

**Income Tax (Approved Institutions of a Public Character) (Amendment)  
Regulations 2006**

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**No. S 386**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX (APPROVED INSTITUTIONS OF A PUBLIC CHARACTER)  
(AMENDMENT) REGULATIONS 2006**

In exercise of the powers conferred by section 107(2) of the Income Tax Act, the Minister for Finance hereby makes the following Regulations:

**Citation and commencement**

**1.** These Regulations may be cited as the Income Tax (Approved Institutions of a

Public Character) (Amendment) Regulations 2006 and shall come into operation on 1st July 2006.

### **Amendment of regulation 2**

2. Regulation 2 of the Income Tax (Approved Institutions of a Public Character) Regulations 2004 (G.N. No. S 39/2004) (referred to in these Regulations as the principal Regulations) is amended —

- (a) by inserting, immediately after the words “the Minister” in the definition of “approved institution of a public character”, the words “, the Comptroller”; and
- (b) by inserting, immediately after the definition of “approved institution of a public character”, the following definition:

“ “commercial fund-raiser” means any person who for reward solicits or otherwise procures money or other property for, or purportedly for, the benefit of an approved institution of a public character;”.

### **New regulation 2A**

3. The principal Regulations are amended by inserting, immediately after regulation 2, the following regulation:

#### **“Duty to donors**

**2A.—**(1) An approved institution of a public character shall ensure that —

- (a) any information provided to donors or the general public is accurate and not misleading;
- (b) the following information is disclosed to every person from whom a donation is solicited —
  - (i) the name of the approved institution of a public character to which the donation will be given;
  - (ii) the purpose for which the donation will be used; and
  - (iii) whether any commercial fund-raiser has been engaged in soliciting the donation;
- (c) any information relating to donors is kept confidential, and no information relating to a donor is given to any other person without the consent of the donor; and

- (d) any arrangement to solicit donations has adequate control measures and safeguards to ensure proper accountability and to prevent loss or theft of donations.

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

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

### **Amendment of regulation 3**

4. Regulation 3 of the principal Regulations is amended —

- (a) by deleting paragraphs (3) and (4) and substituting the following paragraphs:

“(3) The total fund-raising and sponsorship expenses of an approved institution of a public character for the financial year commencing on or after 1st July 2006, and for every subsequent financial year, shall not exceed 30% of the total gross receipts from fund-raising and sponsorships for that financial year, as determined by the following formula:

where

*E* refers to the total expenses relating to fund-raising for the financial year, including both direct and indirect expenses of any kind other than sponsorship expenses, and including payments made to commercial fund-raisers engaged by the institution;

*R* refers to the total gross receipts from fund-raising, other than receipts from sponsorships, for that financial year; and

*S* refers to the total cost or value of sponsored goods and services relating to fund-raising for that financial year as stated in receipts or other documentary evidence presented to the institution, and may in the discretion of the institution include the cost or value of any sponsored goods and services where such receipts or documentary evidence are not available.

(4) Any donation received by an approved institution of a public character shall only be used —

- (a) where the donor has specified an intention that the donation should be used for any specified lawful purpose, for that purpose; or
- (b) where the donor has not specified such an intention, according to the purpose communicated to the donor under regulation 2A(b)(ii).

(5) Where a donation, or any part of it, cannot be used for any of the purposes specified under paragraph (4), the approved institution of a public character shall —

- (a) refund the amount to the donor; or
- (b) use the amount for such other purposes as may be approved by the Comptroller or the appropriate Central Fund Administrator, as the case may be.”; and

(b) by deleting the words “tax deductible” in the regulation heading.

### **Amendment of regulation 7**

5. Regulation 7 of the principal Regulations is amended —

(a) by deleting paragraph (1) and substituting the following paragraphs:

“(1) An approved institution of a public character shall disclose in its financial statement —

- (a) the total amount of donations received for the period which qualify for deduction under section 37 of the Act; and
- (b) any transaction with any related party, as defined in the applicable Financial Reporting Standards

prescribed by the Council on Corporate Disclosure and Governance on related party disclosures.

(1A) An approved institution of a public character shall disclose in its annual report its policy relating to the management and avoidance of conflicts of interest.

(1B) A large approved institution of a public character shall ensure that for the financial year commencing on or after 1st July 2006, and for every subsequent financial year, its financial statements comply with the Financial Reporting Standards as prescribed by the Council on Corporate Disclosure and Governance.

(1C) A large approved institution of a public character shall have not less than 10 members.

(1D) Where a large approved institution of a public character has fewer than 10 members, it shall —

- (a) immediately notify the Comptroller or the appropriate Central Fund Administrator of the occurrence of that fact; and
- (b) no later than 6 months from the occurrence of that fact, or such later time as may be approved by the Comptroller or the appropriate Central Fund Administrator, take such measures as are necessary to increase its membership to not less than 10 members.

(1E) The Comptroller may exempt a large approved institution of a public character from the requirements of paragraphs (1C) and (1D) under such circumstances as the Comptroller may deem fit.

(1F) For the purposes of paragraphs (1C) and (1D), a reference to the “members” of an approved institution of a public character shall —

- (a) where the approved institution of a public character is a company or corporation within the meaning of the Companies Act (Cap. 50), refer to the directors of the company or corporation;
- (b) where the approved institution of a public character is a society registered under the Societies Act (Cap. 311), refer to the members of the society;