



Donations to charities in Hong Kong

Figure 1 – Number of charitable organizations

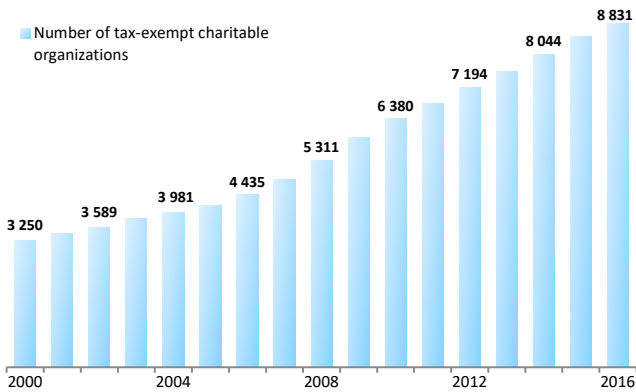


Figure 2 – Amount of donations receiving tax exemption

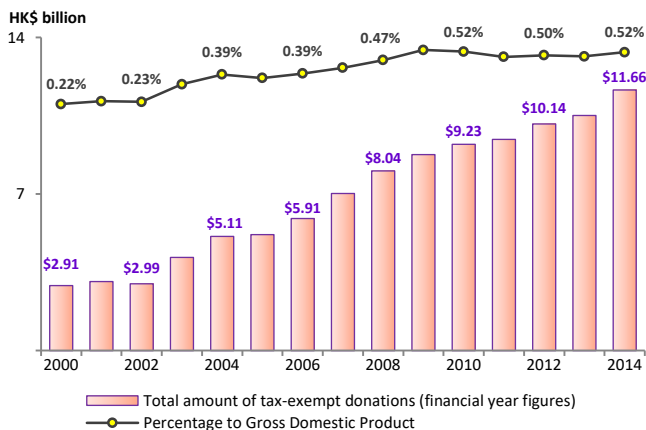
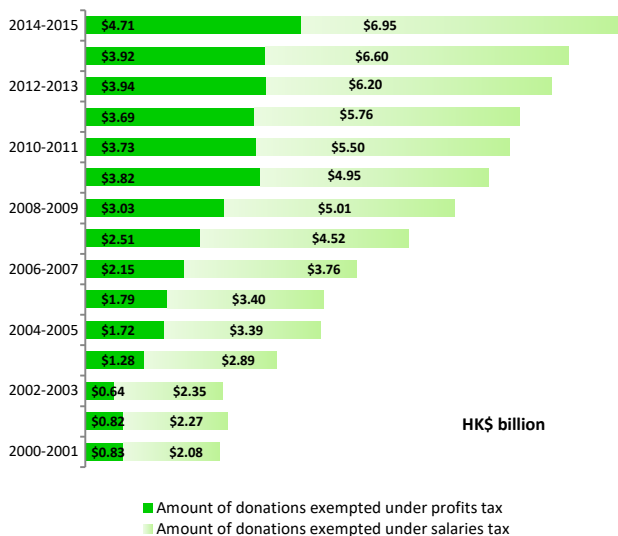


Figure 3 – Amount of donations from business corporations and individuals



Highlights

- While there is no statutory definition of "charity" or "charitable purpose" in Hong Kong, charitable organizations play an important role in providing social and welfare services to the needy. At present, charitable organizations usually refer to those tax-exempt institutions under section 88 of the Inland Revenue Ordinance ("IRO").
- Hong Kong people are generally supportive of charitable causes. Reflecting this, the number of tax-exempt charities have surged by 172% over the past 16 years, from 3 250 in 2000 to 8 831 in 2016 (**Figure 1**).
- Donations to these tax-exempt charities from both individuals and business corporations showed a more robust increase of 301%, leaping from HK\$2.9 billion in 2000-2001 to HK\$11.7 billion in 2014-2015. In terms of the ratio of these donations to Gross Domestic Product, it was more than double from 0.22% to 0.52% over the same period. The total donations were HK\$104.2 billion in these 14 years (**Figure 2**).
- Upon a closer analysis, tax-exempt donations made by individuals surged by 234% in 14 years to HK\$6.95 billion in 2014-2015, less than the respective growth of 467% of donations from business corporations. As such, although individuals were still the larger category of donors, their share in overall donations fell from 71% to 60% during 2000-2014 (**Figure 3**). According to a 2017 global ranking exercise in terms of the proportion of people who donated money to charities, Hong Kong took the 21st position out of 139 places, ahead of some advanced economies like Finland, Belgium and Japan.

Figure 4 – Number of permits issued for on-street flag selling and fundraising activities

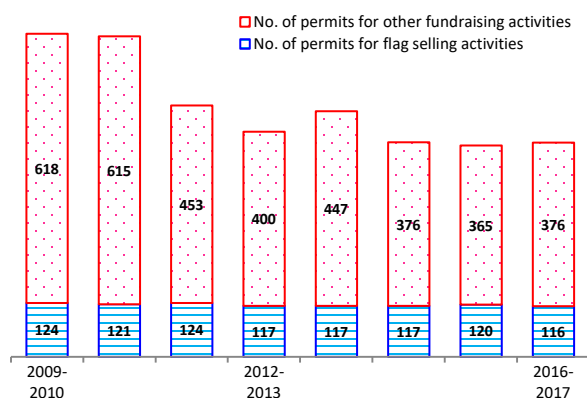
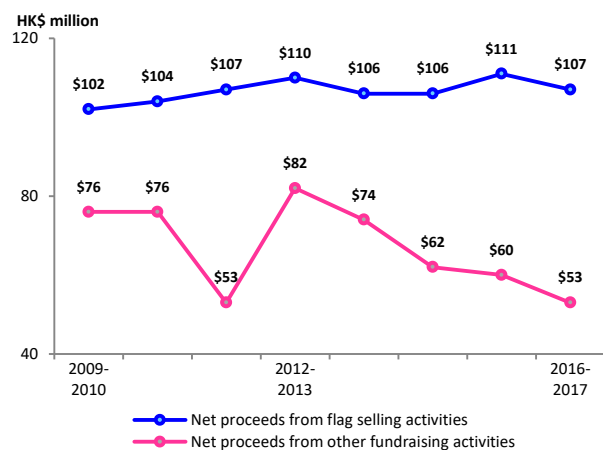


Figure 5 – Proceeds from flag selling and other on-street fundraising activities



* Figures refer to the audited reports submitted by charities up to October 2017.

Figure 6 – Complaints against fundraising activities

	2014-2015	2015-2016	2016-2017
No. of complaints	85	75	59
No. of substantiated cases about non-compliance of the permit conditions	10	10	8
No. of cases about violation of the law, such as unauthorized charitable fundraising activity	2	2	4
Prosecutions	1	0	0

Highlights

- Fundraising activities depending on its nature (e.g. sale of lottery tickets) may be required to apply for permit from the relevant department. Taking flag selling and collection of money in public places as an illustration, these on-street activities are regulated by the Social Welfare Department ("SWD") and the fund-raisers have to apply for a public subscription permit beforehand and submit audited reports stating the gross and net proceeds afterwards. Most of the on-street donations are not tax deductible under IRO for reasons such as absence of receipts.
- Over the past eight years from 2009 to 2016, SWD issued altogether over 6 000 permits for flag selling and other on-street fundraising activities. The number of permits issued for flag selling kept at around 120 each year over the period because only Wednesdays and Saturdays are permissible for flag selling. For permits issued for other on-street fundraising activities, they fell from 618 in 2009-2010 to 376 in 2016-2017, possibly because of the increased efforts made by SWD to enhance the transparency and accountability of fundraising activities (Figure 4).
- Regarding the net proceeds, flag selling generated HK\$107 million in 2016-2017, broadly similar to that in earlier years. In line with the decreasing number of other on-street fundraising activities, the net proceeds almost halved from a high of HK\$82 million in 2012-2013 to HK\$53 million in 2016-2017 (Figure 5).
- Fund-raisers have to comply with the permit conditions. For complaint cases related to violation of permit conditions, SWD issues warning letters to the relevant parties. For complaint cases suspected to have contravened the law (e.g. conducting unauthorized charitable fundraising activities in public places), SWD will refer them to the Police Force. Among the 59 complaints received by SWD in 2016-2017, four cases were suspected of violation of the law (Figure 6).

Data sources: Latest figures from Inland Revenue Department and Social Welfare Department.

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17 November 2017
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