2018 Giving Global Matrix
Tax, Fiduciary and Philanthropic Requirements

Photo credit: Nana Kofi / Acquah / WaterAid
The 2018 Giving Global Matrix provides a snapshot of the complex and varied tax laws that incentivize, or disincentivize, philanthropic giving in 60 countries across North America, Latin America, Africa, Europe, Asia and the Middle East. Utilize the report to better understand each featured country’s unique tax law requirements and charitable environment to help achieve your global philanthropic goals.

**Growing Global Philanthropy**

International donors increasingly look to address humanitarian issues both in their local communities and around the world. In this global environment, understanding the diverse tax requirements and allowances that govern charitable giving in countries around the world is critical.

Global Impact and KPMG LLP (KPMG) understand the dynamic regulations that the private and nonprofit sectors must navigate in order to extend the reach of their philanthropic missions around the globe. In 2015, the two organizations examined the impact of tax codes on global giving in 40 countries, providing a tool for U.S. entities to analyze the tax, fiduciary and philanthropic requirements that impact charitable efforts internationally.

The 2018 Giving Global Matrix expands its focus from 40 to 60 countries and broadens the scope of research in each of the selected countries from four to 10 guiding questions. The full report addresses:

- Whether a country’s tax code allows tax deductions for charitable contributions;
- If tax relief is available to individuals, organizations or both;
- If charitable donations are restricted to local entities or if they can be made to U.S. charities as well; and, if the latter, the steps a U.S. charity must take to receive tax deductible contributions and associated filing requirements;
- Provides an overall assessment of the climate for philanthropy in each country.

This Summary Report is a snapshot of Global Impact and KPMG’s findings. To learn more about how to access the full report, contact solutions@charity.org.

A list of countries included in the map below:
Understanding the Tax Landscape

The overwhelming majority of the 60 countries surveyed provide some degree of tax relief for charitable contributions. However, 10 percent of the countries only provide these benefits to organizations, not individuals. Two countries, Sweden and the United Arab Emirates (UAE), do not provide tax relief to either individuals or organizations.

For your organization to receive the potential benefit from charitable contributions, you will need to understand that the tax landscape, country by country, is nuanced, complex and highly variable, and as such, demands that your U.S. entity be well-informed, attentive and adaptable. For each country, your philanthropic strategy should be specific, targeted and unique. A single strategy cannot be applied to every country — even those countries within the same region.

As you look to expand the reach of your organization’s philanthropy, each country’s tax relief laws should be weighed to determine the most strategic global approach for your organization.

Seizing the Opportunities of Global Giving

Thinking Locally and Acting Globally

While the majority of countries surveyed require charitable contributions to be made to a local entity, 17 percent permit donations to both local and U.S. charitable entities. In those cases, stipulations often apply with consideration to tax relief. For example, donors in China (Taiwan) may only qualify for a tax deduction or exemption when giving to a U.S. charity if the charity is also registered in Taiwan or if the donation was made in support of specific events approved by concerned authorities, such as significant global natural disasters, accidents or humanitarian crises.

Of the 48 countries that restrict charitable contributions to local entities only, 60 percent require that contributions be used locally, while 40 percent allow the local charity to then distribute funds outside the country of origin, including to U.S. charities operating locally or globally.

To increase the potential impact, your organization should confirm that the countries within your geographic priority areas permit you to accept and distribute charitable donations appropriately.

Establishing an In-Country Entity

U.S. charities may also decide to register as a charitable entity in-country in order to receive tax deductible contributions. Alternatively, charities may elect to work with an intermediary in order to achieve that same objective.

Humanitarian issues draw donors from all over the world, particularly in the case of disaster relief and response, so it is critical that U.S. charities include and engage global donors. A broader untapped donor base is within reach if your organization understands the necessary steps to register and receive funds in-country.

Due to the rapidly-evolving nature of the philanthropic landscape, further analysis and consideration should be considered for a U.S. charity in order to identify the best course of action to operate internationally.

Do charitable donations have to be made to local entities in your country or can they be made to U.S. charities from local individuals/organizations?

- Neither: 3%
- Both: 17%
- Local Only: 80%

Reporting on Impact

Once operating in-country, it is important to understand that country’s specific reporting requirements. In the United Kingdom, for example, there are distinct requirements for distinct purposes, such as preparing an annual report to the Charities Commission, filing an annual tax return with U.K. tax authorities and making a claim under the Gift Aid scheme.

Is there any substantiation from grant recipients necessary for proper tax treatment of the grant by a foreign donor?

- No
- Maybe
- Yes

Are there any filing requirements to report charitable giving to the local government and/or back foreign donors?

- No
- Maybe
- Yes
Considerations

When asked if the current in-country climate supports philanthropy, the majority of country team experienced professionals responded favorably.

As U.S. entities explore expanding their philanthropy globally, several factors should be considered:

• In-country tax regulations change frequently and, therefore, should be routinely revisited to ensure both compliance and favorable status;
• When operating programs or raising funds abroad, recipients and donors should be vetted to verify alignment with the mission and objectives of your organization;
• The culture of giving in each country is distinct and should be individually evaluated to confirm the ideal approach to implementing your philanthropic vision. Additional details on the climate of philanthropy in each country can be found in the full report.

Services

The Global Impact and KPMG teams are ready to partner with you to help achieve your global philanthropic goals. KPMG has helped its clients navigate tax laws impacting philanthropy around the globe through its Development & Exempt Organizations practice. Since 1956, Global Impact has supported its partners in engaging and attracting donors worldwide. The Global Impact team:

• Provides fiscal sponsorship to facilitate receiving and disbursing funds in-country
• Supports in-country registration
• Conducts international vetting
• Develops strategies for overseas fundraising initiatives

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