Law of the People’s Republic of China on Donation for Public Welfare

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purpose of encouraging donations, regulating donation and acceptance of donations, protecting the lawful rights and interests of donors, donees, and beneficiaries, and promoting the development of public welfare undertakings.

Article 2 — This Law shall apply to natural persons, legal persons, or other organizations that voluntarily and without compensation donate property to public welfare social organizations and public welfare non-profit institutional units in accordance with the law for the purpose of public welfare undertakings. The term “public welfare undertakings” as used in this Law refers to the following non-profit activities: (1) activities of social groups or individuals in disaster relief, poverty alleviation, assisting the disabled, and helping the needy; (2) education, science, culture, public health, and sports undertakings; (3) environmental protection and construction of social public facilities; (4) other public and welfare undertakings that promote social development and progress.

Article 3 — Donations as used in this Law include conditional donations. The donor and donee may agree on conditions regarding the purpose and use of the donated property.

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Article 4 — Donations shall comply with laws and regulations, shall not go against public interests, and shall not harm the lawful rights and interests of any third party.

Article 5 — Donated property shall be used for the public welfare undertakings agreed upon by the donor and donee, and may not be misappropriated or diverted for other purposes.

Article 6 — Donations shall be voluntary and without compensation. No forced donation or disguised forced donation shall be allowed, nor shall any unit or individual solicit donations by any means.

Article 7 — The State encourages the development of public welfare undertakings, and provides support and preferential treatment for public welfare social organizations and public welfare non-profit institutional units. The State encourages natural persons, legal persons, and other organizations to make donations for public welfare undertakings.

Chapter II — Donation and Acceptance of Donation

Article 8 — The State encourages the development of public welfare undertakings, and provides support and preferential treatment for public welfare social organizations and public welfare non-profit institutional units. Public welfare social organizations and public welfare non-profit institutional units may accept donations in accordance with this Law. Natural persons, legal persons, and other organizations may choose the public welfare social organizations and public welfare non-profit institutional units that meet their donation wishes to make donations.

Article 9 — A natural person, legal person, or other organization may make a donation to a specific public welfare social organization or public welfare non-profit institutional unit for a specific public welfare undertaking.

Article 10 — Public welfare social organizations and public welfare non-profit institutional units may accept donations in accordance with this Law. The term “public welfare social organizations” as used in this Law refers to social organizations established in accordance with the law for the purpose of developing public welfare undertakings, such as foundations and charity organizations. The term “public welfare non-profit institutional units” as used in this Law refers to institutional units established in accordance with the law for the purpose of developing public welfare undertakings and not for profit, such as educational institutions, scientific research institutions, medical and health institutions, social welfare institutions, and public cultural institutions.

Article 11 — When a natural person, legal person, or other organization makes a donation, the public welfare social organization or public welfare non-profit institutional unit that accepts the donation shall issue a lawful and valid receipt for the donation, register the donation, and properly keep the relevant documents.

Article 12 — A donor shall have the right to decide on the type, amount, quality, and timing of the donation. The donee shall accept the donation in accordance with the agreement.

Article 13 — A donor shall have the right to inquire about the use and management of the donated property and to make comments and suggestions. The donee shall truthfully answer the donor’s inquiries.

Article 14 — A donor may enter into a donation agreement with the donee regarding the type, quality, quantity, purpose, and time of delivery of the donated property. The donor shall perform the donation agreement in accordance with the law.

Chapter III — Use and Management of Donated Property

Article 15 — The donee shall, in accordance with the State regulations and the donation agreement, manage and use the donated property, and shall not use the donated property for any purpose other than public welfare undertakings.

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Article 16 — The donee shall, in accordance with the relevant State regulations, establish and improve the financial accounting system and the system for the use of donated property, and shall strengthen the management of the donated property.

Article 17 — The donee shall publicly announce the use and management of the donated property to the public on a regular basis and shall accept social supervision. The donee shall truthfully answer the donor's inquiries about the use and management of the donated property.

Article 18 — Where the use of the donated property is subject to conditions, the donee shall use the donated property in accordance with the agreed conditions. Where it is necessary to change the purpose of the donated property, consent shall be obtained from the donor.

Article 19 — The donee shall strictly observe the relevant State regulations, act in accordance with the principles of legality, safety, and effectiveness, actively realize the preservation and appreciation of the donated property. The income generated from the donated property shall be used for public welfare purposes.

Article 20 — The donee shall accept the supervision of the relevant government departments, donors, and the public over the use and management of the donated property.

Article 21 — Where a donor makes a donation to build a public welfare project, the donor may propose a name for the project, subject to approval by the people's government at or above the county level.

Chapter IV — Preferential Measures

Article 22 — A company, enterprise, or other organization that makes a donation for public welfare undertakings shall be entitled to preferential enterprise income tax treatment in accordance with the provisions of laws and administrative regulations.

Article 23 — A natural person or individual business operator that makes a donation for public welfare undertakings shall be entitled to preferential individual income tax treatment in accordance with the provisions of laws and administrative regulations.

Article 24 — Imported goods and materials donated to public welfare undertakings shall be entitled to reduction or exemption of import duties and import-stage value-added tax in accordance with the provisions of laws and administrative regulations.

Article 25 — Where a donation is made for a public welfare project, the local people's government shall provide support and preferential treatment in accordance with the relevant provisions.

Chapter V — Legal Liability

Article 26 — Where a donee uses the donated property for purposes other than public welfare undertakings without the consent of the donor, the relevant government department shall order the donee to make corrections and return the donated property to its original purpose within a specified time limit; where the circumstances are serious, the relevant department may impose an administrative penalty.

Article 27 — Where a donee fails to use the donated property in accordance with the purposes and conditions agreed upon in the donation agreement, the donor shall have the right to terminate the donation agreement and demand the return of the donated property.

Article 28 — Where a donee misappropriates, embezzles, or unlawfully disposes of donated property, the relevant government department shall order the donee to return the property; where the act constitutes a crime, criminal liability shall be investigated in accordance with the law.

Article 29 — Where a donee fails to establish a sound financial accounting system in accordance with the relevant State regulations or fails to submit financial reports or accept supervision, the relevant government

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department shall order the donee to make corrections within a specified time limit.

Article 30 — Where a donor fails to perform the donation agreement without justifiable reasons, causing damage to the donee, the donor shall bear civil liability in accordance with the law.

Chapter VI — Supplementary Provisions

Article 31 — Matters concerning donations from outside the territory of the PRC to public welfare social organizations and public welfare non-profit institutional units within the territory shall be governed by this Law. Where laws and administrative regulations provide otherwise, such provisions shall prevail.

Article 32 — This Law shall come into effect on September 1, 1999.

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