferreira, ***Portugal - Corporate Taxation***, Country Surveys IBFD (last visited 22 June 2012) (hereinafter ***Corporate Taxation***); V. Arruda Ferreira, ***Portugal - Individual Taxation***, Country Surveys IBFD (last visited 20 June 2012) (hereinafter ***Individual Taxation***).
2 10 CITC § 1(c) (2012) (Port.).
3 ***Corporate Taxation***, ***supra*** note 1, § 1.8.2.
4 ***Id.*** § 1.3.3.1.
5 ***Individual Taxation***, ***supra*** note 1, § 1.7.3.7.
6 ***Id.*** § 5.

Qatar

1. ***Does the country have a tax system in place?***

   Yes. Taxation is governed by the Ministry of Economy and Finance, Public Revenues and Taxes Department of the State of Qatar ("Qatar").[1]

   In Qatar, there is no personal tax, social insurance, or statutory deduction from salary or wages paid, however income arising from business activities (such as rental income or consulting) is taxable.[2] There is no sales, estate or gift tax.

   Corporations are subject to a flat tax rate of 10 percent that applies to all businesses operating in Qatar.[3] In addition, Qatari companies whose shares are listed in Qatar are required to pay an additional 2.5 percent "social charge," the proceeds of which are applied towards cultural and sporting ends through the national social fund.[4]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Non-profits are exempted under the Income Tax Law ("ITL") from the payment of income tax in Qatar.[5] This exemption applies equally to non-profits registered in the country and to those registered in another country but that have authority to operate in Qatar.[6] The ITL expressly states that there must be no aim to achieve profits in order for the law to apply and that the non-profits must be private bodies.[7]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Non-profits must register in Qatar, however, they do not report for tax remittance purposes under the ITL. The ITL only stipulates reporting requirements for taxpayers. The ITL defines a taxpayer as a natural or legal person subject to tax under the provisions of the ITL.[8] Because non-profits are expressly excluded from the provisions of the ITL, they are not subject to any reporting requirements.

4. ***If yes to 3, then are the reporting requirements sensitive to the size of the organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Corporations are allowed deductions for donations, gifts, and subscriptions to charitable, humanitarian, scientific, cultural or sporting activities paid in the state to governmental authorities, public bodies or institutions or any authorized body in the State.[9] Deductions cannot exceed 5 percent of a corporation's net income before making deductions.[10]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. The above deduction is only available for corporations.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism which encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 6

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1 Permanent Constitution of the State of Qatar, art. 43.
2 Income Tax Law, ch. 2, art. 3 (2009), ***available at*** http://www.wipo.int/wipolex/en/text.jsp?file_id=236934 (last visited 22 November 2013) (hereinafter *ITL*).
3 S. Gueydi, *Qatar - Corporate Taxation* § 1, Country Surveys IBFD (last visited 10 October 2013).
4 *See* Latham and Watkins, *New for 2010: Changes to Qatar's Tax Regime and International Tax Developments*, Client Alert 982 (4 February 2010).
5 *ITL*, Preamble art. 2.2.
6 *Id.*
7 *Id.*
8 *ITL*, ch. 1, art. 1.
9 *ITL*, ch. 3, art. 8.9.
10 *Id.*; *see also* S. Gueydi, *Qatar - Corporate Taxation* § 1, Country Surveys IBFD (last visited 10 October 2013).

Romania

1. Does the country have a tax system in place?

Yes. In Romania, tax is imposed for individuals on income and real estate (a local tax), as well as required contributions to social security by employees.[1] Under the Fiscal Code of Romania (the "Fiscal Code"), corporations are subject to a corporate income tax (profit tax) as well as Value Added Tax ("VAT"), social security contributions, excise duties, customs and local taxes.[2] Capital gains of corporations are treated as ordinary business income.[3] Capital gains of individuals are not subject to tax if arising from the sale of movable private property.[4] If derived from the sale of immovable property, a transfer tax (rather than a capital gains tax) may be imposed.[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. All Romanian non-profit organizations are exempt from profit tax on certain types of income, such as donations, money or goods obtained through sponsorships, and dividends and interest.[6] Generally, though, non-profit organizations are subject to profit tax on all of their business activities above a certain amount, and may be subject to VAT.[7] The Fiscal Code also states that foundations established as a result of a legacy are exempt from all profit tax, and does not clarify whether those foundations will continue to be exempt from profit taxes indefinitely even if significant profits are made in the future.[8] All foundations and associations acquire the status of a legal entity by registering in the Registry of Associations and Foundations.[9] Non-profit organizations may also apply to the General Secretariat of the Romanian Government through an extensive application process[10] for "public utility status", which gives the nonprofit the right to obtain free public goods and the right to publicize its Public Utility Status in all documents.[11]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. A non-profit organization that has obtained public utility status has the obligation to report regularly to the competent administrative authority on its activities, finances, and any modifications to its constitutive act or statute, and the obligation to publish excerpts of its activity reports and annual balance sheets in publications such as the Official Gazette of Romania.[12] In addition, the profit tax owed by any non-profit organization, if any, must be paid by February 15th of the year following the tax year for which the tax is computed.[13]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

1 *See* PKF, "Romania Tax Guide 2012", ***available at*** http://www.pkf.com/media/387194/romania_2012.pdf (last visited 13 December 2013).
2 Fiscal Code of Romania, Law No. 571/2003, art. 2 (hereinafter *Fiscal Code*).
3 *See* PKF, *supra* note 1.
4 *Id*.
5 *Id.*
6 *Fiscal Code*, art. 15(2).
7 *Fiscal Code*, art. 15(3).
8 *Fiscal Code*, art. 15(1).
9 Governmental Ordinance on Associations and Foundations 26/2000 art. 5.
10 *See* Governmental Ordinance 26/2000, §38, as amended by Law 246/2005.
11 United States International Grantmaking, "Country Information: Romania", ***available at*** http://www.usig.org/countryinfo/romania.asp (last visited 16 December 2013).
12 *Id*.
13 *Fiscal Code*, art. 34.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***
Yes. The Law on Sponsorship, which enumerates the types of "sponsorship" that qualify as deductible,[14] and the Fiscal Code, which imposes limits on the amount that can be deducted, govern the deductibility of contributions by both corporations and individuals. If a corporation grants sponsorships under the Sponsor Law, it can claim a tax credit up to the lesser of 0.3 percent of its turnover from the tax profit or 20 percent of the profit tax due.[15] An individual can designate that 2 percent of his or her annual income tax will provide sponsorship to non-profit organizations operating legally under Governmental Ordinance 26/2000.[16] In addition, an individual who receives commercial income from independent activities (such as a lawyer in private practice) or from intellectual property rights is eligible for an additional sponsorship deduction of up to 5 percent of the taxable base.[17]

6. ***If yes to 5, then do individuals and corporations have different incentives?***
Yes. See response to question 5, above.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No, there is generally no inheritance or gift tax in Romania.

FINAL SCORE: 9

14 Law 32/1994.
15 *Fiscal Code*, art. 31(4).
16 *See Fiscal Code*, art. 84 (2) as modified by Governmental Ordinance 138/2004.
17 *See Fiscal Code*, art. 48(5) as modified by Governmental Ordinance 138/2004.

Russian Federation

1. Does the country have a tax system in place?

Yes. In the Russian Federation ("Russia"), tax is imposed on income, including capital gains, investments and dividends, with a limited exemption for individuals for certain types of capital gains. A flat rate of 13 percent applies to Russian residents on most types of income. Russia also has Value Added Tax ("VAT") and real property tax.[1]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The laws applicable to non-profits refer broadly to "non-commercial organizations" ("NCOs").

The Tax Code provides that certain types of income shall not be included in the tax base of NCOs for the purpose of determining profits tax.[2] Such income is defined as "receipts for designated purposes". In order for this tax benefit to apply, an NCO is "required to maintain separate accounting" for its taxable and non-taxable income and expenditures.[3]

Article 251(2)(1) of the Tax Code specifically lists donations as one type of "receipts for designated purposes." The Article does not otherwise define the term "donations," referring instead to its recognition under, and conformity with, Russia's civil legislation. Therefore, income must conform to the definition of "donation" under the Civil Code, Article 572, and as elaborated in related laws, in order to be non-taxable on this basis. The interplay among the Tax Code, the Civil Code and other civil legislation creates uncertainty in the tax treatment of donations. The determination of whether income is a non-taxable donation depends upon the purpose of the donation and its use by the recipient organization.

To be recognized as a donation, income must be provided on a gratuitous basis for a designated purpose for the "maintenance of NCOs" and for "implementation of their statutory activities," and the NCO must use the income for the designated purpose.[4] An NCO that receives a donation must maintain a separate accounting of the donation's income and expenditures in order to receive this tax benefit.[5]

Earnings from an NCO's economic activities are taxed in the same manner as commercial entities. Benefits (e.g., some exemptions from VAT and from income tax on profits generated from economic activities) are allowed for certain religious organizations and public organizations of the disabled.[6]

Certain tax benefits attach to donations forming an NCO's endowment, and also to income generated by the endowment. For example, monetary assets received by NCOs from foreign or Russian grantmakers for the purpose of establishing an endowment, as well as monetary assets received by NCOs from companies carrying management of their endowments, as income from management of the endowment, are not included as taxable income of the recipient NCO.[7]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Russian law imposes extensive reporting requirements on all NCOs, and NCOs must report on their use of funds and other assets received from both local and foreign sources.[8] If an NCO repeatedly fails to fulfill its reporting requirements, it may be forced to terminate its activities as a legal entity; however, recently published new electronic

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1 Deloitte, "Russia Highlights 2014," *available at http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-russiahighlights-2014.pdf (last visited 18 May 2014).*
2 Tax Code, art. 251(2).
3 U.S. Int'l Grantmaking, Country Information: Russia, *available at* http://www.usig.org/countryinfo/russia.asp (last visited 18 May 2014) (hereinafter *USIG*).
4 *Id.*
5 *Id.*
6 *Id.*
7 Tax Code, arts. 251.2(13-15).
8 The International Center for Not-for-Profit Law, "NGO Law Monitor: Russia," *available at http://www.icnl.org/research/monitor/russia.html (last accessed 18 May 2014).*

reporting forms for NCOs have considerably simplified the reporting process.[9] It should be noted that even more extensive reporting requirements are imposed on NCOs that receive foreign funding.[10]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

Yes. NCOs that have no foreign citizens or entities among their founders or members, had no incoming funds or other resources from foreign sources, and have received in total less than RUB 3 million in the last reporting year must only confirm these three characteristics and submit information on continuation of their activities. All other NCOs must submit annual reports to an authorized state department by the 15th of April including information about their activities, personal composition of their governing bodies, and goals of their expenditures and use of other property including those received from foreign sources. Charities must additionally submit a report about their activities by the 30th of March.[11]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Individuals may deduct up to 25 percent of their taxable income for monetary donations to NCOs including registered charities, socially oriented organizations, and religious organizations, as well as NCOs that use such contributions for the purpose of building an endowment.[12] Note, however, that the pool of eligible recipients is limited almost exclusively to state-owned or state-subsidized organizations. In-kind contributions are not deductible.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Legal entities do not receive any federal tax deductions or credits for grants or donations to NCOs, including charities.[13]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. Russia has abolished its inheritance tax.

FINAL SCORE: 7

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9 *Id.*
10 USIG *supra note 3.*
11 "NGO Law Monitor: Russia," *supra note 8*.
12 *Id.*
13 *Id.*

Rwanda

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in the Republic of Rwanda ("Rwanda") on income (both individual and corporate) (Law 16/2005 of 18 August 2005) and real estate (a tax may be due on an occupied house or registered undeveloped land) (Law 17/2002 of 10 May 2002), the collection and administration of which is vested in local authorities. For both individuals and corporations, there is no separate tax on capital gains; any gain is taxed as ordinary income. For corporations, there is also a Value Added Tax ("VAT") (Law 6/2001 of 20 January 2001(later developments 18 June 2010 Budget for 2010-2011; and 25 June 2012 Budget for 2012-13 presented to Parliament)) on final consumption which is then paid by the final consumer. Employees must pay social security contributions and employers must pay them on behalf of their employees.[1] There is no inheritance or gift tax in Rwanda.[2]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Companies that carry on activities of a religious, humanitarian, scientific, charitable or educational purpose are exempt from corporate income tax, unless they are carrying on business activities or they receive income in excess of their related expenditures (Law 16/2005 of 18 August 2005). There is a lengthy 2-tiered registration process for domestic non-profit organizations, with action plans presented to both local authorities and the Ministry of Justice, including substantial documentation. At the time of registration of a foreign not for profit organization, there are detailed documentation requirements. Governmental priorities must be incorporated in the non-profit's mission and administrative expenses are limited to 30 percent of the organization's budget. There is evidently recently passed new legislation which would simplify the registration process for non-governmental organizations and restrict the power to deny registration. See Law 20/2000 of 26 July 2000 and 55/2008 of 10 Sept 2008 and recently passed new legislation.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Unless exempted by local authority, every non-profit organization must submit by April 30 of each year a detailed report of its achievements and a balance sheet and statement of financial situation for the period (Article 39, Law 20/2000 of 26 July 2000).

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Gift and donations up to 1 percent of turnover (other than donations to profit making persons) are deductible from taxable profits in the case of a corporation and from income in the case of an individual (Law 16/2005 of 18 August 2005).

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 9

1 Rwanda Tax Services Governmental website, ***available at*** http://www.rra.gov.rw/rra_section69.html.
2 Deloitte Guide to Fiscal Information: Rwanda ***available at*** http://www.deloitte.com/assets/Dcom-SouthAfrica/Local%20Assets/Documents/Rwanda.pdf.

Saint Kitts and Nevis

1. ***Does the country have a tax system in place?***

   Yes. In Saint Kitts and Nevis, there is no personal income tax or capital gains tax. There is, however, a corporate tax, which was reduced from 35 percent to 33 percent in 2013.[1] There is no capital gains tax for companies on assets that have been held for more than one year.[2] There is a minimal land tax that depends on the size, location and classification of the land concerned.[3] There is also Value Added Tax ("VAT"), stamp duty, social security levies and customs duty.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Charities receive an exemption from tax on income other than income derived from trading activities.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Non-profits are subject to bookkeeping requirements, and books must be available for inspection.[4] Inspection may be initiated when the Minister has prima facie evidence of unlawful conduct or if an investigation is in the public interest.[5] Reports must be sufficient to allow financial statements to be prepared.[6]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

1. *This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.*

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1 ***See*** Deloitte Corporate Tax Rates 2013, ***available at*** http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/matrices/dttl_corporate_tax_rates_2013.pdf; ***see*** also OCRA Worldwide, "St. Kitts and Nevis Budget Cuts Corporate Tax," Apr. 12, 2013, ***available at*** http://mobile.ocra.com/news/daily-tax-news/st-kitts-and-nevis-budget-cuts-corporate-tax.

2 Minimal taxation of properties in both St. Kitts & Nevis (April 2, 2013) ***available at*** http://www.globalpropertyguide.com/Caribbean/St-Kitts-and-Nevis/Taxes-and-Costs.

3 ***Id.***

4 Foundations Act, Act No. 8 of 2003, art. 22, ***available at*** http://fsrc.kn/?q=node/61.

5 Foundations Act, Act No. 8 of 2003, art. 27.

6 ***See*** Foundations (Amendments) Act No. 7 of 2011, ***available at*** http://fsrc.kn/?q=node/61.

Saint Lucia

1. Does the country have a tax system in place?

Yes. Tax is imposed in Saint Lucia on income, real estate, and real property transfers.[1] In addition, a stamp duty is charged on contracts.[2] A tax at the rate of 8 percent is imposed on the rental value of hotel rooms and on the sale value of hotel and restaurant food and beverage. Individual income tax rates vary from 10–30 percent based on income. Corporations are generally taxed at a flat rate of 33.33 percent.[3] A one percent foreign exchange tax is levied on the purchase of all foreign currency. In 2012, Saint Lucia implemented a Value Added Tax ("VAT").[4] Capital gains are generally not subject to tax. Residents and resident corporations are subject to income tax based on their worldwide income. Non-residents of Saint Lucia are subject to income tax only on income from sources in Saint Lucia. Non-resident corporations are subject to tax to the extent that they derive profits from Saint Lucian sources.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The income of any religious, charitable or educational institution of a public character is exempt from the income tax if such income is not derived from the business carried on by it for profit other than a business carried on for the primary purpose of assisting disabled persons to learn or exercise a trade or skill.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No.

4. If yes to 3, then are those reporting requirements sensitive to the size of organization?

Not applicable.

5. If yes to 1, are there tax incentives to encourage philanthropy?

Yes. Both individuals and corporations are entitled to deductions for contributions made: (1) under a deed of covenant for a period of not less than three years to any religious, charitable, medical or educational institution or sporting body or fund of a public character, approved by the Cabinet; (2) to the Saint Lucia National Trust; and (3) to the Loan Fund established under the Further Education Act of 1969; provided, that in any such case the deduction shall not exceed 25 percent of the assessable income of the person making the contribution. Subscriptions or donations to a professional association are allowable in full if the Comptroller is satisfied that it is a non-profit body established with the object of maintaining and advancing the standards of the profession.

6. If yes to 5, then do individuals and corporations have different incentives?

No. Both individuals and corporations can deduct up to 25 percent of their assessable income for donations and gifts for approved purposes.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. There are no estate, inheritance or gift taxes in Saint Lucia.

FINAL SCORE: 8

1 IFC, Doing Business, ***Paying Taxes in St. Lucia***, ***available at*** http://www.doingbusiness.org/data/exploreeconomies/st-lucia/paying-taxes.
2 *Id.*
3 Deloitte, Corporate Tax Rates 2013, St. Lucia, ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/gx_tax_corporate_tax_rates_2013.pdf.
4 Value Added Tax Act No. 7 of 2012, ***available at*** http://www.vat.gov.lc/nc-cms/content/upload/Value%20Added%20Tax%20Act%20No.7%20of%202012.pdf.

Saint Vincent and the Grenadines

1. ***Does the country have a tax system in place?***

   Yes. Saint Vincent and the Grenadines ("SVG") imposes taxes on both individuals and businesses.[1] International entities registered within the jurisdictions are not liable to corporation tax.[2] Local companies are subject to corporate income tax. SVG also imposes property taxes, a Value Added Tax ("VAT"), and excise taxes on certain products.[3] Social security contributions are payable by employers at a rate of 4.5 percent, and by employees at a rate of 3.5 percent.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. To be eligible for exemption from taxation, a non-profit organization ("NPO") must be incorporated under the relevant provisions of the Companies Act.[4] *To be approved, an NPO must "restrict its business to a patriotic, religious, philanthropic, charitable, educational, scientific, literary, historical, artistic, social, professional, fraternal, sporting or athletic nature, or the like, or to the promotion of some other useful object."*[5] Prior to applying for registration as a non-profit company, organizers must first obtain the approval of their articles by the Attorney General. The articles must state that the company is to be carried on without pecuniary gain to its members, and that any profits or other accretions to the company are to be used in furthering its purpose.

   Requirements for incorporation as an NPO are somewhat more stringent than those for an ordinary company. An NPO must have three directors and it must state its non-profit purpose. If the NPO changes its objectives, it must reapply for registration.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Every NPO must submit bylaws and annual financial statements signed by a person acting as an auditor to the Commerce and Intellectual Property Office ("CIPO"). Registration notices are submitted by CIPO to the Inland Revenue and Customs Departments.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Yes. Additional financial reporting requirements are necessary for all companies (including NPOs) with annual revenues of more than XCD 4 million or assets of more than XCD 2 million.[6]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Deductions are allowed for payments by companies under deed of covenant not exceeding 5 percent of assessable income to approved religious, charitable or educational institutions or funds of a public nature.[7]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Individuals do not receive a deduction for charitable donations.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. There is no estate tax or inheritance tax.

FINAL SCORE: 7

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1 Ministry of Finance & Economic Planning, "Your Tax Obligation," ***available at*** http://www.finance.gov.vc/index.php?option=com_content&view=article&id=93:your-tax-obligation&catid=53:random&Itemid=114.

2 IFC, Doing Business, Paying Taxes in St. Vincent and the Grenadines, ***available at*** http://www.doingbusiness.org/data/exploreeconomies/st-vincent-and-the-grenadines/paying-taxes.

3 *Id.*

4 Companies Act, pt. III, Other Registered Companies, div. A, Companies without Share Capital (arts. 326-337).

5 *Id.*

6 Companies Act, pt. 1, div. G, § 154.

7 Wooje Choi, ***St. Vincent and the Grenadines – Corporate Taxation***, Country Surveys IBFD; Wooje Choi, ***St. Vincent and the Grenadines – Individual Taxation***, Country Surveys IBFD.

Samoa

1. ***Does the country have a tax system in place?***

   Yes. The Independent State of Samoa ("Samoa") has personal and corporate taxation. This is imposed under Section 4 of the Income Tax Act 1974 for taxpayers on taxable income for a tax year at prescribed rates in the Income Tax Rates Act 1974. Personal income tax has a scalable nature. The first WST 10,000 are exempt from tax, and a progressive tax is levied on income that exceeds that amount in a tax year. This tax is applied to resident and non-resident private persons. Resident companies are liable to pay corporation tax at a rate of 29 percent on their world-wide income. Non-resident companies pay corporation tax solely on income derived from activities conducted in Samoa. No withholding tax on dividends is levied. However, withholding tax rates on interests vary from 10 percent to 15 percent on different occasions. Capital gains tax is levied at a rate of 30 percent.

   Value Added Tax ("VAT") is levied at a rate of 12.5 percent, but it is not charged on a number of items such as fish, fruits, vegetables, water, medicine and others. Samoa also imposes excise duty and stamp duty.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Income derived by a non-profit organization is exempt from income tax.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 2

1 Taxation in Samoa, ***available at*** http://www.carloscevola.com/samoa.php.
2 Income Tax Act 2012, sched. 2(1)(h), ***available at*** http://www.revenue.gov.ws/images/documents/ita2012eng.pdf.

San Marino

1. Does the country have a tax system in place?

Yes. The tax system of the Republic of San Marino ("San Marino") includes both direct and indirect taxes. There is a General Income Tax ("Imposta generale sul reddito") which is levied on both individuals and corporations as well as other entities (including non-profits).[1] Regarding indirect taxes, San Marino does not levy Value Added Tax ("VAT") but does levy a customs duty on imports.[2] Other indirect taxes are: registry tax, stamp duty, inheritance tax and mortgage tax. San Marino also has a special stamp duty tax on services at a rate of 0.20 percent.

The head of the tax administration is the "Dipartimento Finanze e Bilancio", which is a department under the State Secretary of Finance ("Segreteria di Stato per le Finanze ed il Bilancio").

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profit entities benefit from a general tax exemption and are subject to income tax only insofar as they produce business income.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. As a general rule, non-profit organizations are subject to the same rules provided by the Company Law for companies to the extent they are compatible. The same principle is applicable in respect of reporting requirements. However, there are some specific provisions concerning funding. Associations, foundations and other non-profit organizations register data and information regarding funding, funds received and the use thereof. Data, information and relevant documents are kept for at least five years from the date on which funds were granted or the transaction relating to the use of funds was conducted. Moreover, associations, foundations and the other non-profit organizations shall also deposit a yearly balance sheet and a prospectus called "Summary of Funding and Uses".

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No. Both income taxes and indirect taxes do not provide specific provisions concerning philanthropy.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No, San Marino does not levy any estate tax.

FINAL SCORE: 3

1 San Marino Chamber of Commerce, The Tax System in San Marino, ***available at*** http://www.cc.sm/default.asp?id=543.

2 *Id.*

3 Law on Associations and Non-Profit Foundations, art. 7; ***see also*** http://www.iflr1000.com/pdfs/Directories/24/SanMarino.pdf. ***See also*** IFLR1000, Legislation Guide, "Taxation of companies and other entities in San Marino," ***available at*** http://www.iflr1000.com/pdfs/Directories/24/SanMarino.pdf.

São Tomé and Príncipe

1. ***Does the country have a tax system in place?***

   Yes. The São Tomé and Príncipe tax regime includes personal income taxes, corporate taxes, excise taxes, property taxes, inheritance and gift taxes, real estate transfer taxes, taxes on international trade and transactions, and other miscellaneous taxes, such as a stamp tax, service stamp tax, military tax and justice tax.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Non-profit organizations are exempt from the corporate tax.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.[3]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes. The São Tomé and Príncipe tax code provides for tax free inheritance and gifts of tangible property or real estate to descendants or to non-profit organizations.[4] For all other donees, gift and inheritance tax is imposed.

FINAL SCORE: 3

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1 Nisreen Farhan, IMF Working Paper, ***São Tomé and Príncipe: Domestic Tax System and Tax Revenue Potential*** (September, 2009).
2 *Id.*
3 *Id.*
4 *Id.*

Saudi Arabia

1. ***Does the country have a tax system in place?***

   Yes. In Saudi Arabia, tax is imposed on business income (including capital gains) and certain gifts and inheritances of resident companies (with respect to the ownership of non-Saudi partners), residents who are neither Saudis nor residents of another Gulf Cooperation Council ("GCC") state,[1] and nonresident companies conducting business in Saudi Arabia or generating income from sources within Saudi Arabia. Saudis and nationals of other GCC states who are resident in Saudi Arabia are not subject to income tax in Saudi Arabia. Certain imports are also subject to import duties.

   Saudi individuals and companies (with respect to the ownership of Saudis or other GCC nationals) are subject to *zakat, a tax imposed on the capital resources and non-reinvested income of Saudi individuals and companies, as well as nationals and companies of other GCC states who conduct business in Saudi Arabia. Saudi Arabia has no sales or Value Added Tax ("VAT"), and no local duties or taxes.*

   Both income taxes and zakat are administered and collected by the Department of Zakat and Income Tax ("DZIT"), a division of Saudi Arabia's Ministry of Finance. Import duties are administered by Saudi Customs, also a division of the Ministry of Finance.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes, but only as to import duties. To be exempt from customs duties, an organization (officially, a "charitable society") must be registered with and approved by the Ministry of Social Affairs, and its purpose must be to "provide services in the humane, social, educational, scientific or religious fields or any other charitable purpose not being a profitable one."[2] In addition, to qualify for exemption from import duties, an organization must not have a political purpose and the imported items must be used for charitable purposes.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Charitable societies must file with the Ministry of Social Affairs an annual report of their activities, their annual accounts, minutes of Board meetings and an estimated budget for the following year. In addition, the accounts of charitable societies are reviewed on an annual basis by accountants approved by the Ministry of Social Affairs, who submit reports to the Ministry on each registered charitable society.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No. Saudi income tax law does not allow for any deductions for transfers to charitable organizations.[4]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Under Saudi income tax law, the disposition of an asset by lifetime gift or a transfer at death is treated as a sale of the asset at its fair market value at the time of the transfer. However, there is no deduction or exclusion from taxable income for transfers to charitable organizations registered with the Ministry of Social Affairs, so no tax

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1 Members of the Gulf Cooperation Council (hereinafter "GCC") include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

2 *Common Customs Law of the GCC States: Rules of Implementation And Explanatory Notes Thereof*, ch. V, arts 22–25, The Cooperation Council for the Arab States of the Gulf, Secretariat General (2008).

3 *Id.*

4 Implementing Regulations of Income Tax Law issued by Royal Decree No. (M/1), dated 15/01/1425 H, art. 9.

incentive is present for the creation of donor institutions.

This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.

Senegal

1. Does the country have a tax system in place?

Yes. Tax in the Republic of Senegal ("Senegal") is imposed primarily on income, sales, imports, real estate, estates and gifts.[1] A Value Added Tax ("VAT") is applicable to all non-exempt economic activities at the standard rate of 18 percent.[2] The General Tax Directorate (the "GTD"), a division of the Ministry of Economy and Finance, is the revenue authority in Senegal.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Activities related to health care and education are exempt from VAT.[3] In addition, humanitarian aid consignments may be imported and exported tax free under the West African Economic and Monetary Union Customs Code and the Senegal Customs Code.[4] Also, when a company invests at least XOF 15 million (approximately 31,479 USD) in setting up an activity in the social sector (including activities related to health, education and training), the company may (1) be exempt from customs on imported equipment for three years, (2) receive a three-year deferral on payment of VAT, (3) receive a reduction of 50 percent of taxable income for five years for up to 40 percent of the investment, and (4) be exempt from payroll tax for up to eight years.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Senegal provides charitable contribution deductions for income tax purposes. To receive a deduction, the contribution must be made to a public body or to a charity, philanthropic, educational, scientific, social or cultural organization indicated in a list issued by the Ministry of Economy and Finance.[6]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Qualifying donations made by a corporation not exceeding 0.2 percent of the company's revenue may be deducted from income tax.[7] According to Ibrahima Barry, a tax inspector with the GTD, individuals' deductions for qualifying donations are limited to 0.02 percent of "turnover."[8]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. There is an inheritance tax and a gift tax on the value of any asset transferred in excess of XOF 150 million at the rate of between 3-20 percent (based on the relationship between donee and donor).[9] The available sources do not indicate any favorable treatment is extended to transfers for charitable purposes.

FINAL SCORE: 8

1 Deloitte International Tax, "Senegal Highlights 2012," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-senegalhighlights-2012.pdf.

2 *Id.*

3 Barry, Ibrahima, ***Senegal – Corporate Taxation***, Country Surveys IBFD; Barry, Ibrahima, ***Senegal – Individual Taxation***, Country Surveys IBFD, ***available at*** http://online.ibfd.org/collections/gtha/printversion/gtha_sn.html (last visited 10 June 2012); Deloitte Touche Tomhatsu Limited "Senegal Highlights 2012," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-senegalhighlights-2012.pdf (last visited 4 November 2013).

4 Senegal Country Info, "Senegal National Legislation on Humanitarian Aid," ***available at*** http://www.logcluster.org/countries/sen/customs/view/customs_info/duties_and_taxes_exemption/non_emergency_response/national_legislation/ last visited July 31, 2012.

5 *Corporate Taxation*, ***supra*** note 3; *Individual Taxation*, ***supra*** note 3.

6 *Id.*

7 *Id.*

8 *Id.*

9 *Id.*

Serbia

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Republic of Serbia ("Serbia") on income, property, inheritances and gifts.[1] A Value Added Tax ("VAT") is levied on the supply of goods and services.[2]

The Serbian Tax Administration is incorporated within the Ministry of Finance.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-governmental organizations ("NGOs") generally are exempt from tax on grants, donations, membership dues, and non-economic sources of income.[4]

An NGO must satisfy the following requirements to be exempt from income tax: (1) its income from economic activities must not exceed RSD 400,000 (6,200 USD); (2) its earnings must not be distributed to any persons affiliated with the organization; (3) the salaries of its management board and employees must not exceed double the average salary paid by similar, for-profit organizations; (4) all profit must be used to further the organization's purposes; and (5) the organization's economic activities must not give rise to unfair competition with the private business sector.[5]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Endowments and foundations must be registered with the Serbian Business Registers Agency (the "Agency")[6] and must deliver their annual accounts to the Agency.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. There is no provision for deductions for charitable contributions in Serbia's Personal Income Tax Law. However, as described in the following section, a charitable deduction is available to corporations.[7]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Serbia provides tax deductions to corporations for donations to organizations that engage in or direct activity benefiting medical, educational, scientific, humanitarian, religious, environmental, and "sport" purposes. A deduction is allowed for up to 3.5 percent of a corporation's income. Corporations may deduct an additional 3.5 percent of their income for "investments in cultural purposes," though it is unclear whether corporations can take this deduction if they engage directly in cultural activities.[8]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. There is no estate tax in Serbia; there is an inheritance tax, which is progressive and depends on the degree of

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1 KPMG, "Serbia and Montenegro – Income Tax," ***available*** at http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/taxation-international-executives/serbia-and-montenegro/Pages/income-tax.aspx (last visited 18 May 2014); KPMG, "Serbia and Montenegro – Other taxes and levies," ***available at*** http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/taxation-international-executives/serbia-and-montenegro/Pages/other-taxes-levies.aspx (last visited 18 May 2014).

2 "Serbia and Montenegro – Other taxes and levies," *supra* note 1.

3 Republic of Serbia: Ministry of Finance, "Tax Administration", ***available at*** *http://www.mfin.gov.rs/pages/issue.php?id=8780 (last visited 18 May 2014).*

4 U.S. Int'l Grantmaking, Country Information: Serbia, ***available at*** http://www.mfin.gov.rs/pages/issue.php?id=8780 (last visited 18 May 2014) (hereinafter *USIG*).

5 *Id.*

6 Serbian Business Registers Agency, "Register of Endowments and Foundations," ***available at*** *http://www.apr.gov.rs/eng/Registers/EndowmentsandFoundations/AboutRegister.aspx (last visited 18 May 2014).*

7 USIG, *supra note 4.*

8 *Id.*

relationship between the deceased and the beneficiary.[1]

FINAL SCORE: 6

1 "Serbia and Montenegro – Other taxes and levies," *supra* note 1.

Seychelles

1. Does the country have a tax system in place?

Yes. The Republic of Seychelles ("Seychelles") has an individual income tax and a business tax.[1] A Value Added Tax ("VAT") took effect in Seychelles in January 2013.[2] Individual income tax is governed by the Income and Non-Monetary Benefits Tax Act, 2010 ("INMBTA").[3]

Corporate taxation is governed by the Business Tax Act ("BTA").[4] Seychelles operates a territorial system of taxation, under which business tax is levied on all income received by a sole trader, partnership, trust or company on profits derived or deemed to be derived from a source in Seychelles,[5] except in the case of domestic companies granted a special license,[6] which are subject to tax on their worldwide income.[7]

Partnerships are treated partially as transparent entities.[8] The taxable profits are determined at the level of the partnership, as if it were an entity liable to tax, and the partners are then taxed on their portion of the partnership profits.[9]

A withholding tax is due as a business tax advanced payment at the rate of 15 percent on the gross amount of dividend payments made by a resident entity to a resident person.[10] For resident legal entities, withholding taxes are in general levied on dividends, interest, royalties, and management fees.[11]

Resident, non-resident corporate and non-corporate businesses are liable to pay business tax on their income derived from Seychelles.[12] A trust is considered resident in Seychelles if it is settled or established in Seychelles, or where a trustee of the trust is a resident person.[13]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Possibly, if the non-profit falls within the definition of a tax-exempt entity.[14] Income of a business of a religious, scientific, charitable or public educational institution[15] and Seychelles foundations is exempt from tax.[16]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No. The BTA does not provide reporting requirements for the organizations that it deems tax-exempt.[17] The Foundations Act requires Seychelles Foundations to pay an annual renewal fee, but does not lay out any reporting requirements that accompany the fee.[18]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

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1 *See* EY 2013-2014 The worldwide personal tax guide, "Seychelles", ***available at*** http://www.ey.com/GL/en/Services/Tax/The-worldwide-personal-tax-guide---XMLQS?preview&XmlUrl=/ec1mages/taxguides/TGE-2013/TGE-SC.xml (last visited 16 December 2013); ***see also*** EY 2013-2014 Worldwide Corporate Tax Guide, "Seychelles", ***available at*** http://www.ey.com/GL/en/Services/Tax/Worldwide-Corporate-Tax-Guide---XMLQS?preview&xml=~ec1mages~taxguides~WCTG-2012~WCTG-SC.xml (last visited 16 December 2013).

2 Seychelles Revenue Commission, "Value Added Tax (VAT)", ***available at*** http://www.src.gov.sc/pages/news/draftVAT.aspx (last visited 16 December 2013).

3 Seychelles Revenue Commission, "Income and Non-Monetary Benefits Tax", ***available at*** http://www.src.gov.sc/pages/incometax/incometax.aspx (last visited 16 December 2013).

4 *See* Business Tax Act 2009.

5 *BTA*, pt. II, art. 11.

6 *See* Companies Special License Act of 2003.

7 *Id.* art. 21(a).

8 *BTA*, pt. II, arts. 39(1),(6).

9 *Id*.

10 *BTA*, pt. II, arts. 12, 62.

11 EY Worldwide Corporate Tax Guide, *supra* note 1.

12 *Id*.

13 *BTA*, pt. I, art. 2.

14 An exhaustive list of tax-exempt entities is provided under the Second Schedule of the *BTA*.

15 *See id.*

16 *See* Foundations Act 2009, art. 110.

17 *See generally BTA*.

18 *Id*.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Seychelles has no gift, estate, or inheritance taxes.[19]

FINAL SCORE: 2

19 Carlo Scevola and Partners, "Seychelles", ***available at*** http://www.carloscevola.com/seychelles.php (last visited 16 December 2013).

Sierra Leone

1. Does the country have a tax system in place?

Yes. Companies in the Republic of Sierra Leone ("Sierra Leone") are subject to a corporate tax (30 percent, in most cases) and citizens are subject to a personal income tax (20-30 percent).[1] Additional taxes and tariffs are imposed on the import, export or trade of diamonds, precious stones, precious metals and other minerals.

All tax is collected by the National Revenue Authority, which operates through three branches: the Income Tax Department, the Customs and Excise Department, and the Gold and Diamond Office.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The extent to which a non-profit is exempt from tax depends on the non-profit's organizational form. Sierra Leone distinguishes between non-governmental organizations ("NGOs") and not-for-profit companies. NGOs are defined by the Revised NGO Policy Regulations to mean "any independent, not-for-profit making, non-political and charitable organization, with the primary objective of enhancing the social, environmental, cultural and economic wellbeing of communities."[3] NGOs are required to register with the Ministry of Finance and Economic Development, as well as the Sierra Leone Association of Non-governmental Organizations. NGOs are accorded public benefit status and therefore qualify for tax exemptions under Sierra Leone's National Revenue Authority Act and the NGO Policy. NGOs are eligible for a waiver from import duties as well.[4]

By contrast, a not-for-profit company is generally formed for "member or community benefits," and is regulated under the Registration of Business Act of 2007.[5] Unlike NGOs, not-for-profit companies are allowed to "engage in business activity, provided the profit is used to further the not-for-profit purposes of the organization."[6] Charitable organizations are exempt from tax income under the Income Tax Act of 2000 except for on property income and on income from a business that is not related to the function constituting the basis for the organization's exemption.[7]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. NGOs are subject to stringent reporting and supervisory requirements. NGOs must submit annual reports for all projects implemented. NGOs must submit details of all funds committed by donors for project implementation, including the amount committed, sources of funding, details of donors and any details of installment arrangements or other donor requirements. NGOs are subject to site visits without prior notice.[8]

Not-for-profit companies are regulated under the Registration of Business Act 2007, and exempt from meeting the usual registration requirements.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.[9]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.[10]

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1 PFK, Sierra Leone Tax Guide 2012, ***available at*** http://www.pkf.com/media/387203/sierra%20leone_2012.pdf.
2 Republic of Sierra Leone Embassy, Taxes, Tariffs and Incentives, ***available at*** embassyofsierraleone.net/node/87 (last visited 18 June 2012).
3 The International Center for Not-for-Profit-Law, NGO Law Monitor: Sierra Leone, ***available at*** http://www.icnl.org/research/monitor/sierraleone.html (last visited 15 July 2012).
4 *Id*.
5 *Id.*
6 *Id*.
7 Income Tax Act of 2000 (supplements to the Sierra Leone Gazette, vol. CXXXI, no. 29), ***available at http://www.sierra-leone.org/Laws/2000-8s.pdf.***
8 *Id*.
9 *See id*.; Abdulai, Emmanuel Saffa, *Sierra Leone*, 22 Int'l J. of Not-for-Profit Law 55 (2010).
10 Abdulai, *supra* note 9.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 3

Singapore

1. ***Does the country have a tax system in place?***

Yes. Because the Republic of Singapore ("Singapore") is a city-state, tax is imposed at a single level on income, property, estate, motor vehicle, customs and services, betting, casino and others.[1]

The main tax administration is the Inland Revenue Authority of Singapore ("IRAS"), which acts as an agent of the government to collect taxes, under a series of acts.[2] The IRAS is responsible for collecting income tax, property tax, goods and services tax, and estate duty (for deaths occurring before February 15, 2008).[3] As the main tax authority, the IRAS provides tax policies and monitors external tax environments and makes policy changes accordingly to keep Singapore a competitive tax environment.[4]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

Yes, but not every non-profit ("NPO") is qualified to be exempt. In Singapore, a non-profit may register as a society, a company limited by guarantee ("CLG"), or a charitable trust. Once it is registered in one of these forms, it can apply for charity status. Only registered charities enjoy tax exemption.[5] NPOs with charity status may apply for Institution of Public Character ("IPC") status.[6] All registered charities enjoy automatic income tax exemption without having the need to meet the 80% spending rule, and they do not need to file income tax returns. To be a registered charity, the organization must be "set up only for charitable purposes, carr[y] out activities to achieve these charitable purposes and [be] registered with the Commissioner of Charities as a charity under the Charities Act (Cap. 37)."[7]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

Yes. According to the Code of Governance for Charities and Institutions of a Public Character (the "Code"), generally all charities are required to disclose their respective mission, structure, activities, finances and high management.[8] For different types of charities, there are different requirements regarding the degree of disclosure.[9]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

Yes. According to the Code, bigger organizations are required to report more than smaller organizations. Singapore recognizes four tiers of charitable organizations: Basic I Tier, Basic II Tier, Enhanced Tier and Advanced Tier.[10] Basic I Tier includes charities with gross annual receipts of less than SGD 50,000. A Basic I Tier organization should make information available to its members and donors about its programs, activities, financials, board members, and executive management.[11] The Basic II Tier requirements apply to charities with gross annual receipts of SGD 50,000 to SGD 10 million and IPCs with gross annual receipts of less than SGD 200,000.[12] Basic II Tier charities and IPCs must deliver an annual report regarding the above information.[13] The Enhanced Tier includes charities with more than SGD 10 million in gross annual receipts and IPCs with gross annual receipts between SGD 200,000 and SGD 10

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1 Inland Revenue Authority of Singapore, *An Overview of the Singapore Tax System*, Inland Revenue Authority of Singapore, ***available at*** http://www.iras.gov.sg/irasHome/page.aspx?id=5676 (last visited 28 August 2013).

2 The main tax acts include: Income Tax Act; Economic Expansion Incentives (Relief from Income Tax) Act; Property Tax Act; Goods & Services Tax Act; Betting & Sweepstake Duties Act; Private Lotteries Act; Stamp Duties Act; Casino Control Act – Part IX (Casino Tax); and Estate Duty Act, ***see*** Inland Revenue Authority of Singapore, "About IRAs", ***available at*** http://www.iras.gov.sg/irasHome/page04.aspx?id=1926.

3 Inland Revenue Authority of Singapore, ***supra*** note 1.

4 Inland Revenue Authority of Singapore, *IRAS' Role in Nation-Building and Economic Development*, Inland Revenue Authority of Singapore, ***available at*** http://www.iras.gov.sg/irashome/page.aspx?id=1926 (last visited 28 August 2013).

5 GuideMeSingapore, *Setting Up a Non-Profit Entity in Singapore—Part One*, GuideMeSingapore, ***available at*** http://www.guidemesingapore.com/incorporation/other/non-profit-entity-part1.

6 *Id.*

7 Inland Revenue Authority of Singapore, *Charities/IPCs: Overview of Charities and IPCs*, Inland Revenue Authority of Singapore, ***available at*** http://www.iras.gov.sg/irasHome/page04.aspx?id=1268 (last visited 4 April 2013).

8 The Charity Council, *Code of Governance for Charities and Institutions of a Public Character (ICPs)*, The Charity Council, (Nov. 26, 2007), ***available at*** http://www.ethiomedia.com/abai/code_of_governance_for_charities.pdf.

9 GuideMeSingapore, ***supra*** note 5.

10 The Charity Council, ***supra*** note 8.

11 ***Id.*** at BI-4.

12 ***Id.*** at BII-8.

13 ***Id.*** at BII-8.

million. Organizations in the Enhanced Tier must meet the Basic II Tier annual report requirement and additionally disclose the exact compensation received by each Board Member and its three highest-paid staff members whose remuneration exceeds SGD 100,000.[14] The Advanced Tier governs IPCs with gross annual receipts of more than SGD 10 million. Advanced Tier organizations must meet the Enhanced Tier disclosure requirements.[15]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Singapore provides a very favorable tax deduction policy for philanthropy. Double tax deductions (twice the amount of donation) are allowed for donations to IPCs, including cash donations, shares donations, computer donations, artifact donations, donations of certain types of artworks to the National Heritage Board and its approved recipients, and land and building donations.[16] Apart from donations to IPCs, donations under the scheme of "Qualifying Grantmaking Philanthropic Organizations" that are not made to IPCs but to registered charities or non-profit organizations registered as Grantmakers are also deductible, as long as donations to such Grantmakers are eventually channeled to an approved IPC.[17] In addition, all donations made from 2009-15 that would normally qualify for a 2x deduction will receive a 2.5x deduction instead.[18] Donations to foreign charities are not deductible.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Although the schemes of cash donations, artifact donations, public art donations, and land and building donations apply to both corporate and individual donors, the share donation scheme only applies to individual donors and the computer donation scheme only applies to corporate donors.

Also, if a tax deduction for a donation is more than the annual income of a donor, the donor may carry forward unutilized deductions for a maximum of 5 years.[19] To enjoy this policy, corporate donors must satisfy the shareholding test which requires that there must be no substantial change in the shareholders (shareholders refer to shareholders of the ultimate holding company, where applicable) and holdings as of the relevant dates.[20]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. According to the instructions of the official website of the IRAS, "[a]ll donations by the estates to IPCs or the Singapore Government (whether or not specifically provided in the will), made on or after 1 Jan 2002, will be exempted from estate duty. Upon a written notification from the IPC, the Commissioner of Estate Duty will exclude the value of the donation made by the administrator of the estate when computing the estate duty liability of the estate. As soon as the estate duty assessment has been made, no further donations can be made from the estate."[21]

FINAL SCORE : 11

14 *Id.* at E-10.
15 *Id.* at A-10.
16 Inland Revenue Authority of Singapore, ***Charities/IPCs: Donations and Tax Deductions***, Inland Revenue Authority of Singapore, ***available at*** http://www.iras.gov.sg/irasHome/page04.aspx?id=1274 (last visited 4 April 2013).
17 Inland Revenue Authority of Singapore, ***Charities/IPCs : Qualifying Grantmaking Philanthropic Organisations,*** Inland Revenue Authority of Singapore, ***available at*** http://www.iras.gov.sg/irashome/page.aspx?id=8530 (last visited 8 October 2013).
18 Inland Revenue Authority of Singapore, ***supra*** note 16.
19 ***Id.***
20 Inland Revenue Authority of Singapore, "For Companies", ***available at*** http://www.iras.gov.sg/irasHome/page04.aspx?id=620.
21 Inland Revenue Authority of Singapore, ***supra*** note 16.

Slovakia

1. Does the country have a tax system in place?

Yes. In the Slovak Republic ("Slovakia"), there are corporate and personal income taxes, standard Value Added Tax ("VAT"), taxes levied on selected assets (such as real estate, motor vehicle tax), and excise duties levied on specific goods (e.g., alcohol or tobacco products).[1]

Taxes are administered on three levels: (1) by the Ministry of Finance of the Slovak Republic, (2) by the Tax Directorate of the Slovak Republic with 8 regional offices, and (3) by Local Tax Offices. There also is a Tax Office for Selected Taxpayers (i.e., banks, insurance companies and tax payers with annual income exceeding 33,139,918.87 EUR).[2] However, as of January 1, 2013 the Tax Directorate shall be abolished and replaced by a Financial Directorate of the Slovak Republic covering both the tax administration and the customs administration area, while local tax administration authorities shall be abolished and replaced by local financial offices as the tax and customs local administration bodies.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. In general, tax exemptions are related to the specific taxes and activities, not the legal form or benefit status of a non-governmental organization ("NGO").[4] Income of NGOs from donations and inheritance is generally exempt from income tax, as is other income from statutory activities, including membership fees. Also exempt from income tax are grants covered by international agreements binding upon the Slovak Republic. Certain NGOs are generally exempt from tax on donations, including those whose statutory activities relate to health care, humanitarian assistance, social care, the operation of schools and other educational activities, science, physical fitness and sports for children and youth, and the protection of the environment.[5] The non-statutory economic activities of NGOs are taxed at the general income tax rate.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The Income Tax Law permits deductions for donations to NGOs through the special procedure provided in Section 50. Under this provision, a natural or legal person may request to the financial office that the taxpayer's paid income tax be allocated to one (in the case of a natural person) or more (in the case of a legal person) NGOs of the taxpayer's choice. A natural person may allocate up to 2 percent of his or her paid tax to an NGO that is registered on a special public list, or up to 3 percent of his or her paid tax if the taxpayer can prove that the taxpayer has been involved in voluntary work for more than 40 hours during the tax period. Further, a legal person may allocate up to 2 percent of its tax base if the taxpayer can prove that a minimum of .5 percent of its paid tax has been donated to non-profit organizations.[7]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. See the response to question 5, above.

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1 Lex Mundi, Guide to Doing Business in Slovakia (12/1/2011), 50, ***available at*** http://www.lexmundi.com/lexmundi/Guides_To_Doing_Business.asp.
2 ***See*** http://www.drsr.sk/drsr/english/authority.html.
3 Mundi, ***supra*** note 1.
4 European Foundation Centre (EFC), Country Profile Slovakia, 15, ***available at*** http://www.efc.be/programmes_services/resources/Pages/Legal-and-fiscal-country-profiles.aspx.
5 U.S. Int'l Grantmaking, Country Information: Slovakia, ***available at*** http://www.usig.org/countryinfo/PDF/slovakia.pdf.
6 ***Id.***
7 ***See*** http://www.usig.org/countryinfo/slovakia.asp#deductibility.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 9

Slovenia

1. Does the country have a tax system in place?

Yes. The Republic of Slovenia ("Slovenia") has a series of nation-wide taxes set forth in a number of separate laws, including corporate income tax, personal income tax, inheritance and gift tax, Value Added Tax ("VAT"), customs duties, excise duties, real estate transaction tax and other more minor taxes. In addition, Slovenian taxpayers are required to remit mandatory Social Security contributions.

Taxes are administered by the Ministry of Finance.[1]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Three basic types of charitable organizations exist in Slovenia: associations, institutes and foundations. Each is governed by a separate law. Associations are independent, non-profit, membership based organizations established by founders to pursue common interests. They are regulated under the Associations Law. Institutes are non-membership organizations that can conduct activities in a variety of non-profit areas, such as education, science, culture, sports, health, social welfare, etc., and may be public or private. Public institutes provide services available to the general public, and must be established by a public entity, such as a municipality. Private institutes may be established by a domestic or foreign legal entity, such as a company. Institutes are regulated under the Institutes Law. Foundations are grant-making, asset-based organization established by domestic or foreign legal entities or natural persons, for generally beneficial or charitable purposes. They are regulated under the Foundations Law.[2]

Formation and governance of each type of charitable organization is covered by the applicable law. Foundations must execute and file a Deed of Establishment with the ministry whose operating range covers the purpose for which the foundation has been established ("competent ministry"). Foundations also must register with the Ministry for Home Affairs.[3]

Associations, institutes and foundations do not pay corporate income tax on their non-profit activities if they were established for non-profit purposes in accordance with the applicable law and if their activities are carried out in accordance with their purposes.[4] Income derived by such organizations from for-profit activities are subject to corporate income tax.[5]

Free goods and services received by charitable organizations, as well as free goods and services provided by those organizations to the recipients of their charitable endeavors are not subject to income taxation or VAT.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The Ministry of Home Affairs keeps a registry of all foundations. In addition, foundations must keep accounts and produce annual reports in compliance with the Foundations Act, which are filed with the competent ministry.[7] It is unclear whether there are similar registration and reporting requirements for associations and institutes.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

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1 *See* Taxation in Slovenia 2011, Slovenia Ministry of Finance (September 2011), ***available at*** http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2011.pdf.

2 *See* Council on Foundations, United States International Grantmaking, Country Information – Slovenia, ***available at*** http://www.usig.org/countryinfo/slovenia.asp.

3 *See* EFC Country Profile January 2011: Slovenia, European Foundation Centre, ***available at*** http://www.efc.be/programmes_services/resources/Documents/slovenia.pdf.

4 Corporate Income Tax Law, art. 9.

5 *Id.*

6 *See* Council on Foundations, *supra* note 2.

7 Foundations Act, art. 30.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. An individual liable for tax under the Personal Income Tax Law is allowed to deduct from his or her taxable income the amount of cash and in-kind donations to non-profit organizations, not exceeding 0.3 percent of his or her taxable income for the reporting year.[8] No carry-forward of unused contributions is provided.

A legal entity subject to the Corporate Income Tax Law is allowed to deduct cash and in-kind donations to some, but not all, non-profit organizations, again not exceeding 0.3 percent of its taxable income for the reporting year.[9] An additional deduction of up to 0.2 percent of a donating entity's taxable income can be taken if the donation is made for cultural purposes or to an organization established for protection from natural and other disasters.[10]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. See response to question 5, above.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

Yes. Under Slovenia's Inheritance and Gift Tax Law, individuals and private legal entities generally pay a tax on property received in the form of an inheritance or a gift. The rate of tax paid by the recipient differs, depending on the relationship of the recipient to the transferring party and the amount of property received. Legacies (or gifts) to so-called Class I beneficiaries (spouse, descendants, and spouses of descendants) are exempt, while legacies (or gifts) to others are taxed between 5 percent and 39 percent, depending on the class in which they fall.[11]

Legacies (or gifts) to qualifying charitable organizations (including a foundation created by the donor or testator) are specifically exempt from inheritance and gift tax, so long as the property received is used for non-profit activities.[12] Accordingly, the charitable gift incentive will exist where a testator either does not have close family members or prefers not to leave the entire estate to family members. However, because the recipient of a legacy, not the testator, is subject to the tax, this incentive may not be as significant as in an estate tax jurisdiction. As indicated earlier, charitable organizations also are not subject to income tax or VAT on donations received.

FINAL SCORE: 10

8 Personal Income Tax Law, art. 66.
9 Corporate Income Tax Law, art. 59.
10 *Id.*
11 Inheritance and Gift Tax Act; ***see*** Slovenia Tax Guide 2012, PKF International, at 8-9, ***available at*** http://www.pkf.com/media/387212/slovenia_2012.pdf.
12 Inheritance and Gift Tax Act, art. 9.

Solomon Islands

1. ***Does the country have a tax system in place?***

   Yes. The Solomon Islands government levies income tax, sales tax, custom and excise duties, stamp duty and export tax.[1]

   Resident persons including companies are taxed on all income which accrues in, is derived from or is received in Solomon Islands. Non-individuals (corporations or bodies of persons excluding partnerships) are subject to different rates of income taxation depending on whether they are resident (30 percent) or non-resident (35 percent).[2]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Statutory exemption from income tax applies to a range of government, quasi government, non-profit, religious, and sporting bodies.[3]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Every person chargeable to tax for any year is required to make a return of income for that year on the prescribed form not later than March 31st following such year, or, where the taxpayer is in receipt of gains or profits from a business the accounting period of which ends on a date later than December 31st in such year, not later than a date three months after the end of such accounting period.[4]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.[5]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No. The profits from a business which constitute the income of a charitable or public benefit organization will not be exempt from tax, because it does not fall within one of the exceptions under Section 18 of the Laws of Solomon Islands Income Tax Act.[6]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[7]

FINAL SCORE: 3

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1 Solomon Islands Government, "Overview of Solomon Islands Taxes," ***available at*** http://www.commerce.gov.sb/Divisions/Investment/downloads/Overview%20of%20Solomon%20Island%20Taxes.pdf.
2 *Id.*
3 Solomon Islands Tax Summary and Statistical Appendix, prepared by International Monetary Fund, ***available at*** http://www.imf.org/external/pubs/ft/scr/2007/cr07303.pdf.
4 LAWS OF SOLOMON ISLANDS INCOME TAX ACT § 57, ***available at*** http://www.paclii.org/sb/legis/consol_act/ita123133/.
5 *Id.*
6 LAWS OF SOLOMON ISLANDS INCOME TAX ACT § 18, ***available at*** http://www.paclii.org/sb/legis/consol_act/ita123133/.
7 P17, Review Report Of Comparative Tax Regimes In The South Pacific And Implications For Civil Organizations By International Center For Not-For-Profit Law, ***available at http://www.icnl.org/research/resources/regional/SP%20Tax%20Regimes.pdf***. "With the exception of the Cook Islands, Fiji, PNG and Samoa, the income tax legislation of all other jurisdictions is rather silent or ambiguous on this issue. In other words, there is total absence of reference or definition of the income of charitable or public benefit organizations as comprising for instance various sources or components including that derived from the business interest of any such organization."

Somalia

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Somali Republic ("Somalia") on income arising from or received in Somalia, inheritance, immovable property, sales, excise and customs duties, stamp duty and various other sources.[1] A number of local taxes and state taxes are levied for the purpose of raising local revenue, though the central government generally sets the maximum tax rate which may be applied. Employment income and income from buildings are computed separately from all other income.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Exemptions from income tax exist for legally established charitable, welfare-related, educational, religious and cultural institutions and entities (excluding exemptions for income from any commercial activity).[3] Income from buildings used as schools is exempt, provided the school is organized on a non-profit basis and is authorized by the Ministry of Education.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No. Only persons chargeable with income tax are required to file a return.[4]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Somalia does not impose an estate tax.[5]

FINAL SCORE: 2

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1 *Somalia—Corporate Taxation* § 1, Country Survey IBFD, Introduction (hereinafter ***IBFD Somalia***) (including an administrative and statistical fee, harbour fee, motor vehicle tax, transaction registration tax, mortgage tax, and insurance tax).

2 *Id.*

3 *Id.* § 2.4.

4 *See* The Body of Laws on Direct Taxation No. 89/96, ch. V, art. 25, ***available at*** http://www.somalilandlaw.com/somaliland_public_finance_law.html.

5 *IBFD Somalia, supra* note 1, § 6.1.

South Africa

1. Does the country have a tax system in place?

Yes. The Republic of South Africa ("South Africa") levies taxes on income, investments, capital gains, estates, gifts, customs, and imposes a Value Added Tax ("VAT") as well.

The South African Revenue Services ("SARS"), administers the tax system in South Africa and controls both domestic and cross-border (i.e., customs) taxation. SARS operates under the Ministry of Finance, which is responsible for economic policy, public pensions and financial services.

South Africa consists of nine provinces, each with its own government. Each province has its own Treasury Department responsible for developing a budget and collecting revenue. Provincial revenue comes largely from sources such as motor vehicle licenses and gaming. In addition, most of the revenue for provincial public spending comes from the national government. For example, in the Western Cape province (which includes Cape Town), 95 percent of all provincial expenditures came from the National Treasury. South Africa consists of local municipalities with the power to tax as well. However, regulation of non-profits occurs largely at the national level.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The Taxation Laws Amendment Act of 2000 introduced a protocol for approving non-profit organizations. Qualifying non-profits in South Africa are called public benefit organizations ("PBOs"). South Africans may create a PBO in one of three ways: (1) register as a corporation under section 21 of the Companies Act of 1973; (2) institute a trust and register with the Master of the High Court; or (3) create a voluntary association governed by a constitution.[1] A foreign non-profit may also start a branch of its organization in South Africa provided that it is exempt in its country of origin. Any incorporating charter must discuss with particularity what programs the PBO plans to carry out, and have at least three unconnected persons who accept fiduciary responsibilities for the PBO. PBOs must also conduct the majority of their activities in South Africa. In addition, the non-profit must engage in at least one statutorily-defined public benefit activity ("PBA").[2] This PBA must be the organization's primary purpose or goal. PBAs can fall into one of several categories, including health care, housing, conservation and sport.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Upon incorporating the PBO, directors must submit an EI 2 (if a South African corporation) or EI 2B (if a foreign corporation) stating that the organization has satisfied all statutory requirements. PBOs may also receive an income tax exemption if they qualify by submitting an EI 1. All organizations must report their income (by submitting an IT 12EI) and must retain at least five years of financial statements prepared by a qualified accountant.

In addition to SARS forms, non-profits may also choose to register with the Nonprofit Organization Directorate. The Directorate functions under guidance from the Department of Social Development (not the Ministry of Finance) and was created by the Nonprofit Organisations Act of 1971. The Directorate allows the public to view a list of participating non-profits and allows for greater scrutiny of non-profit activities. As with SARS, registering with the Directorate subjects a non-profit to annual reporting requirements.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No. SARS guidance does not indicate that reporting requirements vary according to the size of the organization.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. South Africans can deduct charitable contributions to qualified public benefit organizations. Taxpayers may deduct up to 10 percent of their income on donations.[3] Taxpayers may also receive deductions on securities, capital

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1 South African Revenue Service, Tax Exemption Guide for Public Benefit Organizations in South Africa 5 (2007).
2 *Id.*
3 Johann Hattingh, ***South Africa-Individual Taxation*** § 6, Country Surveys IBFD (last visited 20 June 2012).

gains and income derived from business operations.[4] Taxpayers may also deduct gifts over ZAR 10,000, which ordinarily incur a 20 percent tax of the fair market value of the good, provided that the gift is to a qualified PBO.[5] Whether the PBO is a domestic or foreign corporation does not affect the deduction a taxpayer can take so long as the PBO qualifies as such under South African law.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Corporations, like individuals, may deduct 10 percent of their income for donations to public benefit organizations.[6] Corporations may also make deductions for income from capital gains and securities, and also receive exemptions from gift taxes.[7] The only difference between individuals and corporations is that non-profits are exempt from VAT for any goods they sell.[8] Otherwise, the deductions are the same.

7. ***Finally does there exist an "estate tax" or some equivalent mechanism that encourages creation of donor institutions?***

Yes. South Africa imposes estate taxes on residents and nonresidents who own property in South Africa. South Africa generally imposes estate taxes on both movable and immovable property.[9] South Africa permits a deduction for ZAR 3.5 million but imposes tax at a 20 percent rate beyond that amount.[10] Taxpayers may also receive deductions for bequests to public benefit organizations.[11]

FINAL SCORE: 10

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4 *Id.* § § 4, 5, 11.
5 *Id.* § 12.
6 Johann Hattingh, ***South Africa-Corporate Taxation*** § 4, Country Surveys IBFD (last visited 20 June 2012).
7 *Id.* § § 6, 27, 28.
8 *Id.* § 25.
9 Hattingh, ***Individual Taxation*** § 11.
10 *Id.* §§ 11-12.
11 *Id.* § 11.

South Sudan

1. Does the country have a tax system in place?

Yes. Taxation provisions for the Republic of South Sudan ("South Sudan") are defined in the Taxation Act, 2009 (the "Act"). Aside from oil revenue, the main forms of governmental revenue are, at the national level, a personal income tax, a business profit tax, a tax on imported goods, a dividends, interest and royalties withholding tax, and an excise tax.[1] At the state level, there are taxes for income, services, and oil revenues.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. All NGO funds, expatriate staff salaries, and all humanitarian supplies and services are exempt from all forms of taxation provided that the goods for ordinary consumption of NGOs' staff are subject to laws relating to import and export licenses, customs, and excise duties.[2] However, Sudan nationals employed by NGOs shall be subject to income tax.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. All non-profit organizations must submit a registration application with the Ministry of Humanitarian Affairs and Disaster Management under the South Sudan government. If, upon review, the government grants clearance and verification, a Certificate of Eligibility will be issued to the organization. Once registered, a non-profit must file quarterly and annual reports, including a budgetary summary which includes changes in the work plan. Finally, if any taxes are to be paid, for example resident staff salaries or consumption of ordinary goods, then, the business is required to obtain a Taxpayer Identification Number by completing Form 17-1, the Tax Registration Form, and submit it to the Directorate of Taxation. Once registered, the organization is required to file a yearly informational tax return which includes a progress report, a certified copy of the annual Audit report, a budgetary summary, including changes, as well as quarterly progress reports.[4]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Both personal and corporate contributions made to organizations for humanitarian, health, education, religious, scientific, cultural, and environmental protection are deductible provided those organizations are registered with the appropriate agency.[5]

6. If yes to 5, then do individuals and corporations have different incentives?

No. Both personal and corporate contributions made to organizations for humanitarian, health, education, religious, scientific, cultural, and environmental protection are deductible provided those organizations are registered with the appropriate agency.[6]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.[7]

FINAL SCORE: 9

1 Government of South Sudan, Ministry of Finance and Economic Planning, Directorate of Taxation - Tax Act 2009 (hereinafter *Tax Act*).
2 Laws of the New Sudan, The Non-Governmental Organizations Act, 2003, ***available at*** http://www.icnl.org/research/library/files/South%20Sudan/2003act.pdf.
3 *Id.*
4 *Id.*
5 *See Tax Act*.
6 *Id.*
7 Deloitte International Tax, South Sudan 2012.

Spain

1. Does the country have a tax system in place?

Yes. In Spain, tax is imposed on individuals' income, including capital gains, both nationally and with respect to the autonomous regions, and contributions to social security must be made by employees. There is also a wealth tax in effect for this year on a resident individual's worldwide net wealth.[1] There is an inheritance and gift tax levied on behalf of the Spanish autonomous regions on the beneficiary or donee of the inheritance or gift. Corporations are subject to a corporate income tax and a local business tax as well as Value Added Tax ("VAT") and social security contributions and certain indirect taxes such as capital duties, transfer taxes and stamp duties.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Income from the pursuit of a tax exempt organization's purpose is tax exempt. Income from movable assets and unrelated economic activities, however, are not.[2] There is a special tax regime for certain foundations that register and ask for special treatment and for other public benefit organizations.[3] Tax exemption is available on income tax if the entity uses at least 70 percent of its net income to pursue the entity's general interest purpose, and unrelated economic activities cannot exceed 40 percent of the entity's total revenue. In addition, income from non-tax-exempt economic activities is taxed at a special corporate tax rate of 10 percent rather than the general corporate tax rate of 25-30 percent.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Annual financial reports and accounts as well as annual action plans must be submitted to the Protectorate.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. There is a tax credit for donations to qualifying non-profit organizations of 25 percent of the value of the donation for individual income tax purposes. Donors must obtain a certificate from the charity showing the donation was made. In addition, there is a provision of Spanish law that permits the application of 0.7 percent of an individual's tax to each of the Catholic Church and/or to certain non-governmental organizations active in social action and cooperation.

There is a 35 percent tax credit for gifts to qualifying organizations by corporations if certain requirements are met, subject to a limitation of 0.1 percent of their turnover. However, for both individuals and corporations, the tax base of the deduction cannot exceed 10 percent of the total taxable base for the period.

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. See response to question 5, above.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. There is an inheritance and gift tax levied on the recipient. In most regions, however, the tax has been substantially reduced for resident individuals by a 99 percent allowance for descendants, ancestors and spouses.

FINAL SCORE: 9

1 *See* Royal Decree Law 13/2011 of 17 September 2011.
2 Corporate Tax Law, arts. 133-135.
3 *See* Law on Patronage.
4 Law on Patronage, art. 7.

Sri Lanka

1. Does the country have a tax system in place?

Yes. The Democratic Socialist Republic of Sri Lanka ("Sri Lanka") levies income tax on individuals. There is no tax on capital gains. Other taxes and duties include Value Added Tax ("VAT"), excise duty, customs duty, turnover tax and the economic service charge. Employees are required to make social security contributions to the Employee's Provident Fund.[1] Corporations are taxed on corporate profit. There is no tax on capital gains. Other corporate taxes and duties include VAT, excise duty, customs duty, turnover tax and the economic service charge. Employers are required to make social security contributions to the Employees' Provident Fund and the Employees' Trust Fund.

The primary source of tax law is the Inland Revenue Act 2000, as amended (the "Act").

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Sri Lanka deems only 3 percent of any money received by a non-governmental organization ("NGO") in any year of assessment by way of grants, donations, contributions or any other means, as profits to be taxed (this liability is in addition to any tax that would be payable by an NGO on profits or income, if any, from any other source of profits, such as profits from trade, business rent, interest, etc.). However, the Commissioner General is empowered to remit this income tax, payable on any part of receipts, by an NGO for any year of assessment, if he or she is satisfied that such NGO is engaged solely in utilizing such part of receipts in areas approved by the government or in the provision of infrastructure facilities and livelihood support.[2] Additionally, charitable institutions have allowable discounts to the withholding tax on interest paid by banks or other financial institutions.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. All registered NGOs are required to file an annual declaration and to furnish a quarterly statement setting out the funds received and the activities carried out. If the activities of an NGO fall within the specified activities which allow for remission on payment of income tax arising from that year of assessment, an application for remission of tax must be forwarded through the respective Deputy Commissioner of the Unit where the tax file is dealt with. On the basis of facts and utilization of funds or other receipts, in relation to any year of assessment, a remission of income tax fully or partly would be granted.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.[4]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. A person may deduct from his, her or its assessable income the amount of any qualifying payments – including donations made by any person in money to an approved charity.[5]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Individuals are allowed personal deductions, including cash donations to approved charities, up to one-third of assessable income or LKR 25,000, whichever is lower.[6] Corporations are allowed deductions for qualifying payments, which include cash donations to approved charities, subject to a maximum of 20 percent of assessable income or LKR 25,000, whichever is lower.[7]

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1 P. Perera, ***Sri Lanka – Individual Taxation***, Country Surveys IBFD (last visited 22 June 2012).
2 Commissioner General of Inland Revenue, Department of Inland Revenue, Sri Lanka, "Taxation of Non-Governmental Organizations (NGO's) in Terms of Section 102 of the Inland Revenue Act No. 10 of 2006", July 22, 2011.
3 Inland Revenue Act, No. 10 of 2006, § 133(4), Commonwealth Legal Information Institute (last visited 20 June 2012).
4 *Id.*
5 Inland Revenue Act, No. 10 of 2006, Art. 34(2)(a).
6 P. Perera, ***Sri Lanka – Individual Taxation***, Country Surveys IBFD (last visited 22 June 2012).
7 P. Perera, ***Sri Lanka – Corporate Taxation***, Country Surveys IBFD (last visited 6 July 2012).

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No.

FINAL SCORE: 9

Sudan

1. Does the country have a tax system in place?

Yes. In the Republic of the Sudan ("Sudan"), individual and corporate income tax is regulated by the Income Tax Act, 1986, as amended (the "Act"). The most important taxes on individuals are the business profits tax on individuals and partnerships (a partnership is regarded as a taxable person), and the personal income tax on employment income. Also payable are the social security contributions at a rate of 8 percent on gross salary by the employee and 17 percent by the employer.[1] Corporate income tax is levied in the form of a business profits tax ("BPT"), Value Added Tax ("VAT") and customs duties.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. For both corporations and individuals,[3] capital gains from the sale of assets are exempt from tax for religious, educational or social organizations.[4] Additionally, the Minister of Finance and National Economy may, after consultation with the Minister of Social Planning, reimburse the amounts collected from the tax of the income of the profits of the commercial activity of any legally registered charitable body.[5] Additionally, the Minister of Finance may, under Article 86 (A) of the Customs Act, 1986, exempt a civil service organization from applicable customs duties and VATs, except for local purchases.[6]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Every national voluntary organization must submit an application of registration which includes a list of the names and addresses of the founding members and relevant organizing documents, including financial resources, (with additional requirements for foreign voluntary organizations) as well as registration fees.[7] If approved, the registrar will grant a registration certificate, which must be renewed annually. Once registered, an organization must present to the registrar a semi-annual report on its business, an annual report on the progress of its business, a copy of the annual budget, approved by a certified auditor, which includes a summarized budget, and any changes.[8]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. "Zakat", or amounts paid to charity, may be deducted from taxable income.[9]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Tax deductions for Zakat are not available for personal income.[10] Corporations may deduct from income donations (in cash and kind) mainly to government projects, provided that they do not exceed 10 percent of the taxpayer's net profit.[11]

1 A.A. Osman, ***Sudan – Individual Taxation***, Country Surveys IBFD (last visited 22 June 2012) (hereinafter ***Individual Taxation***).
2 A.A. Osman, ***Sudan – Corporate Taxation***, Country Surveys IBFD (last visited 1 July 2012) (hereinafter ***Corporate Taxation***).
3 ***See Individual Taxation, supra*** note 1.
4 ***Id.***
5 The World Law Guide, Sudan, Income Act 1986, ch. III, § 9(4).
6 World Movement for Democracy, Sudan 2011 – Report on Laws and Regulations Governing Civil Society in Sudan.
7 The International Center for Not-for-Profit Law, "NGO Law Monitor: Sudan" ***available at*** http://www.icnl.org/research/monitor/sudan.html.
8 ***Id.***
9 The Income Tax Act, 1986, ch. V, § 18, ***available at*** http://www.ataftax.net/en/sudan.html.
10 ***Id.***
11 ***See Corporate Taxation***.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. There are no inheritance and gift taxes in Sudan.[12]

FINAL SCORE: 6

12 *See Individual Taxation*.

Suriname

1. ***Does the country have a tax system in place?***

   Yes. The Republic of Suriname ("Suriname") imposes tax on the worldwide income of individuals.[1] Corporations are taxed on their profits[2] and pay social security contributions in respect of their employees and Value Added Taxes ("VAT").[3] Taxation at the local level is limited and local branches typically rely on transfers from the central government for funding. The currency is the Suriname dollar ("SRD").[4]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No. There is no legislation or regulation on how non-profits are financed.[5]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. The Ministry of Justice and Police determines the legal recognition of an NGO through review of the organization's by-laws and statutes. The Ministry then advises the President's Cabinet of its opinion and the Cabinet makes a final decision regarding registration. The NGO registration is then published in the government newspaper thus officially granting it legal status. The review process may take up to two years.[6]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.[7]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[8]

   FINAL SCORE: 1

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1 Suriname, Taxes, ***available at*** http://www.surinaminfo.com/htm/english/taxes.htm.
2 Suriname Investment Guide, Suriname Government website, Ministry of Trade and Industry of the Republic of Suriname, ***available at*** http://gov.sr/.
3 R. Offermanns, *Suriname – Corporate Taxation*, Country Surveys IBDF (last visited 6 July 2012).
4 Republic of Suriname, Public Administration Country Profile, Division for Public Administration and Development Management, Department of Economic and Social Affairs, United Nations, December 2004 (hereinafter *Public Administration Profile*).
5 *See Public Administration Profile*.
6 *See Public Administration Profile*.
7 R. Offermanns, *Suriname – Individual Taxation*, Country Surveys IBFD (last visited 22 June 2012).
8 For individuals, the inheritance tax is calculated on the value of the estate, after deductions, including legacies, of the decedent although inheritance by parents, children, and grandchildren are exempt from tax. Tax rates vary from 6 percent to 15 percent and depend on the degree of relationship. However, while an inheritance tax exists according to the legislation in Suriname, in practice, the law is not applied and no tax is levied. Additionally, there is no gift tax.

Swaziland

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in the Kingdom of Swaziland ("Swaziland") on income, capital gains realized upon disposal of mineral rights, companies, branch profits, fringe benefits, stamp duty, transfer duty, real estate and land, custom and excise duties, and Value Added Tax ("VAT").[1] Taxable income consists of income derived from a Swaziland source.[2]

   The Swaziland Revenue Authority ("SRA"), which merged Swaziland's Department of Customs and Department of Taxes, was established as of January 1, 2011. The SRA is headed by a Commissioner General and divided into three main departments: Customs and Excise, Income Tax and Sales Tax/VAT, and Finance.[3]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Income tax exemption is afforded to "exempt organizations," which include ecclesiastical, charitable, or educational institutions of a public character, amateur sports organizations, trade unions or employees' associations, various registered associations of employers, and chambers of commerce and industry.[4] To qualify for the exemption, the Commissioner must be satisfied that the organization is a genuine exempt organization and that none of the organization's income or assets confer a private benefit on any person.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Swaziland provides a deduction from income of individuals and companies for: contributions to an approved bursary scheme; contributions, grants and donations not exceeding SZL 50,000 (approximately 4,922 USD) to professional entities for educational or training purposes; grants made to the government for the purpose of building schools or hospital buildings, or for fittings, furniture and other items associated with the development of such schools or hospitals; contributions, in cash or in kind, to any government-established national disaster plan or national emergency body; and contributions, grants, and donations to any amateur sporting association, charity, educational institution of a public character, or other exempt organization (not to exceed 5 percent of the person's taxable income).[5]

6. *If yes to 5, then do individuals and corporations have different incentives?*

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[6]

FINAL SCORE: 8

1 PKF Swaziland Tax Guide 2010 ***available at*** http://www.pkf.com/media/135605/swaziland%20pkf%20tax%20guide%202010.pdf.
2 *Id.*
3 Swaziland Revenue Authority, ***available at*** http://www.sra.org.sz/.
4 Swaziland Income Tax Order, 1975, § 12(1) Exemptions from normal tax.
5 Swaziland Income Tax Order, 1975, § 14(1) Determination of taxable income.
6 International Bureau of Fiscal Documentation, Swaziland, Individual Taxation, § 5 Inheritance and Gift Taxes (2011).

Sweden

1. Does the country have a tax system in place?

Yes. Tax is imposed in Sweden on income and profits, property, imports, delivery of goods and services, social security contributions and payroll at the central government (federal) level and at the municipal and county council (local) level.[1]

At the federal level, there is one main tax administration authority, the Swedish Tax Agency (income and profits), and two other smaller agencies, the Enforcement Agency (collection of taxes) and Customs (Value Added Tax ("VAT") and customs and excise duties on imports).[2] The central government and the local governments collect a tax on all employment and business income, with the local government rates varying by jurisdiction.[3] The central government also imposes a payroll tax, paid by employers, that makes up part of the social security contributions.[4] Sweden also imposes a VAT on the delivery of all goods and services purchased in the country.[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. To be exempt from income tax an entity must qualify as either a foundation, a non-profit association or a registered religious community.[6] The level of tax exemption granted to an entity depends on the type of entity and the classification within that level of entity.[7]

A foundation is described as assets that are managed independently to pursue a specific purpose according to the deed of the founder.[8] To enjoy tax privileges, the foundation must be listed in a special catalogue in the Income Tax Act or have one of the six purposes listed in the Income Tax Act.[9] Depending on the classification of the foundation, either all of its income is exempt or it must pay tax on its income from real property and/or business income.[10]

A non-profit association is an agreement between at least two individuals or legal entities to pursue non-commercial activities for either non-commercial purposes or purposes that promote the financial interests of its members.[11] Its non-qualified purposes cannot account for more than 50 percent of its activities, it must spend at least 75-80 percent of its income on its qualified activities and it must let any person join, unless it can show specific grounds for refusing membership.[12] Non-profit associations are exempt from paying tax on income, except for income from real property and business income that is not connected to its exempt purpose.[13]

A registered religious community is a community for religious activities that is registered under the Act on Religious Communities, and registered religious communities are subject to the same tax exemptions as non-profit associations.[14]

Foundations, non-profit associations and registered religious communities may also enjoy a VAT exemption on

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1 Swedish Tax Agency, Taxes in Sweden 2011, *available at http://www.skatteverket.se/download/18.71004e4c133e23bf6db800030152/10412.pdf (last accessed 31 January 2014)*.
2 *Id.*
3 *Id.*
4 *Id.*
5 *Id.*
6 Richard Arvidsson, Swedish National Report, Taxation of Charities, *available at http://eatlp.org/uploads/public/Reports%20Rotterdam/National%20Report%20Sweden.pdf (last accessed 31 January 2014)*.
7 *Id.*
8 Carl Hemström and Magdalena Giertz, EFC Country Profile January 2012: Sweden, *available at http://www.efc.be/programmes_services/resources/Documents/sweden.pdf.*
9 The six purposes are: (1) to promote the care and upbringing of children; (2) to make contributions to teaching or education; (3) to engage in charitable activities for poor and needy; (4) to promote scientific research; (5) to promote Nordic cooperation; and (6) to strengthen Sweden's defense in cooperation with military or other government authorities. ***See*** Inkomstskattelag (SFS 1999:1229) ch. 7, § 4, ***available at*** http://www.notisum.se/rnp/sls/lag/19991229.HTM.
10 Arvidsson *supra n. 6.*
11 *Id.*
12 *Id.*
13 *Id.*
14 *Id.*

services they supply, but most likely will not be exempt from collecting a VAT on sales of goods.[15] Additionally, the exemption only applies to the VAT that the organizations would collect from the sale of their goods or services, and the organizations would still have to pay the VAT on purchased goods and services.[16]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Foundations (such as foundations with assets of over SEK 1.5 million, foundations that conduct business, and foundations set up by the state or municipality) must for each financial year prepare an annual report including an annual activity report, income statements, balance sheets and notes.[17] The annual activity report shall in general terms describe how the purpose has been promoted during the past year.[18]

Smaller foundations must only make a statement of their accounts, and all foundations must submit an annual tax declaration to the tax office.[19] These annual reports and/or accounts of foundations need to be made publicly available.[20]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. As noted in Question 3 above, smaller foundations are only required to make a statement of their accounts, instead of preparing a detailed annual report.[21]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Prior to 2012 there was no deduction for donations to charitable entities; however, as of 2012, individuals may claim a 25 percent deduction for all monetary gifts made to non-profit organizations that are recognized by the Swedish Tax Agency as entitled to receive deductible gifts.[22] Only donations to organizations that engage in charitable activities for the poor and needy or promote scientific research are entitled to the deductible gift.[23] In order to claim the deduction, the donation must be above SEK 2,000 and the deduction cannot exceed SEK 1,500.[24] All recipients of a donation exceeding SEK 200 must submit a tax return to the Swedish Tax Agency listing the donor and the amount.[25] Donations to equivalent foreign entities may be entitled to a deduction if the entity is located in a European Economic Area nation or in a country that has a tax treaty with Sweden that recognizes such exchanges.[26]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. In order for a donation to qualify as deductible against business income, the donation must be a deductible operating cost for the business, meaning the contributor must receive something in return, such as goodwill or the results from scientific research.[27] Individuals may also take this deduction if the contribution is in the course of his or her business activities.[28] Companies are also entitled to take a deduction for contributions to research and development as long as the research and development has significance to the company's primary commercial activity.[29]

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15 *See id.*
16 *See id.*
17 Carl Hemström and Magdalena Giertz *supra n. 8*.
18 *Id.*
19 *Id.*
20 *Id.*
21 *Id.*
22 Arvidsson supra n. 6.
23 *Id.*
24 *Id.*
25 *Id.*
26 *Id.*
27 *Id.*
28 *Id.*
29 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. The inheritance and gift taxes were abolished in 2004 and the wealth tax was abolished in 2007.[30]

FINAL SCORE: 10

30 Swedish Tax Agency, *supra* note 1.

Switzerland

1. Does the country have a tax system in place?

Yes. In Switzerland, tax is imposed at both the federal and cantonal level, and to a lesser extent, at the municipal level. The federal government imposes taxes on both personal and corporate income. The federal government also levies a Value Added Tax ("VAT") designed to reflect the Sixth EU VAT Directive.

In addition to taxes levied at the federal level, the 26 cantons are fiscally sovereign and have full rights to impose cantonal taxes. For example, most cantons impose taxes on property, inheritance, gifts, and net wealth, while the federal government does not. Also, cantons administer tax assessment and collection on behalf of the federal government.[1]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Switzerland exempts organizations dedicated to public service or public utility from corporate income tax, though these organizations can be liable for capital gains.[2] Switzerland also exempts from the VAT charitable organizations generating turnover from taxable supplies of less than CHF 150,000 (measured without the tax), unless the exemption is waived.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Both associations and foundations have reporting requirements that vary depending on the size of the organization. In addition to the requirements below, cantons and municipal governments have regulatory authority to impose reporting requirements.

Associations must submit their financial information annually for a full audit to the federal government if it meets two of the three following criteria during two consecutive years: (1) total assets of CHF 10 million; (2) Revenue of CHF 20 million; and (3) 50 full-time employees.[4] Additionally, if a member of the association is personally liable for the financial well-being of the association, he or she may request a limited external audit.[5]

For foundations, the reporting requirements also depend on the foundation's size, though Swiss law mandates that all foundations name external auditors unless exempted by the Federal Council.[6] For instance, foundations that satisfy two of the following three criteria during two consecutive fiscal years are required to submit a full/ordinary audit: (1) total assets of CHF 20 million; (2) revenue of CHF 40 million; and (3) 250 full-time positions.[7] For foundations that do not meet two of the three criteria above, the government requires a limited audit.[8] However, foundations with fewer than ten full-time employees are exempt from filing a limited audit if approved by the foundation's board.[9] The government also reserves the right to require foundations that have submitted a limited audit to supplement that information and submit a full audit "where necessary for a reliable assessment of the foundation's financial situation."[10]

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1 *Switzerland – Corporate Taxation*, Country Surveys IBFD (hereinafter *Corporate Taxation*); *Switzerland – Individual Taxation*, Country Surveys IBFD.
2 Loi fédérale sur l'harmonisation des impôts directs des cantons et des communes, art. 23, ***available at*** http://www.admin.ch/ch/f/rs/642_14/a23.html (last visited 23 July 2012).
3 Value Added Tax Act, art. 10, ***available at*** http://www.admin.ch/ch/e/rs/6/641.20.en.pdf (last visited 23 July 2012).
4 Swiss Civil Code, art. 69b, ***available at*** http://www.admin.ch/ch/e/rs/2/210.en.pdf (last visited 23 July 2012).
5 ***Id***.
6 ***Id.*** art. 83b.
7 Federal Act on the Amendment of the Swiss Civil Code, art. 727, ***available at*** http://www.admin.ch/ch/e/rs/220/a727.html (last visited July 23, 2012). For information on the contents of a full/ordinary audit, ***see*** art. 728a, ***available at*** http://www.admin.ch/ch/e/rs/220/a728a.html (last visited July 23, 2012).
8 ***Id.*** For information on the content of a limited audit, ***see*** art. 729a, ***available at*** http://www.admin.ch/ch/e/rs/220/a729a.html (last visited July 23, 2012).
9 Federal Act on the Amendment of the Swiss Civil Code, ***supra*** note 7.
10 Swiss Civil Code, art. 83b, ***available at*** http://www.admin.ch/ch/e/rs/2/210.en.pdf (last visited July 23, 2012).

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Individuals are allowed to deduct donations to approved charities up to 20 percent of their annual income minus deductions, as long as the donation totals at least CHF 100.[11] At the federal level, corporations can deduct both in-kind and cash gifts as business expenses up to 20 percent of net income as long as the recipient organizations are tax-exempt public service or public utility organizations situated in Switzerland.[12] Incentives vary at the canton level, though most mirror the federal thresholds.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. The federal government does not impose any type of estate tax.[13] However, most cantons (22 in total) impose their own inheritance, gift, and/or wealth taxes. Most cantons provide an exemption from gift and inheritance taxes for donations to certain charities.[14]

FINAL SCORE: 11

11 Loi fédéralesur l'impôt fédéral direct (LIFD), art. 33a, ***available at*** http://www.admin.ch/ch/f/rs/6/642.11.fr.pdf (last visited July 23, 2012).

12 *Id.* art. 59.

13 *Corporate Taxation*, *supra* note 1.

14 Nedim Peter Vogt, Tina Wustemann and Christoph Oliver Schmid, *Switzerland: Charitable Giving and Taxation of Charities*, 15 Trusts & Trustees 5 (July 2009).

Syrian Arab Republic

1. Does the country have a tax system in place?

Yes. The Syrian Arab Republic ("Syria") Constitution provides that Syrian taxes will be imposed on an equitable and progressive basis to achieve equality and social justice.[1] Syrian tax law imposes a progressive income tax on individuals and corporations.[2] Other Syrian taxes include consumption taxes on specific items and services, real estate taxes, stamp duties, and social security contributions.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Syrian law provides an income tax exemption for non-profit-making cooperative societies.[4] In addition, Syria's Associations and Private Institutions Law and Amendments, applicable by Law No. 93 of 1958, provides for the creation of associations and private institutions.[5] An association is defined as a group of natural or legal persons with permanent structure created for a limited or unlimited period for a purpose other than profit making.[6] A private institution is an association created by allocating funds for an indefinite period of time for a work of human, religious, art, nature, or another activity of benevolence, social welfare, or public interest, without seeking to make a profit.[7] To be recognized as a legal entity, an association or private institution must declare its Articles of Association to the Ministry of Social Affairs and Labor for approval.[8] Under the Associations and Private Institutions Law and Amendments, transactions by Syrian charity associations are exempt from stamp duty, financial, real estate and municipality charges and taxes of all kinds, and judicial charges and fees.[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Under the Associations and Private Institutions Law and Amendments, associations must have an annual budget.[10] Associations must inform the Ministry of Social Affairs and Labor about the total funds collected during an approved collection period within one month after the allowed collection period ends.[11]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Associations with larger budgets have additional reporting requirements. If the budget exceeds SYP 10000, the final accounts must be submitted to auditors by the Ministry of Social Affairs and Labor under the Associations and Private Institutions Law and Amendments.[12]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Syria's tax system allows for deductions of up to 3 percent of taxable income for donations paid to officially recognized public or private institutions engaged in activities related to public welfare.[13] In order to obtain the

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1 Syria – Constitution, ***available at*** http://www.law.yale.edu/rcw/rcw/jurisdictions/asw/syrianarabrep/syria_constitution.htm (last visited July 15, 2012). Note, the same clause is included in the latest version of the Syrian Constitution, ***available at*** http://www.refworld.org/cgi-bin/texis/vtx/rwmain?docid=5100f02a2.

2 Deloitte International Tax, "Syria Highlights 2013," ***available at*** http://www.deloitte.com/taxguides (select Syria under highlight series; then select "Download the Highlights") (last visited 23 October 2013).

3 *Id.*

4 *Fixed Income Tax [International Boycott Country]*, RIA Worldwide Tax & Commercial Law - Middle East, June 1978 (hereinafter *Syria: Fixed Income Tax*).

5 "Syria," NGO Regulation Network, ***available at*** http://www.ngoregnet.org/country_information_by_region/Middle_East_and_North_Africa/Syria.asp (last visited Oct. 23, 2013).

6 *Associations and Private Institutions Law and Amendments of 1970,* art. 1, ***available at*** http://www.icnl.org/research/library/files/Syria/93-1958-En.pdf (last visited 15 July 2012) (hereinafter *Syria Associations and Private Institutions Law*).

7 *Syria Associations and Private Institutions Law*, *supra* note 6, art. 57.

8 *Resolution No. 93 of 1958*, ***available at*** http://www.icnl.org/research/library/files/Syria/93-1958-En.pdf (last visited 15 July 2012); *Syria Associations and Private Institutions Law*, *supra* note 6, arts. 7, 61.

9 Law No. 22 of 1974.

10 *Syria Associations and Private Institutions Law*, *supra* note 6, art. 15.

11 Resolution No. 93 of 1958, *supra* note 8, art. 18.

12 *Id.*

13 *The 2011 Global Executive, Individual Tax, Social Security and Immigration*, Ernst & Young, ***available at*** http://www.ey.com/Publication/vwLUAssets/2011-global-executive-tax-guide/$FILE/2011-global-executive.pdf (last visited June 25, 2012) (hereinafter *The 2011 Global Executive*).

charitable deduction, the donor and donee must maintain records approved by the income tax department.[14] Charitable institutions include the Syrian army, government, private schools and hospitals.[15]

Under the Associations and Private Institutions Law and Amendments, fundraising (defined to mean any form of addressing the public for donation) is generally only permitted by declared associations with prior permission from the Ministry of Social Affairs and Labor.[16] Fundraising is limited to an approved collection period that generally lasts no more than three months (but can be extended for an additional three months).[17] An association is limited to one approved collection period per year, with exceptions for certain fundraising activities.[18] Religious houses of worship may use fundraising boxes or circulated plates during religious events to solicit donations without prior permission, but any collected money must be used for the religious house, itself.[19] Funds and donations generally can only be received from Syrian entities; no association may receive or collect funds or donations from any person, association, commission, or club outside of Syria without permission from the Ministry of Social Affairs and Labor.[20]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

No. Syrian tax law does not distinguish between individuals and corporations for the purposes of the deduction for approved non-profit donations.[21]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No.

FINAL SCORE: 10

14 *Id.*
15 *Syria: Fixed Income Tax*, *supra* note 3, ch. 7.
16 Resolution No. 93 of 1956, *supra* note 8, art. 17.
17 *Fundraising Regulation issued by the Ministry of Social Affairs and Labor by Resolution No. 1347 of 30/12/1971*, art. 12, *available at* http://www.icnl.org/research/library/files/Syria/93-1958-En.pdf (last visited July 15, 2012) (hereinafter *Fundraising Regulation*).
18 *Id.* arts 6, 12.
19 Resolution No. 93 of 1958, *supra* note 6, art. 17; *Fundraising Regulation*, *supra* note 17, art. 3.
20 *Syria Associations and Private Institutions Law*, *supra* note 4, art. 21; *Fundraising Regulation*, *supra* note 17, art. 36.
21 *Syria: Fixed Income Tax*, *supra* note 15.

Tajikistan

1. Does the country have a tax system in place?

Yes. The Tax Code of the Republic of Tajikistan (the "Code" and "Tajikistan") became effective on January 1, 2007 and regulates the tax system of Tajikistan.[1] Under this system, tax is imposed on personal income, corporate income, property, imports, exports, subsurface use, payroll, vehicles, land and other activities and business enterprises.[2]

The Ministry of Finance is responsible for all fiscal matters, and its Tax Committee is responsible for the collection of taxes.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Article 145 of the Code exempts all religious, charitable, budgetary, intergovernmental and interstate (international) non-profit organizations from paying income tax with respect to an organization's non-commercial activity.[4] However, all other profits earned by non-profit organizations are still taxed according to the relevant provisions of the Code.[5] Therefore, such organizations must maintain separate accounting records for their principal activity (activity that is exempt from the profit tax) and commercial activity[6]

Non-profit organizations are those organizations established for the purposes of performing charitable activities (as defined in the Code),[7] and are registered as such in Tajikistan.[8] To the extent that a nonprofit organization engages in commercial activity, its assets and activities directly related to the performance of that commercial activity will be subject to separate accounting.[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Resident non-profit organizations are subject to the filing and record-keeping requirements under the Code, including the filing of income tax returns, audited accounts and registration reports.[10]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Article 148 of the Code permits taxpayers to deduct up to 5 percent of the taxpayer's taxable profit (determined without including the amount of the deduction allowed) for payments to charitable organizations or organizations engaged in charitable activities (as defined in the Code and explained below).[11] A taxpayer may also deduct the lesser of the market value of any property contributed to a charitable organization and the production cost of such property.[12]

Article 17 of the Code defines "charitable activity" as providing direct financial or other assistance and support to individuals in need of such assistance, or to non-profit organizations directly providing such assistance or any scientific, educational, public information, library, medical or other activities performed in the public interest, except

1 *See generally* Tax Code of the Republic of Tajikistan (2007), ***available at*** http://tajikinvest.com/investor/eng/gov_regulation/taxcode.html (last visited 26 November 2013) (hereinafter *Tax Code*).
2 *Id*.
3 Ministry of Finance, Republic of Tajikistan, ***The Government Medium – Term Expenditure Framework for 2011-2013,*** § 18, ***available at*** http://minfin.tj/downloads/files/MTEFfinalTajikenglish.pdf (last visited 26 November 2013).
4 *Tax Code* § 145(1).
5 *Id*.
6 *Id*.
7 *Id.* § 17(1).
8 *Id.* § 26(2).
9 *Id.* § 24(4).
10 ***See, e.g., id.*** §§ 34(35), 197(1).
11 *Id.* §§ 148, 17(1).
12 *Id.* § 148.

as otherwise provided in the Code.[13] However, charitable activity does not include any activity where the person receiving assistance assumes an obligation of a tangible or intangible nature to the person providing such assistance (other than the obligation to use the funds or property received for their designated purpose), the person accepting such assistance and the person providing such assistance are considered related persons (as defined in the Code) or assistance provided to any individual or legal entity for participation in an election campaign at any level.[14]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 9

13 *Id.* § 17(1).
14 *Id.* § 17(3).

Tanzania, United Republic of

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in the United Republic of Tanzania ("Tanzania") on personal and corporate income, the supply of goods and services, payroll and property. Indicative rates of taxation include a rate of 30 percent of corporate income tax and a progressive personal income tax rate up to 30 percent. In the Dar es Salaam region, a real property tax is set at a rate of 0.15 percent and 0.2 percent for residential and commercial property respectively; the taxation of real property in other regions is determined in accordance with the local municipal rates.

   Taxation is administrated by the Tanzania Revenue Authority under the auspices of the Ministry of Finance and Economic Affairs, with real estate tax set locally as indicated above.

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Provided an organization has charitable status[1] under Tanzanian law several tax exemptions apply in respect of non-profits. First, the income of a charitable or religious organization is exempt from income tax provided that 75 percent of its income is applied in pursuit of the functions of the organization.[2] Additionally, gifts or donations given to a charitable organization are not taxable on the organization and should a charitable organization sell an asset and reinvest in another asset the sale will be exempt from capital gains tax liability.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Non-profits must file an annual return with the Revenue Authority.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Donations or gifts made to charitable or religious institutions are deductible to a maximum of 2 percent of taxable income.[4]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No. The same incentives apply to individuals and corporations.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 9

1 Income Tax Act 2004, § 64.
2 Tanzania Revenue Authority, Practice Note No. 03/2004.
3 Income Tax Act 2004, § 91.
4 Income Tax Act 2004, § 16 (1) and (2).

Thailand

1. *Does the country have a tax system in place?*

Yes. Tax is imposed in Thailand according to the Revenue Code.[1] Tax collection comes from three main agencies under the Ministry of Finance: the Revenue Department, the Excise Department, and the Custom Department.[2] There are taxes at the national and local levels.[3] Direct taxes include personal income, corporate income, and petroleum income.[4] Indirect taxes include Value Added Tax ("VAT"), specific business tax, customs duties, excise tax, and stamp duties.[5] There are property taxes but no specific laws on inheritance and gift taxes.[6]

2. *If yes to 1, then does the country provide tax exemption for non-profits?*

Yes. To be exempt from income taxes, a non-profit organization must be registered as a qualified charitable foundation or association.[7] Its goal must be related to religion, education, health, or social welfare.[8] It must have operated for three years, although this prerequisite may be waived by the Ministry of Finance.[9] In the three operative years, it must have spent 60 percent of its income or 75 percent of its total expenditures on charitable purposes.[10] Additionally, Thailand exempts religious organizations from land taxes.[11]

3. *If yes to 2, then does the country provide reporting requirements for non-profits?*

Yes. The country follows the concept of self-assessment and taxpayers have the duty to declare their income and pay tax to the authorities.[12] The form to be filled out for a non-profit is Form Por.Ngor.Dor.55.[13]

4. *If yes to 3, then are those reporting requirements sensitive to the size of organizations?*

No.[14]

5. *If yes to 1, are there tax incentives in place to encourage philanthropy?*

Yes. Thailand provides charitable contributions deductions for national income tax purposes.[15]

6. *If yes to 5, then do individuals and corporations have different incentives?*

Yes. For individuals, tax exempt income is the amount actually donated but not exceeding 10 percent of the income after standard deductions and all other allowances.[16] For corporations, charitable donations of up to 2 percent of net profits are exempt from income tax.[17] Further, there are tax deductions for donations made to public education institutions, and also for any expenses used for the maintenance of public parks, public playground, or sports grounds.[18] Lastly, petroleum exploration and production companies may get tax exemptions on donations not exceeding 1 percent of their profit.[19]

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1 The Revenue Department, "Revenue Code", ***available at*** http://www.rd.go.th/publish/37693.0.html (last visited 5 December 2013).
2 The Revenue Department, "An Introduction to the Revenue Department of Thailand", ***available at*** http://www.rd.go.th/publish/6001.0.html (last visited 5 December 2013).
3 Sriwan Puapondh et al., "A Summary of Thailand's Tax Laws" 1 (2006), ***available at*** http://www.worldservicesgroup.com/guides/Thailand%20Tax%20Guide.pdf (last visited 5 December 2013).
4 *Id*.
5 *Id*.
6 *See generally id*.
7 *Id*.
8 Bater et al., *The Tax Treatment of NGO's: Legal, Ethical, and Fiscal Frameworks for Promoting NGO's and their Activities* 306 (2004).
9 *Id*.
10 *Id*.
11 ESCAP, FISCAL INCENTIVES FRO NON-GOVERNMENTAL ORGANIZATIONS IN ASIA-PACIFIC (1994), *supra* note 5.
12 Puapondh, *supra* note 3.
13 *Id.*
14 *See id.*
15 *See generally* The Revenue Department, "Personal Income Tax", ***available at*** http://www.rd.go.th/publish/6045.0.html (last visited 5 December 2013); The Revenue Department, "Corporate Income Tax", ***available at*** http://www.rd.go.th/publish/6044.0.html (last visited 5 December 2013).
16 The Revenue Department, "Personal Income Tax", ***available at*** http://www.rd.go.th/publish/6045.0.html (last visited 5 December 2013).
17 Puapondh, *supra* note 3.
18 Corporate Income Tax, *supra* note 15.
19 The Revenue Department, "Petroleum Income Tax", ***available at*** http://www.rd.go.th/publish/38686.0.html (last visited 5 December 2013).

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No.

FINAL SCORE: 9

Timor-Leste

1. ***Does the country have a tax system in place?***

   Yes. Under the 2008 Taxes and Duties Act (the "Tax Act"), taxes are imposed on income, excise, sales, and service in the Democratic Republic of Timor-Leste ("Timor-Leste").[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. There are also tax exemptions for goods brought in from overseas for use by non-profit organizations.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. There are tax forms for all who are required to pay tax. The Tax Act defines a taxpayer to be a natural person who is an individual, and a legal person, including organizations and associations, as well as companies. The Tax Act directs a taxpayer to deliver the tax payment to the Banking and Payment Authority with appropriate forms provided by the Tax Administrators.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.[4]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Any aid or donation to a religious, educational, or charitable organization is tax exempt as long as donor and donee do not have any business, ownership, or control relationship.[5]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.[6]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[7]

FINAL SCORE: 9

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1 Timor-Leste Ministry of Finance, ***available at http://***www.mof.gov.tl.
2 *Id.*
3 Timor-Leste Taxes and Duties Act 2008, ***available at*** http://timor-leste.gov.tl/wp-content/uploads/2010/03/Law_2008_8_Taxes_and_Duties_.pdf.
4 *Id.*
5 *Id.*
6 *Id.*
7 *Id.*

Togo

1. Does the country have a tax system in place?

Yes. Togo imposes an income tax both on individuals and corporations, a transactions tax, a registration and stamp duty, a tax on fuel consumption, and a mandatory social security contribution.[1] Tariffs exist, but are primarily only imposed on imports entering from countries outside of the two regional economic unions Togo is a member of: Economic Community of West African States ("ECOWAS") and West African Economic and Monetary Union ("WAEMU"). Real estate taxes are levied on developed properties, undeveloped properties, property surtax, the transfer of immovable property, and household garbage removal. For the first 10 years of their existence, companies are not taxed on corporate income.[2]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profit organizations are exempt from corporate income tax.[3]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Companies must file tax returns by March 31st of the following year for the previous fiscal year (which coincides with the calendar year).[4]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.

FINAL SCORE: 3

1 IFC, Paying Taxes in Togo, ***available at*** http://www.doingbusiness.org/data/exploreeconomies/togo/paying-taxes.
2 A. Atangana, *Togo – Corporate Taxation*, Country Surveys IBFD (last visited 1 July 2012).
3 *Id.*
4 *Id.*

Tonga

1. ***Does the country have a tax system in place?***

   Yes. The Kingdom of Tonga ("Tonga") imposes income tax (which includes tax on capital gains) and consumption tax on goods and services, both domestic and imported. The Income Tax Act of 2007 ("ITA") and the Consumption Tax Act 2003 are the two primary taxes levied on income and consumption respectively. Examples of indirect taxes include an excise tax, a customs tax, and a stamp duty. The excise tax is imposed on motor vehicles, alcoholic beverages, tobacco, and petroleum fuel products, while the stamp duty is levied on bills of lading, bills of exchange, lease agreements, mortgages, bonds, debentures, receipts, and trust deeds. For goods entering Tonga, the customs tax ranges from 10-20 percent.

   The Inland Revenue Department ("IRD") and the Customs Department are charged with the administration of both direct and indirect taxation. These bodies do not impose a compulsory social security tax, neither do they tax on net wealth, real estate and property, or inheritance or gifts.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The income generated by non-profit organizations is exempt from tax (separate from the organization's business income).[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. All companies are required to file tax returns within four months after the conclusion of the fiscal year.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes, but to a limited extent. Individuals or companies that donate to charitable organizations qualify for gift and income tax relief.[4]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. Under section 29 of the Income Tax Act, the maximum deductible amount for an individual is the equivalent of 500 USD (approximately TOP 500). Section 38(2) of the Cooperative Societies Act limits a registered society's deductible donation to 10 percent of its net profit balance.[5]

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

FINAL SCORE: 9

1 D. Kaur, *Tonga – Individual Taxation*, Country Surveys IBFD (last visited 1 July 2012).
2 *Id.*
3 D. Kaur, *Tonga – Corporate Taxation*, Country Survey IBFD (last visited 1 July 2012).
4 *Id.*
5 *Id.*

Trinidad and Tobago

1. ***Does the country have a tax system in place?***

   Yes. Tax is imposed in the Republic of Trinidad and Tobago ("Trinidad and Tobago") on income and profits, production of crude oil, property, imports, delivery of goods and services, national insurance contributions, and a national health surcharge at the central government (federal) level.[1] All taxes are collected by the central government and not at the local level.[2]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The profits of an approved ecclesiastical, charitable or educational institution of a public character are exempt from the corporate income tax.[3] However, only profits that are not derived from a trade or business are exempt from the corporate income tax.[4] The land and houses occupied by such institutions are exempt from all land and house taxes.[5]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Non-profits must complete a tax return, which is due April 13 of each year.[6]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Individuals and companies are entitled to a deduction of up to 15 percent of total annual income for amounts donated under a binding deed of covenant to: (1) a sporting body of persons as defined in the Corporate Taxation Act and approved by the President in writing; (2) approved ecclesiastical, charitable or educational organizations; or (3) the Children's Life Fund.[7]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.[8]

FINAL SCORE: 9

1 Deloitte International Tax, "Trinidad & Tobago Highlights 2012," *available* at http://www.deloitte.com/assets/Dcom-Global/Local%20 Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2012/dttl_tax_highlight_2012_Trinidad%20and%20Tobago.pdf (2012).
2 Myrna Robinson-Walters, Foreign Tax & Trade Briefs – Trinidad and Tobago (Matthew Bender & Company, Inc. 2012).
3 Income Tax Act, ch. 75:01, § 6(g), *available at* http://www.ird.gov.tt/uploadedfiles/Ad%20-%20Individual%20Tax%20Deduction%20and%20Tax%20Credit%20income%20Yr%202011%20(new).pdf.
4 Income Tax Act, ch. 75:01, § 6(g), Income Tax Provisions Applied to the Business: Basis of Assessment and Exemptions (2009).
5 Laws of Trinidad & Tobago, Taxes Exemption Act, ch. 76:50.
6 Ministry of Finance – Inland Revenue Division, Corporate Tax Return (Form 500 CTR).
7 Income Tax Act, ch. 75:01, *supra* note 3.
8 Myrna Robinson-Walters, Foreign Tax & Trade Briefs – Trinidad and Tobago (Matthew Bender & Company, Inc. 2012).

Tunisia

1. Does the country have a tax system in place?

Yes. Tax is imposed in Tunisia on income, property, sales, imports, exports, payroll, estates and gifts at the national level and, in certain instances, at the local level.[1] Tunisia has a Value Added Tax ("VAT").[2]

The Tunisian Ministry of Finance is responsible for assessing and collecting taxes. Taxes are assessed by local authorities on developed and undeveloped real estate (subject to certain exemptions).

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profit organizations are exempt from corporate tax, and buildings used by non-profit or philanthropic organizations are exempt from local real estate taxes.[3] Also, the Investment Incentives Code appears to provide an exemption from income tax and corporate tax for entities engaged in education, scientific research, health care, and cultural activities.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The Investment Incentives Code appears to provide incentives to those contributing to organizations engaged in education, scientific research, health care and cultural activities. Specifically, amounts subscribed to the initial capital or capital increases of enterprises carrying on these activities, as well as profits reinvested by such enterprises in their own activities, are exempt from tax up to 50 percent of taxable income. Also, the corporate tax law provides a deduction for donations not exceeding 0.2 percent of gross revenue paid to charities and public utility organizations of a philanthropic, educational, scientific, social, or cultural nature.[5]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. See response to question 5, above.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. Inheritance and gift taxes are imposed on each beneficiary in respect of his share of the estate or gift (with the rate depending on the relationship between the beneficiary and the deceased or donor).

FINAL SCORE: 8

1 Deloitte, Guide to Fiscal Information, ***available at*** http://www.deloitte.com/assets/Dcom-SouthAfrica/Local%20Assets/Documents/Tunisia.pdf.
2 *Id.*
3 Code General des Impots, art. 12, para. 5.
4 *Id.*
5 *Id.*

Turkey

1. Does the country have a tax system in place?

Yes. The tax system in Turkey is progressive (i.e., higher tax rate applies to higher income); individual tax rates in 2012 vary from 15 percent to 35 percent, and the standard rate of corporate tax is 20 percent. An individual in Turkey is liable for tax on his income as an employee and on income as a self-employed person. An individual's taxable income includes capital gains. In the case of an individual who satisfies the test of a "permanent resident" (residence of over 6 months in Turkey during any calendar tax year must be established), the tax is calculated on income earned in Turkey and overseas. A foreign resident employed in Turkey pays tax only on income received in Turkey. A company resident in Turkey (i.e., with its legal seat or place management in Turkey) will be liable to pay corporation tax at 20 percent (in 2012).[1]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. There are two types of charitable institutions in Turkey: (1) foundations (transfer of benefits arising from specific private assets to public property by allocating those assets to charitable, social or cultural services);[2] and (2) associations (legal entities founded by at least seven individuals who join knowledge or activities for a specific and common non-economic goal).[3]

Tax-exempt status[4] may be granted to foundations as well as associations under certain conditions, including if such organizations pursue public benefit. However, this status does not generate an income tax exemption and has limited impact on other obligations arising from other taxes and duties. Tax-exempt status does not have any effect on corporate income tax applied on profits of business enterprises of organization or on interest income, dividends, rents or capital gains received by the organization itself. Nevertheless, the tax-exempt status grants donors the right to deduct their donations to tax-exempt organizations from their taxable income to a certain extent.

Similarly, tax-exempt status does not generate a general exemption from the Value Added Tax ("VAT") applied on the supplies of goods and services of an organization or vice versa. However, the supply of goods and services conducted for the purpose of cultural, educational and social purposes by tax-exempt organizations is exempt from VAT. In addition, certain supplies made by taxable persons to tax-exempt organizations benefit from exemptions specified by the law.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. All limited companies must submit financial statements.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The tax-exempt status of organizations grants donors the right to deduct their donations to such organizations from their taxable income to a certain extent. The allowable donation, for which a receipt should be obtained, may not exceed 5 percent of the taxable income of the donor in the relevant taxable period.[5]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

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1 Corporate Income Tax Act, Tax Procedures Code, Personal Income Tax Act, and VAT Act.

2 Regulated by the Turkish Civil Code and the Foundations Law.

3 Turkish Civil Code, art. 56; Associations Act, art. 2(a).

4 Public benefit association status is also granted by the Council of Ministers upon the advice of the relevant Ministry and the Ministry of Finance and on the proposal of the Ministry of Internal Affairs. In order to obtain public benefit status, an association must be operating at least for a year and must pursue public benefit, Law No. 5253, art. 27. ***See also*** Dernekler Yonetmeligi (Official Gazette of 31.3.2005, No. 25772), art. 48 et.seq.

5 Corporate Income Tax Law, art. 10(1)(c); Individual Income Tax Law, art. 89(4).

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Under the Inheritance and Transfer Tax Law, the transfer of any immovable and movable property, wherever situated, as inheritance or gift is subject to the inheritance and transfer tax rules. However, asset allocations to tax-exempt charitable organizations are exempt from inheritance and transfer tax.[6]

FINAL SCORE: 10

6 Inheritance and Transfer Tax Law, art. 3(b).

Turkmenistan

1. Does the country have a tax system in place?

Yes. The majority of taxes are regulated by the Turkmenistan Tax Code, which came into force on November 1, 2004.[1] The principal taxes in Turkmenistan include profits tax, dividend/repatriation tax, contributions to special purpose funds, Value Added Tax ("VAT"), property tax, individual income tax, social security contribution, excise tax, and subsurface use tax.[2] Non-residents are taxed on profits received from execution of activity in Turkmenistan through permanent representations and/or sources in Turkmenistan.[3]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. "Religious associations" as well as "invalid and other social service organizations" are exempt from profits tax in Turkmenistan with regards to profits earned from their authorized activities.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. "Public associations", which may be exempt from income tax is they fit into the categories described above, must register with the Minister of Justice.[5] There is a registration fee, and the founders of such associations must be citizens of Turkmenistan.[6]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No. -

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No. There are currently no tax incentives available for either individual or corporate donors making cash or in-kind contributions to tax exempt organizations in Turkmenistan.

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.[7]

FINAL SCORE: 3

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1 PWC, "Doing Business Guide: Turkmenistan 2012-2013", ***available at*** http://www.pwc.kz/en/about-us/dbg-eurasia/dbg-turkmenistan-2011-2012.pdf (last visited 26 November 2013) (hereinafter ***Turkmenistan Guide***).

2 *Id.*

3 AK Counsel, "Concerning Tax Rate and Types of Taxes", ***available at*** http://turkmens-law.com/e5.html (last visited 26 November 2013).

4 International Monetary Fund, ***Turkmenistan- Recent Economic Developments*** 76-77 (1999).

5 ICNL, "NGO Law Monitor: Turkmenistan", ***available at*** http://www.icnl.org/research/monitor/turkmenistan.html (last visited 26 November 2013).

6 *Id.*

7 *See Turkmenistan Guide*.

Tuvalu

1. Does the country have a tax system in place?

Yes. Tuvalu has company tax, income tax and also consumption taxes on certain goods and services.[1] The government also taxes stamp sales, copra, and fishing licenses.[2] Most capital items, including plant, machinery, and vehicles for newly established businesses, are exempt from duty upon application and all building materials are imported duty free.[3]

The Ministry of Finance and Economic Planning is the tax administration of Tuvalu, at the Minister of Finance's (the "Minister") discretion, tax exemptions can be granted.[4]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. The Tuvalu Income Tax Act 1992 provides a tax exemption for the income of "any benevolent, religious, educational, charitable, cultural or amateur sporting institution or organization approved by the Minister by regulation [or] any organization which is at the time an approved community service organization…."[5] This exemption does not extend to the income derived by any such institution or organization from any business it conducts or from any passive investments which it holds, unless the annual taxable income so derived is less than TVD 250 in the aggregate.[6] In the case of an institution or organization, the exemption shall only operate so long as any conditions stipulated by the Minister are met.[7] Furthermore, exemptions may be given for specific goods if they be used for particular purposes such as cultural and educational articles, approved volunteer organizations, religious goods, or sports goods and equipment for clubs.[8] In addition to the above, the Minister has discretion to grant exemptions for other goods that are being brought in for charitable purposes.[9]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No. The term "charitable" in the Income Tax Act, as discussed above, is not defined, nor is it defined in any other piece of legislation.[10] Therefore, the reporting requirements for nonprofits are unspecified.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

No. No tax deduction is available in Tuvalu for the purposes of acknowledging donations made towards charitable purposes.[11]

6. If yes to 5, then do individuals and corporations have different incentives?

Not applicable.

1 Pacific Institute of Public Policy, "Tuvalu", ***available at*** http://www.pacificpolicy.org/blog/2011/02/07/tuvalu/ (last visited 26 November 2013).
2 Encyclopedia of the Nations, "Tuvalu: Politics, Government, and Taxation", ***available at*** http://www.nationsencyclopedia.com/economies/Asia-and-the-Pacific/Tuvalu-POLITICS-GOVERNMENT-AND-TAXATION.html (last visited 26 November 2013).
3 U.S. Department of State, "Tuvalu Investment Climate Statement 2006", ***available at*** http://2001-2009.state.gov/e/eeb/ifd/2006/63600.htm (last visited 26 November 2013).
4 *Id*.
5 Tuvalu Income Tax Act, sched. 1, § 2, pt. 2 (1992).
6 *Id*.
7 *Id.*
8 Duckworth, James. *Civil Society Organizations in Tuvalu* (2002), ***available at*** http://www.vanuatu.usp.ac.fj/sol_adobe_documents/world/icnl/Duckworth.htm (last visited 26 November 2013).
9 *Id*.
10 *Id*.
11 *Id.*

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No. There is no inheritance or estate tax in Tuvalu.

FINAL SCORE: 2

Uganda

1. ***Does the country have a tax system in place?***

   Yes. Taxes are imposed at both the corporate and individual level in the Republic of Uganda ("Uganda"). Income includes profits, gains, dividends, interest and non-monetary benefits, advantages or facilities obtained through gainful means. The corporate tax rate is 30 percent. There is also a stamp duty for various transactions as well as a real property tax that is levied locally. A transfer tax is imposed on the transfer of immovable property and certain securities. Individuals' rental income is taxed separately from their regular income. Such rental income is taxed at 20 percent on 80 percent of the gross income over UGX 1.56 million. Fringe benefits are taxable to the employee either at scale rates or at actual cost to the employer subject to a market value test.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Exempt organizations include amateur sporting associations, religious, charitable or educational institutions of a public character.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   No. Only those companies with taxable income are required to furnish annual returns. However, a company must keep records in Uganda necessary to explain or enable an accurate determination of the tax payable.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Individuals and organizations may deduct charitable donations, not exceeding 5 percent of chargeable income, made to exempt organizations.[4]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. There are neither inheritance nor gift taxes in Uganda.[5]

   FINAL SCORE: 8

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1 P. Namubiru & K. Munyandi, ***Uganda - Corporate Taxation,*** Country Surveys IBFD (last visited 22 June 2012); P. Namubiru & K. Munyandi, ***Uganda -Individual Taxation,*** Country Surveys IBFD (last visited 20 June 2012).

2 Id § 1.2 (last visited 22 June 2012).

3 P. Namubiru & K. Munyandi, ***Uganda - Corporate Taxation*** § 1.8.2, Country Surveys IBFD; (last visited 22 June 2012); Income Tax Act, §21(I)(f), (2008) (Uganda).

4 Income Tax Act, §34 (I), (2008) (Uganda).

5 P. Namubiru & K. Munyandi, ***Uganda - Individual Taxation*** § 5, Country Surveys IBFD (last visited 20 June 2012).

Ukraine

1. ***Does the country have a tax system in place?***

   Yes. Ukraine has a series of nation-wide taxes set forth in the Tax Code of Ukraine ("TCU"), which was adopted in December 2010, including corporate profits tax, personal income tax, Value Added Tax ("VAT"), customs duties, excise duties on certain taxable goods, state duties, land tax, property tax, and other more minor taxes.[1] In addition, Ukrainian taxpayers are required to remit mandatory Unified Social Security Contributions. At the local level there are municipal taxes on payrolls, property tax, vehicle parking levies and other minor taxes.[2]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Two basic types of charitable organizations exist in Ukraine: charitable foundations, established under the 1997 Law on Charities, and private foundations, established under the Civil Code.[3] Formation and governance for each type of foundation is similar. To begin operating, charitable foundations register with the appropriate government organ, depending on the territorial scope of their activities (local, all-Ukrainian or international).[4] Private foundations register in the same manner as business corporations.[5] The bylaws of the foundation must set forth the organization's charitable aims, tasks and activities.[6] Permissible charitable activities are defined in Article 4 of the Law on Charities. The Civil Code provides that foundations must not pursue profits and redistribute them among their founders or members. Similarly, the TCU provides that income or property of not-for-profit organizations shall not be distributed among the founders, participants or members and shall not be used for their individual benefit.[7]

   Under Article 157 of the TCU, "charity funds and charity organizations" established and registered under applicable law are exempt from tax on income obtained in the form of cash or in-kind donations; passive income; funds or property obtained from their core activities, and grants from state or local authorities.[8] Funds and property utilized other than for targeted charitable purposes will be treated as income and be subject to tax.[9]

   Free goods and services received by registered charitable organizations, as well as free goods and services provided by those organizations to the recipients of their charitable endeavors are not subject to the VAT.[10]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. The state tax authorities keep a registry of all tax exempt not-for-profit organizations, and specify the method of record keeping and filing of tax reports on the utilization of funds.[11]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

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1 KM Mapthepn Partners, General Overview of Taxes, Levied in Ukraine, ***available at*** http://www.internationaltaxreview.com/pdfs/taxdata/ukraine.pdf (last visited 14 December 2013).
2 *Id.*
3 *See generally id.*
4 *Id.*
5 *Id.*
6 *Id.*
7 TCU, art. 157, § 157.10.
8 TCU, art. 157, § § 157.1, 157.3.
9 TCU, art. 157, § 157.14.
10 TCU, art. 197, § § 197.1, 197.1.15.
11 TCU, art. 157, § 157.14.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Under the TCU, an individual taxpayer is allowed to deduct from taxable income the amount of funds or property cost passed by the taxpayer in the form of donations or charity contributions to non-profit organizations incorporated in Ukraine and included in the Register of non-profit organizations and institutions as of the date of transfer of such funds or property, not exceeding 4 percent of the taxpayer's total taxable income for the reporting year.[1] No carry-forward of unused contributions is provided. Corporate taxpayers are allowed to deduct all expenses incurred in the form of charity or other contributions and/or of cost of goods (works, services) to nonprofit organizations.[2]

Certain inheritances and gifts are included by individual recipients in their taxable income. Gifts or bequests made to a registered charitable organization are not included in that organization's income.[3]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. As indicated above, corporations may claim a deduction from income for all charitable contributions to nonprofit organizations. The deduction for individuals is limited to 4 percent of his/her total taxable income for the reporting year.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes, a limited incentive is available. In general, income in Ukraine includes cash or property received as an inheritance or a gift.[4] Such income is taxable to the recipient at differing rates, depending on the identity of the transferring party. Legacies (or gifts) from family members of the so-called first degree (i.e., parent, spouse, parents of spouse or children) are taxed at a zero rate, while legacies (or gifts) from others are taxed between 5 percent and 17 percent.[5] Charitable organizations are not taxed on donations received. However, because the recipient of a legacy, not the testator, is subject to the tax, a charitable incentive does not exist in the same manner as it does in an estate tax jurisdiction.

FINAL SCORE: 10

1 TCU, art. 166, § § 166.3, 166.3.2.
2 TCU, art. 133, § § 133.5, 138.5.3.
3 TCU, art. 157, § 157.3.
4 TCU, art. 14, § § 14.1, 14.1.54(g).
5 TCU, art. 174, § 174.2.

United Arab Emirates

1. ***Does the country have a tax system in place?***

   Yes. The United Arab Emirates ("UAE") imposes no taxes on the income of companies, except for oil and gas exploration, production companies and branches of foreign banks. Branches of foreign banks are taxed at rates set by the ruler of the Emirate in which they operate (generally at a flat rate of 20 percent). Oil and gas exploration and production companies are taxed at flat rates of 50-55 percent. A transfer charge of 2 percent is generally levied on the transfer of real property. Municipal taxes are imposed on hotel services and property rentals. Annual rental incomes earned by residential and commercial tenants are taxed at 5 percent and 10 percent, respectively.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. Only oil and gas companies and foreign banks are taxed, therefore non-profit organizations are exempted from the tax.[2]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. All fundraising must be reported to the Islamic Affairs and Charities Activities Dept. Only 21 charities are currently licensed to fundraise.[3]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.[4]

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.[5]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. The UAE imposes no inheritance or gift taxes.[6]

This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.

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1 S. Gueydi, *United Arab Emirates - Corporate Taxation*, Country Surveys IBFD (last visited 22 June 2012); ***See*** Deloitte Taxation and Investment Guides and Country Highlights, "Highlight series," *United Arab* Emirates, (Download the Highlights), ***available at*** http://www.deloitte.com/taxguides.

2 *Id.*

3 *See The National Staff, "Fundraisers Must Get Official Permission Before Asking for Money," Dec. 17, 2010, available at http://www.thenational.ae/news/uae-news/fundraisers-must-get-official-permission-before-asking-for-money; Gov't of Dubai, Islamic Affairs and Charitable Activities Department, Associations/Foundations, Charities Licensed, available at* http://www.iacad.gov.ae/AR/Pages/default.aspx.

4 *See id.*

5 *Id.*

6 S. Gueydi, *United Arab Emirates - Individual Taxation* § 5, Country Surveys IBFD (last visited 20 June 2012).

United Kingdom of Great Britain and Northern Ireland

1. Does the country have a tax system in place?

Yes. In the United Kingdom of Great Britain and Northern Ireland ("U.K."), tax is imposed on income, profits of a trade or profession, transfers of an interest in U.K. land, capital gains, imports, duty on the sale of certain goods including tobacco and alcohol, estates, and some lifetime gifts. Wages and salaries are subject to employer and employee National Insurance Contributions. The U.K. has a value-added tax on goods and services, including on some imported goods and services.

The tax system is administered by Her Majesty's Revenue & Customs ("HMRC").

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Organizations which qualify for charitable status under U.K. law may claim an exemption from tax on most forms of income and capital gains, including trading income of the charity provided certain conditions are met. All charitable tax exemptions are subject to the condition that the income (and gains) are applied to the charity's charitable purposes.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Organizations which qualify for charitable status under U.K. law will normally be required to register with the Charities Commission, the regulatory body for charities. Registered charities are required to file annual reports with the Charities Commission. Charities which are not required to register with the Charities Commission may apply to HMRC for tax exempt status as a charity.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Charities with income of less than 5,000 GBP per annum cannot register with the Charities Commission. Certain other charities do not have to register but this is determined partly by their status. Such charities are either excepted (mainly churches and chapels of some Christian denominations and funds connected with them, charitable service funds of the armed forces and Scout and Guide groups) or exempted (including most universities, national museums and galleries and governing bodies of voluntary and foundation schools) from registration. Charities may only be excepted if their income is below 100,000 GBP per annum.

The information which must be reported to the Charities Commission depends on the amount of income received by the registered charity. A charity with income of less than 10,000 GBP may not be required to file a return, but it is a legal requirement for charities with income over 10,000 GBP to complete an Annual Return. The information which must be included in the Annual Return increases as the level of income increases with different reporting requirements for charities in the following income bands: annual income 10,000 GBP or less, annual income over 10,000 GBP and up to 25,000 GBP, annual income over 25,000 GBP and up to 500,000 GBP, annual income over 500,000 GBP and up to 1 million GBP, annual income over 1 million GBP.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The U.K. provides relief on charitable contributions for income tax, capital gains tax and corporation tax purposes, provided certain conditions are met. Generally, a charitable donation of money, of certain shares, securities and other investments or of land and buildings, made by an individual who has paid, or will pay U.K. income and/or capital gains tax, will qualify as a Gift Aid donation. A Gift Aid donation is treated as if the donor has already paid the basic rate income tax upon the amount of the donation. The donor must provide a Gift Aid declaration to the charity, which can then reclaim the basic rate tax amount. The donor, on the other hand, can claim relief for any higher or additional rate tax paid on the Gift Aid donation above the basic rate. At present, there is no upper limit on what an individual donor can give to charity and still qualify for Gift Aid.

Generally, companies can claim relief for qualifying donations paid to charities for the accounting period during which the donation is made. Donations can be of money, of certain shares, securities and other investments or of land and buildings. Donations paid by companies are paid gross so that no tax is repayable to the charity. For the charity, the donation is treated as potentially taxable income but is exempt from tax provided it is applied for charitable purposes. The company can set the amount of the donation against profits for corporation tax purposes. Although there is no limit on the amount of qualifying donations a company can make, such donations cannot be used to create or add to the company's trading losses, nor can excess donations be carried forward or back.

An inheritance tax deduction is also available for gifts to charity. Gifts to charities outside the European Union are generally not deductible for tax purposes, however, many foreign charities have associated U.K. tax-exempt organizations to receive gifts from U.K. donors.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes. See response to question 5, above.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   Yes. Inheritance tax is payable on the estates of deceased persons and on certain lifetime gifts. The value of any charitable gifts made from an individual's estate (whether during his or her lifetime or upon death) are exempt from inheritance tax. For deaths on or after April 6, 2012 a new 10 percent incentive relief may be applied to charitable gifts from the estate. The relief will be available where charitable legacies make up 10 percent or more of the net estate. If all the conditions are met, the rate of inheritance tax payable by the estate will be reduced from 40 percent to 36 percent. This new relief is due to become law in Finance Act 2012.

FINAL SCORE: 11

United States of America

1. Does the country have a tax system in place?

Yes. In the United States of America ("U.S."), tax is imposed on income, property, sales, imports, payroll, estates and gifts at the federal level and, in certain instances, at state and local levels. On the federal level, there are three tax administrations: the Alcohol and Tobacco Tax and Trade Bureau (i.e., taxes on alcohol, tobacco and firearms), the U.S. Customs and Border Patrol (i.e., taxes on imports) and the Internal Revenue Service (the "IRS"), which taxes all other domestic activities (e.g., income, estates, gifts, etc.). The U.S. has no sales or Value Added Tax ("VAT") at the Federal level, but most states, and some cities, have a sales tax. The IRS is a division of the U.S. Department of Treasury. The organization of state and local tax administrations varies widely by jurisdiction.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. To be exempt from federal income tax and many state income taxes, an organization must qualify as a charitable organization pursuant to the requirements set forth by the IRS.[1] Qualification requires that the organization be created or organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, as those terms are used in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and which otherwise qualifies as an organization described in Section 501(c)(3) or 170(c)(2) of the Code. The U.S. does not restrict the number of organizations of any type that may qualify as tax-exempt, but does require that they be organized and operated for their exempt purposes, and not to benefit individuals controlling the organization.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. Every qualified charitable organization exempt from federal income tax must file an annual information return (i.e., Form 990, *Return of Organization Exempt From Income Tax*) unless the IRS has exempt such organization, or type of organization, from filing.[2] Organizations generally exempt from filing annual information returns include: religious/church affiliated organizations; state institutions; certain corporations organized by an Act of Congress; governmental units or affiliates of a governmental unit; private foundations (private foundations are required to annually file Form 990-PF, *Return of Private Foundation*); and political organizations.[3]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Yes. Qualified tax-exempt organizations whose annual gross receipts are greater than 200,000 USD or total assets are greater than 500,000 USD must file Form 990, *Return of Organization Exempt From Income Tax*.[4] Qualified tax-exempt organizations whose annual gross receipts are less than 200,000 USD or whose total assets are less than 500,000 USD may file a short form return, Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax*.[5] Small tax-exempt organizations whose annual gross receipts are less than 50,000 USD (or less than 25,000 USD for tax years ending before December 31, 2010) may file a simple electronic annual report (i.e., Form 990-N, *Electronic Notice (e-Postcard)*).[6]

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. The U.S. provides charitable contribution deductions for federal income tax purposes. Such deductions are allowable for contributions of cash, property or, in limited cases, services to (or for the use of) qualified tax-exempt organizations, subject to deduction rules set forth by the IRS.[7] Generally, contributions to

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1 I.R.C. §§ 501(c)(3), 170(c)(2).
2 I.R.S. Resources, Annual Exempt Organization Return: Who Must File, ***available at*** http://www.irs.gov/Charities-&-Non-Profits/Annual-Exempt-Organization-Return:--Who-Must-File.
3 *Id.*
4 *Id.*
5 *Id*.
6 I.R.S. Exempt Organizations Annual Reporting Requirements - Annual Electronic Notice (Form 990-N) for Small Organizations: Who Must File, ***available at*** http://www.irs.gov/Charities-&-Non-Profits (follow "Annual Reporting & Filing" hyperlink; then follow "Annual electronic notice (***e-Postcard***) for small exempt organizations" hyperlink; then follow "Frequently Asked Questions" hyperlink under "Additional Information" heading).
7 Treas. Dept., I.R.S. Publication 526 (2011), ***available at*** http://www.irs.gov/pub/irs-pdf/p526.pdf.

qualified tax-exempt organizations are deductible to the donor up to 50 percent of the donor's adjusted gross income, unless the donee organization uses earnings to benefit a private shareholder or if it attempts to influence political campaigns or legislation. In most states, charitable deductions are available for state income tax purposes. Gifts may be of capital and still get an income tax deduction, although the annual limitation for individuals is lower (30 percent of the donor's adjusted gross income rather than 50 percent) for non-cash gifts, and there are further limits on deductions for gifts of art or other collectibles, or inventory property. Estate and gift tax deductions are also available for gifts to charity. Gifts to foreign charities are generally not deductible for income tax purposes, however, many foreign charities have associated U.S. tax-exempt organizations to receive gifts from U.S. donors.

6. *If yes to 5, then do individuals and corporations have different incentives?*

Yes. Corporations may claim deductions for charitable contributions, in cash or other property to (or for the use of) qualified tax-exempt organizations. Although the incentives are similar to those for individuals, there is a limitation on such deductions by corporations. Generally, a corporation cannot deduct charitable contributions that exceed 10 percent of the corporation's taxable income for the tax year.[8] Any contributions in excess of the 10 percent limit may be carried over to each of the subsequent 5 years; a corporation loses any excess not used within the 5 year period.[9]In most states, charitable deductions are available for state income tax purposes, subject to similar limits as imposed at the federal level.

7. *Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?*

Yes. Federal estate tax is imposed on the transfer of the taxable estate of every decedent who is a U.S. resident or citizen.[10] The taxable estate of a decedent does not include charitable contributions (i.e., any portion of an estate going to charity is not subject to the federal estate tax).[11] For states that impose an estate tax, charitable deductions are generally available for state estate tax purposes.

FINAL SCORE: 11

8 I.R.C. § 170(b)(2).
9 Treas. Dept., I.R.S. Publication 542 (Rev. March 2012), ***available at*** http://www.irs.gov/pub/irs-pdf/p542.pdf.
10 I.R.C. § 2001(a).
11 I.R.C. § 2055.

Uruguay

1. Does the country have a tax system in place?

Yes. Uruguay taxes income on a territorial basis rather than a worldwide basis.[1] Foreign source income is not taxable, except for financial income of resident individual taxpayers.[2] The Uruguayan Agency responsible for tax administration is the Dirección General Impostiva ("DGI") and taxes are imposed by the central government, the departmental governments and occasionally, the municipalities.[3] Taxes include an income tax, excise tax on cosmetics, toiletries, tobacco, electric power, fuel, lubricant, alcohol, and vehicles, a Value Added Tax ("VAT"), a net wealth tax, and social security contributions.[4] While there exists a tax on the transfer of immovable property, there is no inheritance or estate or gift tax.[5]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Enterprises that generate income through educational, cultural, or sports means can receive corporate tax exemptions.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The tax year is the same as the commercial year for a given calendar year (provided that a company has maintained adequate records, and if not, the calendar year is employed). Companies are required to file tax returns during the fourth month following the commercial year.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Gifting to entities that pursue research, innovative activities, or cultural, artistic, or national promotion can be deemed deductible expenses.[6]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Individuals have no tax incentives for philanthropy.[7]

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.[8]

FINAL SCORE: 6

1 Deloitte International Tax, "Uruguay Highlights 2013," ***available at*** http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-uruguayhighlights-2013.pdf
2 *Id.*
3 *Id.*
4 Deloitte, Uruguay, ***available at*** http://www.deloitte.com/assets/Dcom-Uruguay/Local%20Assets/Documents/Inversiones/UY_Tax%20and%20investment%20profile_set2011.pdf
5 M. Roca, ***Uruguay – Corporate Taxation***, Country Surveys IBFD (last visited 1 July 2012).
6 *Id.*
7 KPMG, Uruguay – Income Tax, ***available at*** http://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxation-international-executives/uruguay/pages/income-tax.aspx.
8 *Id.*

Uzbekistan

1. ***Does the country have a tax system in place?***

   Yes. The Tax Code of the Republic of Uzbekistan (the "Code") became effective on January 1, 1998 and regulates the tax system of Uzbekistan. Under this system, tax is imposed on personal income, corporate income, property, imports, exports, capital gains, interest, royalties, subsoil use, payroll, and certain other activities. However, tax is not imposed on healthcare benefits, income from the sale of innovation patents, inheritances, insurance premiums or monthly compensation for any housing allowance.

   The Ministry of Finance is responsible for all fiscal matters, and its State Tax Committee is responsible for the collection of taxes.

   Uzbekistan is also a party to 49 international tax treaties that reduce double taxation and provide for additional tax regulation.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   Yes. The Code provides that non-commercial organizations are exempt from profit tax. In general, this tax exemption applies to: membership fees, grants from both legal and natural entities and contributions to an organization's endowment fund, grants received from international and foreign organizations and foundations, and international stipends in the field of scientific technical cooperation. However, non-commercial organizations that have income from entrepreneurial activity must pay tax on that income. Non-commercial organizations are also exempt from property tax and tax on land, except for those lands used for entrepreneurial activity.

   Under Article 31 of the Code, a "non-commercial organization" means a charitable organization, association, foundation, international organization, religious association and other organization: (1) established for public, charitable and other purposes, not pursuing the objective of making profits from entrepreneurial activity, and (2) that distributes and invests financial and other means in areas other than the personal interests of employees, founders or members of the non-commercial organization (except for compensation for labor).

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Yes. Non-commercial organizations that are tax exempt are still subject to the filing and record-keeping requirements under the Code, including the filing of income tax returns and audited accounts.[2]

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   Yes. Corporations may deduct up to 2 percent of their taxable profits for contributions made to tax-exempt organizations. However, there are currently no tax incentives available for individual donors making cash or in-kind contributions to tax-exempt organizations in Uzbekistan.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Yes, see response to question 5, above.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   FINAL SCORE: 6

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1 Deloitte International Tax, "Uzbekistan Highlights 2012."

2 Report on the Observance of Standards and Codes, Accounting and Auditing, The Republic of Uzbekistan (Dec. 2008).

Vanuatu

1. ***Does the country have a tax system in place?***

   Yes. However, the Republic of Vanuatu ("Vanuatu") imposes no income tax (personal or corporate), capital gains tax, wealth tax, or death duties on either residents or non-residents with Vanuatu source income. There is no income tax on employment income. Vanuatu does, however, have a Value Added Tax ("VAT") at the rate of 12.5 percent.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

   No. The only tax is a VAT.

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

   Not applicable.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

   Not applicable.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

   No.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   Not applicable.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No.

   This country does not receive a Rules to Give By Index score due to the fact that they do not impose taxes on individuals and therefore are not in a position to offer tax incentives.

1 IFC, "Paying Taxes in Vanuatu," ***available at*** http://www.doingbusiness.org/data/exploreeconomies/vanuatu/paying-taxes (last visited 1 November 2013).

Venezuela (Bolivarian Republic of)

1. ***Does the country have a tax system in place?***

Yes. In the Bolivarian Republic of Venezuela ("Venezuela"), essentially all taxation is carried out by the federal government, the Tax administration, but the Venezuelan states and municipalities can also be charged with levying taxes on a more local scale.

Taxes include a value-added tax, income tax, entertainment and advertising taxes, stamp tax, compulsory social security contributions, estate and inheritance, and excise taxes on liquor, tobacco, and petroleum products.[1]

2. ***If yes to 1, then does the country provide tax exemption for non-profits?***

Yes. Venezuela provides substantial tax incentives and benefits for not-for-profit organizations. The Tax Administration of Venezuela recognizes two forms of not-for-profits: civil associations and foundations. For an organization to gain eligibility as a tax exempt civil association or foundation, it must fulfill necessary civil codes, which require the purpose of the organization to be aimed at collective, public benefit qualifying it as a charitable or social assistance institution. By definition, the association or foundation must pursue public interest in at least one of eight categories: science, the environment, religion, social activities, charity, literature, or art. To qualify as such, organizations must file governing documents with the Secondary Civil Registry of the district in which they are formed.[2] Universities and educational institutions can also qualify for tax exemptions in certain cases.[3] Further, a not-for-profit organization's income derived from business endeavors (for profit) is taxed at reduced rate and increases incrementally as the generated unrelated income of the organization increases.[4]

3. ***If yes to 2, then does the country provide reporting requirements for non-profits?***

Yes. In order to avoid inheritance and gift taxes, an organization must report any donation or inheritance to the Tax administration within 30 days of receipt. Concerning income tax, tax-exempt organizations must submit returns within three months after the year in question.

4. ***If yes to 3, then are those reporting requirements sensitive to the size of organizations?***

No.

5. ***If yes to 1, are there tax incentives in place to encourage philanthropy?***

Yes. Corporate and individual taxpayers can deduct donations to civil associations and foundations that pursue non-profit purposes.[5]

6. ***If yes to 5, then do individuals and corporations have different incentives?***

Yes. Corporations that generate up to 10,000 Taxable Units ("TU") (each TU is equivalent to VEF 7,400) in income are permitted to deduct up to 10 percent of that income as a charitable gift. When income exceeds 10,000 TU, 8 percent may be deducted as a charitable contribution.[6]

Individuals may deduct charitable gifts of up to VEF 50,000 from their net income. Amounts exceeding VEF 50,000 require permission from the Treasury.[7]

1 PFK, Venezuela Tax Guide 2012, PKF Worldwide Tax Guide 2012.
2 F. Hoet-Linares and R. A. Marques, Venezuela, International Center for Not-For-Profit Law (last visited 7 July 2012).
3 Council on Foundation, Country Information: Venezuela, ***available at*** http://usig.org/countryinfo/Venezuela.asp (hereinafter ***Country Information***).
4 F. Hoet-Linares and R. A. Marques, Venezuela, International Center for Not-For-Profit Law (last visited 7 July 2012).
5 *Country Information*, ***available at*** http://usig.org/countryinfo/Venezuela.asp#deductibility.
6 *Id.*
7 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

Yes. Inheritance tax is imposed on the recipients of property received through an estate.[8] As mentioned in question 3, if properly reported, tax-exepmt organizations do not pay inheritance (or gift) tax.

FINAL SCORE: 10

8 Tax Rates, Venezuela Income Tax Rates, ***available at*** http://www.taxrates.cc/html/Venezuela-tax-rates.html.

Viet Nam

1. Does the country have a tax system in place?

Yes. The tax system in the Socialist Republic of Viet Nam ("Viet Nam") consists of the following main taxes: Corporate Income Tax ("CIT"); Import and Export Duties; Value Added Tax ("VAT"); Special Sales Tax (excise tax or "SCT"); and Personal Income Tax ("PIT").[1]

Organizations producing and trading goods and services and earning income are liable to pay CIT.[2] Taxable goods are goods imported or exported through Viet Nam's border gates or borders, consisting of goods imported or exported through land or river border gates, seaports, airports, transnational railway stations, international post offices or other places of customs clearance set up under decisions of competent state agencies; goods brought from the domestic market into non-tariff zones or vice versa.[3] VAT applies to goods and services used for production, trading and consumption in Viet Nam (including goods and services purchased by organizations and individuals from abroad).[4] Special sales tax is levied on cigarettes, spirits, automobiles of less than 24 seats, assorted types of petrol, naphtha, reformate components, exclusive naphtha, condensate, recombined components and other components used as materials for manufacturing products (except for petroleum), air conditioners with a capacity of 90,000 BTU or less, playing cards, votive paper and some special services, including dancing halls, massage lounges, karaoke parlors and casinos.[5] Personal taxable income includes income from production and business activities, salaries, wages, investment capital, capital transfer, real estate transfer, royalties, commercial concessions, remunerations, bonuses and allowances.[6]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Both the Enterprise Income Tax Law (2009) and the Individual Income Tax Law (2008) and their respective subsidiary implementing regulations and documents afford tax preferences to income derived from or applied to various kinds of charitable and social purposes.[7] Non-profit organizations are also afforded more detailed tax incentives and preferences, as provided in various tax documents, including legislation and regulations dealing with VAT and other areas, usually under an assumption that non-profit revenues are not derived from business or commerce.[8]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

No.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Charity or humanitarian donations are deductible from pre-tax income from business, salary or wage of a resident taxpayer, including: (1) donations to organizations or establishments that care for or nurture children in special plights, disabled people and supportless elderly people, and (2) donations to charity funds, humanitarian funds or study promotion funds.[9]

1 General information on tax system in Vietnam, ***available at*** http://www.vdclawyer.com/index.php?option=com_content&view=article&id=181%3Athong-tinchung-vehethong-thuevn&catid=62%3Athue&Itemid=68&lang=en.
2 Law on Corporate Income Tax no. 14/2008/QH12 Decree no. 124/2008/NĐ-CP dated 11 Dec., 2008 issued by the Government on detailing and guiding the implementation of a number of articles of the Law on Corporate Income Tax.
3 Law No. 45/2005/QH11 on Import Duty and Export Duty.
4 Law No. 13/2008/QH12 on Value Added Tax.
5 Law No. 27/2008/QH12 on Excise Tax.
6 Law No. 04/2007/QH12 on Personal Income Tax.
7 Country Information: Vietnam, ***available at*** http://www.usig.org/countryinfo/vietnam.asp.
8 *Id*.
9 Law on Personal Income Tax, art. 20. Reduction for charity or humanitarian donations.

6. ***If yes to 5, then do individuals and corporations have different incentives?***

   No.

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

   No. Inheritance tax in Viet Nam is imposed on the beneficiary, at a flat rate of ten percent (10 percent) on all bequests larger than VND 10 million.[10]

   FINAL SCORE: 8

10 *See* Law on Personal Income Tax, art. 18.

Yemen

1. Does the country have a tax system in place?

Yes. The Republic of Yemen ("Yemen") imposes taxes on corporations and individuals. Corporations are taxed on income which includes capital gains. However, dividends received by a legal entity from a public company are not taxable. The standard corporate tax rate is 20 percent, which varies considerably depending on the size of the company and the nature of its business. Corporations are also subject to payroll taxes and a real property tax.

Individuals are taxed on income from employment, commercial, industrial or professional activities. Individuals are also subject to a real property tax and a net worth tax. Income from treasury bonds, interest from bank deposits, savings in post offices and income from shares in publics companies are all tax-exempt.

Yemen also operates a general sales tax system.[1]

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Non-profit charitable and humanitarian organizations whose financial and material resources are from donations, grants and assistance are tax-exempt.[2]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. All non-profit associations must submit annual reports to the Ministry of Labour and Social affairs (the "Ministry") in order to renew their charitable status license.[3] In addition, the Ministry has the right to audit a non-profit association's funding, sources and disbursements and Law No. 1 of 2001 provides the Ministry with the right to question a non-profit association about its activities, including financial matters.[4]

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Donations to charitable and social organizations approved by the government and whose headquarters are located in Yemen are deductible by individuals and organizations.[5]

6. If yes to 5, then do individuals and corporations have different incentives?

No.

7. Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?

No.[6]

FINAL SCORE: 9

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1 Yemen Income Tax Law, 31 ITL, art. 6 (1991) (Yemen), ***available at*** http://www.deloitte.com/taxguides (under "Highlight series" select "Yemen"; then follow the "Download the Highlights" hyperlink).

2 Yemen Income Tax Law, 31 ITL, art. 15(a) (1991) (Yemen); Law No. 1 for the Year 2001 Concerning Associations and Foundations, art. 40.

3 International Centre for Not for Profit Law, ***NGO Monitor: Yemen***, ***available at*** http://www.icnl.org/research/monitor/yemen.html.

4 *Id.*

5 Yemen Income Tax Law, 31 ITL, art. 9(e) (1991) (Yemen).

6 http://www.deloitte.com/taxguides (under "Highlight series" select "Yemen"; then follow the "Download the Highlights" hyperlink).

Zambia

1. Does the country have a tax system in place?

Yes. Tax is imposed in the Republic of Zambia ("Zambia") on income, fringe benefits, mineral royalties, property transfers, goods and services, and imports.[1] Real estate taxes may be imposed by local authorities based on the value of the property. Excise duty is levied on particular goods or products, which is imposed by reference to weight, strength or quantity of the goods, or by reference to their value.[2] There is no payroll tax, capital gains tax, real estate tax or net worth tax. The estate duty was repealed effective April 1, 1996.[3]

The tax system for the entire country is administered by the Zambia Revenue Authority.

2. If yes to 1, then does the country provide tax exemption for non-profits?

Yes. Public benefit organizations and trusts registered under Section 41 of the Income Tax Act as charitable organizations are exempt from property transfer tax. In addition, such charitable organizations also are exempt from income tax. Section 41 of the Income Tax Act describes a charitable organization as an ecclesiastical, charitable, research, educational institution of a public character, a national amateur sporting association or any fund of a public character wholly and exclusively established for the use of the government or for ecclesiastical, charitable, research, educational or amateur sporting purposes.[4]

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Yes. The Income Tax Act requires registration with the Zambia Revenue Authority in order to qualify for the tax exemptions described above. The procedure for applying for approval requires an application to the Commissioner General of the Zambia Revenue Authority, which must include the constitution, the certificate of registration and the most recent financial statements.[5] If the Commissioner General finds that the application meets the requirements, he will recommend to the Minister of Finance that the application be approved. In addition, the Non-Governmental Organisation Act (the "NGO Act") requires all domestic Non-Governmental Organisations ("NGOs") as well as international NGOs operating in Zambia to be registered in accordance with the NGO Act.6 An NGO is required to apply to the Registrar of NGOs for registration within 30 days of its formation. NGOs are required to re-register every 5 years. The NGO Act was widely viewed as being designed to restrict the activities of NGOs in Zambia.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

No. The Income Tax Act and the NGO Act require all charities to meet the registration requirements, regardless of the size of the organization.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. Zambia allows a deduction from income of any amount paid to a charitable organization under Section 41 of the Income Tax Act if (1) the payments are made in money or money's worth; (2) the payments are not made in exchange for consideration; and (3) the Minister of Finance and National Planning approves the organization.[7]

6. If yes to 5, then do individuals and corporations have different incentives?

No. Corporations and individuals are may claim the same deduction under Section 41 of the Income Tax Act for charitable contributions.[8]

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1 Income Tax Act (Chapter 323 of the Laws of Zambia); Mines and Minerals Act (Chapter 213 of the Laws of Zambia); Value Added Tax Act (Chapter 331 of the Laws of Zambia); Property Transfer Tax Act (Chapter 340 of the Laws of Zambia); Customs and Excise Tax Act (Chapter 322 of the Laws of Zambia).

2 Customs and Excise Tax Act (Chapter 322 of the Laws of Zambia); Zambia Revenue Authority, Excise Duty, ***available at*** http://www.zra.org.zm/excise.php.

3 Estate Duty (Repeal) Act (Chapter 334 of the Laws of Zambia).

4 Income Tax Act § 41.

5 Zambia Revenue Authority, NGOs, Charitable Organizations and Associations, ***available at*** http://www.zra.org.zm/NGO_Charitable_Associations.php.

6 Non-Governmental Organisations Act, 2009.

7 Income Tax Act § 41.

8 *Id.*

7. ***Finally, does there exist an "estate tax" or some equivalent mechanism that encourages the creation of donor institutions?***

No. There is no estate tax levied in Zambia. The estate duty was repealed effective April 1, 1996.[9]

FINAL SCORE: 9

9 Estate Duty (Repeal) Act.

Zimbabwe

1. Does the country have a tax system in place?

Yes. The Republic of Zimbabwe ("Zimbabwe") imposes taxes on income, benefits, dividends, capital gains, customs, sales, and estates. Zimbabwe contains ten provinces, but these provinces do not have express authority to levy taxes. Notably, the governor of Masvingo Province suspended the operating privileges of several non-profits in 2012 even though governors lack the authority to render such administrative determinations.[1]

Operating under the Ministry of Finance, the Zimbabwe Revenue Authority monitors tax collection in the country. Zimbabwe employs a progressive income tax, with rates from 0-45 percent.[2] Zimbabwe also imposes value added taxes on sales of goods and services at a rate of 15 percent.[3] Zimbabwe used to employ the Zimbabwe dollar as its currency but ceased using it in 2009. The country now utilizes multiple currencies, including the US dollar (which has the widest circulation) and the South African rand.

2. If yes to 1, then does the country provide tax exemption for non-profits?

No. Although Zimbabwe provides tax deductions for donations to charitable organizations, the country contains no exemptions particular to non-profits in its tax code. Zimbabwe exempts only state-run corporations and groups that provide venture capital for development from corporate income taxes.[4] Zimbabwe does exempt medical supplies, food, and educational services from the VAT, but it does not provide a general exemption for the activities of non-profits.[5] Non-profits in Zimbabwe must still register as private voluntary organizations ("PVOs"), as required by the Private Voluntary Organizations Act. The Private Voluntary Organizations Board must approve any application to become a PVO. However, the Private Voluntary Organization Act does not provide any tax exemptions.

3. If yes to 2, then does the country provide reporting requirements for non-profits?

Not applicable.

4. If yes to 3, then are those reporting requirements sensitive to the size of organizations?

Not applicable.

5. If yes to 1, are there tax incentives in place to encourage philanthropy?

Yes. As with many countries in sub-Saharan Africa, Zimbabwe allows corporations to take deductions for charitable donations, however, there are no equivalent incentives available for individuals.[6]

6. If yes to 5, then do individuals and corporations have different incentives?

Yes. Zimbabwe appears to permit deductions for donations (by corporations *only*) to non-profit institutions. Zimbabwe allows deductions for donations up to 100,000 USD to schools, medical centers, and research institutions.[7] Zimbabwe permits unlimited deductions for donations to educational or scientific institutions to study in the trade the corporation practices.[8] Although Zimbabwe's tax code does not mention non-profits or private voluntary organizations when discussing deductions, it appears that donations businesses make for charitable purposes are deductible.

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1 International Center for Not-for-Profit Law, NGO Law Monitor: Zimbabwe (2012), *available at* http://www.icnl.org/research/monitor/zimbabwe.html.

2 Kennedy Munyandi, ***Zimbabwe – Individual Taxation***, § § 4, 5, Country Surveys IBFD (last visited 20 June 2012).

3 Zimbabwe Revenue Authority, ***Supply of Goods and Services***, Jul. 6, 2012, ***available at*** http://www.zimra.co.zw/index.php?option=com_content&view=article&id=111&Itemid=95.

4 Kennedy Munyandi, ***Zimbabwe – Corporate Taxation*** § 2, Country Surveys IBFD (last visited 6 July 2012).

5 *Id.* § 16.

6 Munyandi, ***Zimbabwe – Individual Taxation*** § 4, Country Surveys IBFD.

7 Munyandi, ***Zimbabwe – Corporate Taxation*** § 3, Country Surveys IBFD.

8 *Id.*

7. Finally does there exist an "estate tax" or some equivalent mechanism that encourages creation of donor institutions?

No. Zimbabwe does have an estate tax under the Estate Duty Act, which taxes estates valued above 50,000 USD at a 5 percent rate.[9] Although an estate tax exists, Zimbabwe does not grant any exemptions to that tax that would encourage charitable giving. The country does exempt any person classified as a "hero" from the estate tax.[10] However, Zimbabwe does not permit deductions for portions of an estate given to charity.

FINAL SCORE: 3

9 Munyandi, *Zimbabwe – Individual Taxation* § § 6,7, Country Surveys IBFD.

10 *Id.* § 6.

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