# Public Welfare Donations Law of the PRC

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## Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of encouraging donations, standardizing donation and acceptance activities, 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 the voluntary and gratuitous donation of property by natural persons, legal persons, or other organizations for the purpose of public welfare undertakings.

"Public welfare undertakings" as used in this Law refers to the following non-profit undertakings:

(1) activities in the areas of disaster relief, poverty alleviation, assistance to the disabled, and assistance to social organizations and individuals in need;

(2) undertakings in the areas of education, science, culture, public health, and sports;

(3) environmental protection and the construction of public facilities for the public good;




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(4) other public welfare undertakings that promote social development and social progress.

Article 3 — Donations and acceptance of donations as provided for in this Law shall be conducted on a voluntary basis and shall be made gratuitously. Fundraising and public solicitations for donations for specific public welfare purposes is prohibited without authorization.

Article 4 — Donors shall have the right to decide on the type, quantity, quality, and purpose of donated property. Donees shall use donated property in accordance with the purpose agreed upon with the donors.

Article 5 — The donated property shall be the lawful property of which the donor has the right to dispose. The use and management of donated property shall respect the wishes of the donors, comply with the purposes of public welfare undertakings, and shall not be used for profit-making activities.

Article 6 — Donations shall be governed by laws and administrative regulations, shall not violate social morality, and shall not harm the public interest or the lawful rights and interests of others.

## Chapter II — Donation and Acceptance of Donations

Article 7 — Public welfare social organizations and public welfare non-profit public institutions may accept donations in accordance with this Law.

"Public welfare social organizations" refers to foundations, charitable organizations, and other social organizations established in accordance with the law for the purpose of developing public welfare undertakings.

Article 8 — When an emergency occurs and the public needs relief and assistance, the people's government and its departments may accept donations and manage and use the donated property in an appropriate manner.

Article 9 — Natural persons, legal persons, and other organizations may choose public welfare social organizations and public welfare non-profit public institutions that meet the conditions for accepting their donations.

Article 10 — Public welfare social organizations and public welfare non-profit public institutions may accept donations in accordance with this Law, and shall comply with the relevant state provisions on the administration of public welfare undertakings.

Article 11 — When a public welfare social organization or public welfare non-profit public institution accepts a donation, it shall issue a lawful and valid receipt to the donor in accordance with the relevant provisions, and shall register the donation and keep proper records.

Article 12 — The donor and donee may conclude a donation agreement on the type, quality, quantity, purpose, and method of delivery of the donated property. The donor shall perform the donation agreement in accordance with the law.

Where the donor makes a public commitment in public, such as through public media, to donate property for public welfare purposes, the donor shall perform the donation obligation in accordance with the law.

Article 13 — When accepting donations from overseas for the construction of public welfare engineering projects, the donee shall comply with the relevant state provisions and go through the examination and approval procedures for the construction of the engineering project.

Article 14 — Where a donor donates property for the construction of a public welfare engineering project, the donor may propose the name of the project and may leave a name or memorial on the project with the consent of the relevant people's government at or above the county level.

## Chapter III — Use and Management of Donated Property



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Article 15 — The donee shall use donated property in accordance with the purpose agreed upon with the donor and shall not change the purpose of the donated property without authorization. Where it is truly necessary to change the purpose, the consent of the donor shall be obtained.

Article 16 — The donee shall, upon acceptance of the donation, issue a receipt to the donor and shall register the donation, keeping proper records for verification. The donee shall keep the donated property in a separate account and shall conduct special management for special purposes, and shall truthfully keep accounts in accordance with the relevant state provisions.

Article 17 — Public welfare social organizations shall strictly implement the state-prescribed proportion of management expenses, and shall use the donated property to the maximum extent for the realization of the purpose of the donation.

Article 18 — Where the purpose of a donation has been fully realized or the public welfare engineering project has been completed and settled, the remaining donated property, if specified in the donation agreement, shall be handled in accordance with the agreement; if not specified, the donee shall use the remaining property for public welfare undertakings similar to the original purpose of the donation as reported to and approved by the relevant department.

Article 19 — The donee shall establish and improve a financial accounting system and internal audit system in accordance with the relevant state provisions, and shall submit financial and accounting reports and accept the supervision of the relevant government departments and the donors.

Article 20 — The donee shall regularly make public the use and management of donated property and accept public supervision. The donor shall have the right to make inquiries and raise objections and suggestions regarding the use and management of donated property.

Article 21 — The people's governments at or above the county level and their relevant departments may conduct inspections of the use and management of donated property by donees, and the donees shall truthfully provide relevant materials.

Article 22 — Auditing organs of the people's governments at or above the county level shall conduct audit supervision over the use and management of donated property accepted by public welfare social organizations and public welfare non-profit public institutions.

## Chapter IV — Preferential Measures

Article 23 — Enterprises and other entities that make donations for public welfare undertakings shall enjoy enterprise income tax preferences in accordance with the provisions of relevant laws and administrative regulations.

Article 24 — Natural persons who make donations for public welfare undertakings shall enjoy individual income tax preferences in accordance with the provisions of relevant laws and administrative regulations.

Article 25 — Donations from overseas to public welfare social organizations and public welfare non-profit public institutions shall be exempted from customs duties and import-stage value-added tax in accordance with the provisions of relevant laws and administrative regulations.

Article 26 — For public welfare engineering projects to which donations have been made, the local people's government shall provide support and preferential treatment.

## Chapter V — Legal Liability

Article 27 — Where a donee fails to use donated property for the purpose agreed upon with the donor without obtaining the donor's consent, refusing to make corrections after being ordered to do so, the relevant department may, with the consent of the people's government at the same level, transfer the donated



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property to another public welfare social organization or public welfare non-profit public institution with the same or similar purpose of public welfare undertaking.

Article 28 — Where a donee misappropriates, withholds, or embezzles donated property without authorization, the relevant department shall order the return of the property and impose a fine; the directly responsible persons in charge and other directly responsible persons shall be subject to sanctions in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law. The returned or recovered donated property shall be used for the original purpose and purpose of the donation.

Article 29 — Where any entity or individual falsely claims tax preferences by making use of public welfare donations, the tax authorities shall pursue the return of the unlawfully reduced or exempted tax in accordance with the law and shall impose a fine; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 30 — Where a donor fails to perform the donation obligation in accordance with the law and the donation agreement, the donee may demand performance or bring a lawsuit in accordance with the law.

Article 31 — Where a donee or any of its staff members causes losses through abuse of donated property, the relevant department shall impose penalties in accordance with the law.

## Chapter VI — Supplementary Provisions

Article 32 — This Law shall enter into force on September 1, 1999.

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