

# **FINALISED GUIDELINES ON PUBLIC AND PRIVATE DONATIONS**

## **Aim**

This set of guidelines explains how the Commissioner of Charities distinguish between public and private donations, so as to facilitate the waiver of the 80:20 rule on private donations to a fund-raising appeal for foreign charitable causes.

## **Background**

2 The Government has announced in the 2007 Budget Statement the *removal of the 80:20 fund-raising rule on private donations raised for foreign charitable causes, but retaining the rule on donations raised from the general public*. This is one of the measures taken to make Singapore a philanthropic hub. The 80:20 fund-raising rule requires any organisation seeking to raise funds for any foreign charitable purpose to spend, in Singapore, at least 80% of the funds raised. The change will support the charitable work of reputable charitable organisations and grantmakers with an international or regional orientation, while ensuring that funds raised from the general public continue to benefit the Singapore community.

## **Fund-raising permit for foreign charitable causes**

3 If a person or organisation wishes to conduct fund-raising appeals for foreign charitable, benevolent and philanthropic purposes, a permit is needed from the COC. The approval is conditional upon the applicant undertaking to apply 80% of the funds raised through the fund-raising appeal, on charitable objects in Singapore (i.e. “80:20 fund-raising rule”). To facilitate the waiver of the 80:20 rule for private donations, a distinction between public and private donations is given in the guidelines below.

## **Distinction between Public and Private Donations**

4 Public donations are sourced from members of the public, who are typically “man-in-the-street” donors who may not be discerning enough to question or fully appreciate the intent of the fund-raiser, especially if the donations are solicited for foreign charitable causes. On the other hand, private donors are generally more sophisticated and discerning in their giving compared to “man-in-the-street” public donors and therefore fund-raising from private donors can be less tightly regulated.

### **Public Donations**

5 Essentially, the following guidelines will determine whether the donations are considered as from the public:

- (i) House-to-house and street collections: the appeal intends to fund-raise by way of house-to-house or street collections e.g. use of volunteers or paid staff to sell “flags”; or

- (ii) Use of Media Publicity: the appeal, direct or indirect, leverages on any form of traditional or new media publicity e.g. news coverage on the plight of individuals, use of Internet advertising, fund-raising appeal through radio, television, etc; or
- (iii) Use of Outdoor Display: the appeal, direct or indirect, leverages on any form of outdoor display such as billboards, banners and blimps that is accessible to the general public; or
- (iv) Accessibility of Collection Instrument: the collection instrument used for the fund-raising appeal is accessible to the general public e.g. donation boxes used by companies such as MacDonaldis and other charities such as Society for the Prevention of Cruelty to Animals (SPCA).
- (v) Relationship of Donors: the fund-raising appeal, though not publicised in the media, is targeted at members of public who have no relationship with the fund-raising organisation. For instance, the use of telemarketing, flyers, mass mailers, spam email, mass “SMS” text messaging, etc will be in this category.

### Private Donations

6 Private donors are generally assumed to be more sophisticated and discerning. However, sophistication is highly subjective and too qualitative to be codified into a guideline. In principle, any donation which is not public donation under the guidelines in the paragraph above can be considered as private donation if they fulfil certain characteristics. Essentially, the following guidelines will help to determine whether the donations can be considered as private:

- (i) Defined Donor Relationship: Private donations should be sourced from donors who share a defined relationship to the organisation conducting the fund-raising appeal, and not from the general public. These defined relationships could include the organisation’s subscribed members, family members, personal friends, business associates or acquaintances<sup>1</sup>. In addition, the *ultimate target group* of the fund-raising appeal should have a defined relationship<sup>2</sup> with the organisation or belong to a unique or exclusive category of individuals that would not constitute as the general public.

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<sup>1</sup> This could include acquaintances made through first-degree (or higher) introductions e.g. a fund-raiser knows someone who can introduce the fund-raiser to other persons. A defined relationship is established when the fund-raiser gets to know these other persons.

<sup>2</sup> This is to prevent a situation whereby a fund-raiser accesses the database of a “member” company to solicit funds from individuals in that database, who are not directly related to the fund-raiser. A fund-raiser using this practice could thus access many databases, effectively targeting its appeal at the general public. However, if the database is a unique or exclusive list of, say, rich persons, then this can be considered as private.

Categories of unique target groups could include

- i. religious congregations;
- ii. a university's alumni network;
- iii. members from a particular club, society or association.

Exclusive categories of individuals could include

- i. Chairmen/CEOs in public-listed firms or private companies;
- ii. High-net-worth-individuals (HNWIs);

- (ii) No Advertisement of Fund-Raising Appeal: The fund-raising appeal should not be advertised or publicised to the general public in any form.
- (iii) Bequest of private assets: Bequeathed assets are private assets that can be donated to a charitable or philanthropic cause. This would not constitute as fund-raising as long as the assets are bequeathed according to the individual's will. Hence, any bequests to an organisation for foreign charitable purposes do not require a fund-raising permit provided the organisation does not solicit such bequests as part of their fund-raising appeal.

7 Organisations that wish to fund-raise for foreign charitable causes from private donors would have to abide by the guidelines in paragraph 6 above in order to be exempted from the 80:20 fund-raising rule. If any of the guidelines above is contravened, the fund-raising appeal would be considered as targeting public donations and the 80:20 fund-raising rule will be imposed. COC's office may allow appeal on a case by case basis if there are strong justifications for exceptions to the guideline.