

LEGAL ENVIRONMENT FOR SENDING CROSS-BORDER DONATIONS

In the majority of countries, the legal environment allows POs and individuals to send cross-border donations, but many of these countries have enacted laws and regulations that restrict such donations. Many of these restrictive regulations, however, relate to laws on illicit financial flows to meet the FATF's recommendations. Table B1 shows a summary of the responses.

In more than half (35) of the 66 economies, POs can send donations abroad without any restrictions, and in 27 economies, POs can send donations across borders with restrictions. Four countries prohibit registered POs from sending funds to recipients outside the country, but in some cases the experts noted that there are workarounds.

A similar distribution can be found for individuals. In 54 economies, individuals can send cross-border donations abroad, but almost two-fifths (21) of these 54 economies have implemented some restrictions for individuals' cross-border philanthropic activities. In six economies, individuals are not allowed to send donations across borders.

Corporations can donate internationally in 53 economies, but in half (27) they face legal restrictions. Corporate cross-border giving is not permitted by laws or regulations in five countries.

In some economies, such as South Korea, individuals and corporations generally do not donate to foreign POs directly; therefore, domestic POs are the leading players in providing private charitable dollars to support international causes.

LEGAL ENVIRONMENT FOR RECEIVING CROSS-BORDER DONATIONS

The survey further collected information about the economies' legal environment for receiving philanthropic inflows. More than half (34) of the 66 economies that responded to the survey reported that POs are allowed to receive cross-border donations without any restrictions. In contrast, 25 reported that POs can receive charitable contributions from abroad but that there are certain restrictions such organizations face. Only one economy, Nepal, noted that it is not permitted for POs to receive funds from outside of the country.

Highlights by Income Group Defined by the World Bank

HIGH-INCOME ECONOMIES

Two-fifths of the 25 high-income economies that responded to the Data Availability Questionnaire—including Austria, Belgium, Croatia, Germany, Ireland, Israel, Italy, Japan, Lichtenstein, and the United Kingdom—have a very favorable legal environment for cross-border philanthropy. Governments of these economies do not regulate either cross-border philanthropic inflows or cross-border philanthropic outflows restrictively.

Almost all high-income economies that responded to the Data Availability Questionnaire allow POs, individuals, and corporations to send cross-border philanthropic financial flows. Still, most (19) of these 25 economies have implemented some restrictions for one or more types of donors. Among high-income economies, only Canada restricts cross-border donations sent by registered charities. In Canada, as a general rule, charities—registered POs—are not allowed to transfer funds to any non-registered charity, which includes any POs abroad, and such activities may lead to the loss of their charitable status (Indiana University Lilly Family School of Philanthropy, 2018). However, non-registered POs, individuals, and corporations are allowed to send cross-border donations under certain regulations in compliance with international guidelines on anti-money laundering and counter-terrorism.

Furthermore, all high-income economies allow POs to receive philanthropic funds from abroad. Still, nearly half (11) of them have introduced some restrictions to charitable organizations on receiving philanthropic financial inflows from outside their country.

UPPER-MIDDLE INCOME ECONOMIES

According to survey respondents, one-third of the 25 upper-middle income economies included in the Data Availability Questionnaire—Armenia, Azerbaijan, Belize, Bulgaria, Kazakhstan, Northern Macedonia, Peru, and Romania—reported no legal restrictions for cross-border philanthropy. This means that POs, individuals, and corporations can send philanthropic financial flows across borders without any restrictions, while POs can also freely accept any types of foreign funding.

Philanthropic organizations, individuals, and corporations in almost all upper-middle income economies can send donations across borders without much difficulty, except for China (in all three cases) and Jordan (in the case of POs and individuals). Governments in 16 economies have implemented restrictive regulations for cross-border philanthropic outflows; such laws apply to POs in 10 economies,

individuals in 7 economies, and corporations in 11 economies. Bosnia, Guatemala, Mexico, Serbia, and Venezuela have implemented restrictive regulations on cross-border giving for all three types of donors. In Serbia, philanthropic financial outflows need to be documented using a form of donation agreement and cross-border charitable contributions are not qualified for tax deduction (Indiana University Lilly Family School of Philanthropy, 2018). Furthermore, a Serbian PO is only allowed to send cross-border donations to another PO with similar charitable purposes as what the Serbian PO indicated as its areas of work during its registration process.

In terms of receiving cross-border donations from abroad, all upper-middle income economies allow philanthropic inflows, but more than one-third (9) of them have introduced restrictions on POs receiving foreign funding.

LOWER-MIDDLE INCOME ECONOMIES

The 11 lower-middle income economies represented in the Data Availability Questionnaire usually provide a less favorable environment for cross-border philanthropy due to burdensome administrative and reporting requirements for POs. In most economies, there are some restrictions on sending and/or receiving cross-border philanthropic resources. Eswatini and India have restrictive regulations on all forms of sending and receiving cross-border donations. In the case of India, one of the fastest developing emerging economies in the world, the 2010 Foreign Contribution Regulation Act requires POs to receive prior approval or registration of foreign donations. Similarly, sending donations to countries outside India requires prior approval from the Central Board of Direct Taxes and must benefit a purpose that is also supported by the government. Thus, the regulations on cross-border philanthropy in India might present a challenge to the role that Indian private philanthropy can play at a global level (Indiana University Lilly Family School of Philanthropy, 2018). In Egypt and Sudan, individuals are not allowed to send cross-border donations, while in Ghana corporations are prohibited from sending charitable contributions across borders.

Cameroon, Kenya, the Kyrgyz Republic, and the Philippines do not report any restrictions on cross-border philanthropic flows. Similarly, no restrictions can be found on sending cross-border philanthropic resources.

LOW-INCOME ECONOMIES

Among the four low-income economies included in the Data Availability Questionnaire, Liberia, Madagascar, and Tanzania regulate only cross-border philanthropic outflows and allow beneficiaries to receive cross-border philanthropic donations without any constraints. Domestic POs in Liberia and Tanzania can send and receive charitable donations without any restrictions; domestic POs in Madagascar do face some restrictions for sending donations across borders. Individuals and corporations can send donations abroad without restrictions; however, they are subject to anti-money laundering and counterterrorism regulations in Tanzania.

Nepal is the only economy where no POs, individuals, and corporations can send cross-border charitable donations (cash or in-kind) outside the country. The Nepalese government argues that POs in Nepal are supposed to serve the people in Nepal, and not people living abroad. This policy is especially harsh for individual donors, who need to receive the Central Bank's approval prior to sending money outside the country (Indiana University Lilly Family School of Philanthropy, 2018).

Among the five low-income economies, only Nepal prohibits POs from receiving foreign funding. The only possible exception is when registered POs successfully applied for a governmental pre-approval document and if all financial transactions are deposited in commercial banks or financial companies in Nepal (Indiana University Lilly Family School of Philanthropy, 2018).

Table B1. Legal Environment for Cross-Border Philanthropy by Economy

Economies	World Bank Income Level	Legality of Cross-border Flows from POs	Legality of Cross- border Flows from Individuals	Legality of Cross-border Flows from Corporations
Albania	Upper-middle	✓✓	✓✓	✓
Algeria	Upper-middle	✓		
Argentina	Upper-middle	✓	✓	✓
Armenia	Upper-middle	✓✓	✓✓	✓✓
Australia	High	✓	✓	✓
Austria	High	✓✓	✓✓	✓✓
Azerbaijan	Upper-middle	✓✓	✓✓	✓✓
Belarus	Upper-middle	✓	✓✓	✓
Belgium	High	✓✓	✓✓	
Belize	Upper-middle	✓✓	✓✓	✓✓
Bosnia and Herzegovina	Upper-middle	✓	✓	✓
Brazil	Upper-middle	✓	✓✓	✓✓
Bulgaria	Upper-middle	✓✓	✓✓	✓✓
Cameroon	Lower-middle	✓✓	✓✓	✓✓
Canada	High	⊖	✓	✓
Chile	High	✓		
China	Upper-middle	⊖	⊖	⊖
Colombia	Upper-middle	✓✓	✓✓	✓
Croatia	High	✓✓	✓✓	✓✓
Czech Republic	High	✓	✓	✓
Egypt	Lower-middle	✓	⊖	
Eswatini	Lower-middle	✓	✓	✓
France	High	✓	✓	✓
Germany	High	✓✓	✓✓	✓✓
Ghana	Lower-middle	✓✓	✓	⊖
Guatemala	Upper-middle	✓	✓	✓
Hungary	High	✓✓	✓✓	✓✓
India	Lower-middle	✓	✓	✓

Ireland	High	✓✓	✓✓	✓✓
Israel	High	✓✓	✓✓	✓✓
Italy	High	✓✓		
Japan	High	✓✓	✓✓	✓✓
Jordan	Upper-middle	⊖	⊖	✓✓
Kazakhstan	Upper-middle	✓✓	✓✓	✓✓
Kenya	Lower-middle	✓✓	✓✓	✓✓
Korea	High	✓	✓	✓
Kuwait	High	✓	⊖	⊖
Kyrgyz Republic	Lower-middle	✓✓	✓✓	✓✓
Liberia	Low	✓✓	✓✓	✓✓
Liechtenstein	High	✓✓		
Luxembourg	High	✓✓	✓	✓
Madagascar	Low	✓	✓✓	✓✓
Mexico	Upper-middle	✓	✓	✓
Montenegro	Upper-middle	✓✓	✓✓	✓
Nepal	Low	⊖	⊖	⊖
New Zealand	High	✓	✓	✓
Nigeria	Lower-middle	✓✓	✓	✓
North Macedonia	Upper-middle	✓✓	✓✓	✓✓
Pakistan	Lower-middle	✓	✓✓	✓
Peru	Upper-middle	✓✓	✓✓	✓✓
Philippines	Lower-middle	✓✓		✓✓
Portugal	High	✓	✓✓	✓
Romania	Upper-middle	✓✓	✓✓	✓✓
Russia	Upper-middle	✓✓		
Serbia	Upper-middle	✓	✓	✓
Sudan	Lower-middle	✓	⊖	
Switzerland	High	✓✓	✓✓	✓✓
Taiwan	High	✓	✓✓	✓✓
Tanzania	Low	✓✓	✓	✓

Thailand	Upper-middle	✓✓	✓	✓
Turkey	Upper-middle	✓	✓✓	⊘
Ukraine	Lower-middle	✓	✓✓	✓
United Arab Emirates	High	✓	✓	✓
United Kingdom	High	✓✓	✓✓	✓✓
United States	High	✓✓	✓	✓
Venezuela	Upper-middle	✓✓	✓	✓

Sources: Indiana University Lilly Family School of Philanthropy, 2020 *Global Philanthropy Tracker*; World Bank

Notes: ✓✓ Cross-border philanthropy allowed without any restrictions; ✓ Cross-border philanthropy permitted with some restrictions;

⊘ Cross-border philanthropy not permitted