

Rules and Incentives: Mapping the Legal Framework for Non-profit Organisations and Philanthropy in Latin America and the Caribbean



Credits and acknowledgements

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Introduction to WINGS/CEFIS

At WINGS, we use the word ‘ecosystem’ to refer to the set of organisations that engage in philanthropy, viewing it as a living, coordinated space in which each stakeholder has a fundamental role. As such, the existence and strength of the various stakeholders such as donors and associations of philanthropic entities and researchers and experts from the academic world and practice is not all that matters. The wealth of their interactions and connections is also important. This includes both internal relationships among stakeholders from this sector and connections with social, economic, and political actors from the environment in which philanthropy is developed. This is the only path to allowing philanthropy to develop to its full potential.

That ecosystem does not emerge spontaneously. Our members are developers of philanthropy. They are constantly monitoring, maintaining, cultivating, and promoting the environment so that it will be healthy and prosperous. Their work makes it possible to strike an optimal balance between internal and external conditions.

One of our strategic priorities is to develop those ecosystems with the support of philanthropy. We work together to ensure that we have the conditions, resources, information, and coordination necessary to ensure that the various organisations can carry out their mission. We work together to elevate the development of philanthropy.

We have worked with this goal in mind for the last several years, focusing on strengthening the philanthropy ecosystem in Latin America and the Caribbean using the 4Cs model: capacity, capability, connection, and credibility. We have made important progress during this time. We have seen associations, networks, community foundations, and academic centres strengthened in their capacity to organise and build more solid environments for local philanthropy. At the same time, governments are achieving a better understanding of our members’ role, and private sectors are increasingly ready to build bridges alongside civil society institutions that promote shared agendas. At WINGS, we have built a network that facilitates exchange and shared learning among our members in the region to strengthen the ecosystems in which philanthropy develops.

One important role that our members can play is that of contributing to maintaining an active and healthy philanthropic ecosystem, which is defined as a lively, coordinated space in which each stakeholder plays a fundamental role. This study seeks to contribute data to support the care, oversight, and development of the environment so that it prospers in the region.

However, we have also watched with concern as the sphere of action in various countries in the region has been threatened by restrictive practices ranging from the criminalisation of non-profit organisations’ activities to attempts to delegitimise them undertaken by officials. This also includes excessive surveillance and legislative systems that threaten organisations’ work or pose challenges to the philanthropic practices of private citizens, businesses, and foundations.

We constantly ask ourselves what we can do to ensure that the ecosystem prospers. That is at the centre of our work and reflection. It is in that context that we have identified a need to map the legal and fiscal frameworks that set the rules that make it possible for philanthropy and non-profits to operate in Latin America and the Caribbean. We have undertaken an exhaustive study to provide a comparative view of the region, understand what works and what can be improved, and identify the role of philanthropic support organisations in this conversation.

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This report is the result of a collaborative process. It is proof that working together strengthens and develops systems. As such, WINGS, the Lilly Family School of Philanthropy of Indiana University, and the Universidad Adolfo Ibáñez School of Government's Centre for Philanthropy and Social Investment (CEFIS UAI) have worked together to provide a broad reading of key aspects of the regulation of non-profit organisations' life cycle and rules for donations to matters of public interest. This effort also benefited from the generous participation of various WINGS members from the region, which provided feedback throughout the process, and a series of experts from various institutions who shared their perspectives for imaging possible practical improvements for the sector.

This study is the point of departure that will allow our members and other organisations in the region to take the time and space necessary to reflect and act. It is an analysis of the current state of the regulatory framework in which the ecosystem develops, and it is part of a shared commitment to work to promote regulatory frameworks that make it possible for philanthropic work and civil society to act.

In this study, the authors mapped and analysed the legal and fiscal frameworks that set the rules that make it possible for philanthropy and non-profits to operate in Latin America and the Caribbean. By identifying strengths and areas that need improvement in the countries analysed, we have endeavoured to create the inputs necessary to generate research that contributes to allowing philanthropic ecosystems prosper in the region.

We hope that the contents of this study will be discussed, questioned, and shared, and that it will become a useful tool for organisations and individuals who want to understand their countries' regulations and compare them to experiences elsewhere in the region. Even more importantly, we hope to provide useful information for decision-making in order to promote regulatory improvements that can foster an environment that is more conducive to elevating the development of philanthropy and releasing its maximum potential.

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Main findings

This study identifies key trends related to the legal frameworks that regulate the life cycle of non-profit organisations and philanthropy in Latin America and the Caribbean. Specifically, the authors analysed the reality of Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. We highlight the main elements of these trends in the legislation of the countries of the region analysed.

Regarding recipient organisations we found that:

- Foundations and associations are the main types of entities that the legislation on creating non-profits considers, followed by cooperatives.
- The amount of time required to register a non-profit is set out in the legislation, and the process tends to take more than three months.
- In the majority of the countries, it costs up to US\$150 to create a non-profit. That cost is mainly associated with the payment of notarised documents. However, some countries in the region continue to present higher costs that average over US\$500.
- There is generally no requirement regarding the minimum amount of capital that one must have in order to establish a non-profit.
- Economic activities are permitted, though conditions are set in most countries such as requiring that such activities be related to the entity's area of work and that profits not be distributed to the non-profit's members or Board.
- The legal incorporation of a non-profit requires the approval of a public agency that is generally at the central or federal level.
- In the majority of the countries in the region, the legislation refers to the concept of a public benefit or public interest as a criterion for granting the status of authorised recipient institution, but no clear definition of the meaning of that term and its implications could be identified.
- In order to determine whether a non-profit can become an authorised recipient institution -that is, one that can receive donations with tax incentives- lists of purposes considered to be in the public interest tend to be used.
- There are regulations for dissolving non-profits as a result of voluntary decisions or external factors. Most countries' statutes state that the assets and resources of dissolved non-profits cannot be distributed among their members, but must be passed on to another non-profit.

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Regarding the legal conditions that promote or hinder donations, we can conclude that:

- All countries in Latin America and the Caribbean have tax incentives for donations with the exception of Ecuador. Only Uruguay has no tax incentives for donations made by individuals, though it does offer them for companies.
- A little over half the countries grant tax incentives similar to the purposes that are part of the lists and provide equal treatment for the purposes recognised to be of public benefit. This means that they can receive donations with tax incentives.
- In a small group of countries (Bolivia, Brazil, Chile, Colombia, and Mexico), there is a general donation tax and an exemption for certain purposes defined in the legislation.
- Only one-third of the countries analysed allow inheritance to be donated with tax incentives.
- The dominant type of incentive for both individuals and companies is a tax deduction. Only Colombia, Chile, and Uruguay have a tax credit.
- Non-profits are income tax exempt except for in Chile. Over half of the countries analysed also release non-profits from property taxes.
- There is no legislation on endowments with the exception of the following countries: Barbados, Brazil, Colombia, Jamaica, Mexico, El Salvador, and the Dominican Republic. Experts do not always perceive this as favourable for development.
- The creation and validation of digital platforms as a means to acquire donations is only set out in the legislation in Colombia, Ecuador, Mexico and, tangentially, Uruguay.

Regarding the reporting requirements and the transparency of the donation system we can conclude that:

- Non-profits are required to submit annual reports to officials, and these must generally include financial information. The legislation does not generally differentiate between organisations of different sizes in terms of reporting obligations.
- Reports do not generally have to be available for public consultation.
- The legislation regulates conflicts of interest prohibiting the distribution of resources among non-profits' members, and most countries in the region follow the policies of the Financial Action Task Force of Latin America (GAFILAT) in the area of international fiscal transparency and prevention and oversight of money laundering and financing terrorism.

Introduction

In regard to data, trends, and legal frameworks related to the practice of philanthropy, there tends to be more information in countries and regions that have a more well-established system of philanthropy that extends to the participation of various stakeholders (individuals, legal entities such as companies or donor foundations, associations, cooperatives, etc.) and countries with more economic development. In the Americas, there is an important gap between North America and Latin America in regard to the amount of information available on the philanthropic sector. Based on this, and given WINGS's mission "to ensure philanthropic actors around the world have the knowledge, tools and supportive environment to create transformative change at an individual, local and global level" (2020) and the intention of the members of the Latin America and the Caribbean Working Group that are part of WINGS to generate joint actions, in 2019 we sought to create a more complete vision with more information about how philanthropy is understood in Latin America.

The main goal of the study is to provide accurate and current data on legal frameworks around non-profits and philanthropy in the countries of Latin America and the Caribbean and to identify strengths and challenges for the region in this area.

A central purpose of this group is to strengthen the ecosystem for the development of philanthropy in the region. Recognising the diversity of countries contributes to the development of a shared concern regarding the legal frameworks that regulate the development of non-profit entities and the practice of philanthropic donations, particularly those that non-profits channel defined by their public purpose. Legal frameworks are understood as an enabling condition for the strengthening and expansion of civil society and philanthropic practices in the region. With this goal in mind, the group decided to conduct a study on this topic in countries in Latin America and the Caribbean in 2019. It was agreed that the member charged with conducting that study would be the research team at the Universidad Adolfo Ibáñez Centre for Philanthropy and Social Investment (CEFIS UAI) in coordination with WINGS. The members of the Latin American affinity group coordinated by CEFIS UAI agreed on the topics to be addressed and then conducted a study in collaboration with the Lilly Family School of Philanthropy at the University of Indiana (IUPUI), which was updating the Global Philanthropy Environment Index (GPEI) in 2020. As such, the joint effort by CEFIS UAI, IUPUI, and WINGS involved gathering data from the responses provided by experts invited by IUPUI for the countries of Latin America and the Caribbean.

In addition to submitting data for the GPEI, they answered a questionnaire on the context of the study presented below and were available to clarify specific aspects for the research team. The data analysis process conducted by the CEFIS team was complemented by the vision of experts in the field from the region and elsewhere in the world. We also drew on ideas and perceptions shared at a meeting with the Latin America affinity group in order to identify the vision of key points of the legal framework based on practice.

The main goal of the study is to provide accurate and current data on legal frameworks around non-profits and philanthropy in the countries of Latin America and the Caribbean and to identify strengths and challenges for the region in this area. As such, the study provides a map of the legal frameworks that regulate the life cycle of non-profit entities (from their incorporation through their dissolution) with a special focus on the regulation of those that have a purpose related to the public good and that channel philanthropic donations. The study maps the main elements of 19 countries' legislation and offers a review of trends in this area in the region, contrasting some points between regulations and experts' perception of it.

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The comparative analysis of various countries' legislation on the topics addressed allowed the authors to identify similarities and differences in Latin America and to contrast the reality of this region with that of the members of the Organisation for Economic Cooperation and Development (OECD). Furthermore, the comparative analysis demonstrates how the space for organising and developing civil society organisations (CSOs) is understood in practice and to explores the general conditions for philanthropy that these entities channel: funding for non-profits, tax exemptions, and incentives and transparency standards, among others. Finally, the study addresses topics that have yet to be resolved or that are not clearly elucidated in the legislation of Latin American countries. As such, it contributes valuable inputs for the construction of an agenda focused on strengthening philanthropy in the region.

Study type and methodology

This research is a descriptive and comparative study of the legal frameworks that determine the rules for the life cycle of non-profits, particularly their incorporation, operation, and dissolution as well as financing conditions set by the legislation, discussing procedures for becoming authorised recipients, tax incentives associated with donations, transparency requirements, the opportunity to create endowments, and regulations on international donations.

In order to compare the different issues in the legal frameworks of the countries selected from Latin America and the Caribbean, the researchers applied a three-stage methodology to gather data and complement the study with the perspectives of professionals, experts, and researchers from other regions.

The first phase involved gathering and analysing data from primary and secondary sources. The main primary source was the analysis of responses to the Global Philanthropy Environmental Index (GPEI) questionnaire conducted by the Lilly Family School of Philanthropy at Indiana University (2018). The answers were provided by experts from each country. We also added a section for the 13 experts from Latin American countries who participated in the study.¹ These data were gathered between December 2020 and February 2021 and involved the participation of experts from Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Jamaica, Mexico, Peru, Uruguay, and Venezuela. We then validated the data with some of the experts for topics that required clarification.

This research has primary sources of information from 19 countries: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

In order to generate additional information from other countries in the region, we incorporated data from six more Latin American countries for which CEFIS had recent information (no more than two years old). That data were gathered through a questionnaire created by CEFIS and answered by the Pro Bono Network of the Americas, with whom a collaboration agreement was signed. The data was presented in the recent publication *Hacia un nuevo marco legal para las donaciones en Chile, América Latina, OCDE* (Aninat et al., 2020).² The six countries added through the availability of that CEFIS data are the Dominican Republic, El Salvador, Honduras, Nicaragua, Panama, and Paraguay. It is important to note that we only added data on the topics addressed in this study. As such, we generally analyse information for the 13 GPEI countries on topics of non-profit regulations. The study presents information from 19 countries on the legal framework of philanthropy and donations. The legislation and regulations are dynamic, so some elements may change by the time the publication is released.

¹ See annex.

² The study gathered data from countries based on a structured questionnaire directed at attorneys from Latin America and the Caribbean who were part of the Pro Bono Network of the Americas. The questionnaire addressed the legibility of recipient organisations, type and value of tax incentives, reporting and transparency criteria, the existence of endowments and legislation on international donations, among other topics.

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In order to present a comparative perspective on other regions, the bibliography includes recent OECD studies and global studies conducted by the Charities Aid Foundation (CAF).

The second phase of development of the study involved receiving feedback from members of the WINGS Working Group on Latin America and the Caribbean regarding the preliminary reflections in the study identified as critical for the region.³ The purpose of this step was to understand the concerns of the legal rules of the practice of philanthropy based on experience and to incorporate a collaborative and useful approach for those who lead philanthropic initiatives in the region.

The final phase included a round of interviews with experts on civil society and philanthropy from renowned institutions in the area. In order to include an external perspective and point of comparison with the international sphere regarding the data, three interviews were held with experts on the space and impact of civil society or regulations on philanthropy. The interview respondents were Rhodri Davies, the director of the CAF think tank Giving Thought, who specialises on philanthropy public policy and the work of CSOs; Débora Leao, a researcher from Civicus' Civic Space for America who specialises in strengthening citizen action and civil society; and Kinga Horvath, who currently directs the research for IUPUI's 2021 GPEI and has broad knowledge of and experience with public policy and philanthropy.

The vision and reflections gathered in the last two phases informed the study's conclusions and recommendations.

³ The feedback session was held during the first half of June 2021 and focused on three topics: regulations on governance of non-profits, the requirement to contribute to the public good present in OECD countries' legislation to apply to be an authorised recipient, and transparency standards for the region.

Regulations on philanthropy in Latin America and the Caribbean

The incorporation of non-profits is a way of materialising the right to freedom of association, a human right that is generally recognised at the constitutional level. In the legal sphere, countries set rules for the administrative processes related to the creation of non-profits. These rules establish tax exemptions and incentives for non-profits, thus recognising their contribution to the public interest or benefit of society. This is particularly important for organisations that are focused on both the mutual benefit of their associates (such as professional associations, co-ops, etc.) and on contributing to the common good through activities that are open to the community. This legal recognition through tax exemptions or incentives is a way to demonstrate the social commitment to the public good whether it is exercised by the State or a non-profit (European Economic and Social Committee, 2019).

Legislation also sets a series of protections and limits that strengthen public trust in this type of entities and protect the fiscal cost associated with tax concessions that are granted to non-profits.

The authors analyse the legal framework of a broad group of Latin American and Caribbean countries for non-profits throughout their life cycle. While this categorisation is broad, the study emphasises the sub-set that has as their purpose public benefit -a concept that is explored more below- and thanks to which donations are promoted by the regulations themselves, including donations to non-profits that develop philanthropy in the region. The study identifies the trends in the region, unique aspects present in some countries, and differences and similarities with other countries in the region.

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In general, in addition to meeting the administrative and oversight requirements set out in each country's legislation, three criteria must be met in order for a formal organisation to be recognised as a non-profit and have the opportunity to receive donations with tax incentives. The first basic criterion is to have no for-profit activities. This comes from any form of distribution of the profits that the organisation may generate through its activities. The second criterion is to have a purpose that benefits society. This is currently associated with a regulation that sets out a list of purposes that the legislation recognises as being of interest to society. The third and final criterion is public benefit, which regulates requirements meant to ensure that the entity's activities or the services that it provides are open or cover a broad section of the public. (OECD Tax Policy and Statistics Division, 2020)

The Organisation for Economic Cooperation and Development (OECD) uses the term “public benefit organisations” to refer to entities that create public value, whose activities are focused on a large number of beneficiaries, and that can receive philanthropic contributions and government funds and generate their own funds (including commercial activities). This type of entity can take on different legal forms depending on the country.

In the universe of non-profits, some countries distinguish between those that are for public benefit and those that are for mutual benefit. This differentiation is based on the final recipients of the organisations' actions. The services of mutual benefit non-profits are not open to the general public. Instead, they are restricted to a specific sub-group of society. (This is the case of unions, cooperative entities, professional associations, groups of co-owners, alumni associations, etc.) Public benefit organisations seek to reach society in general or a sufficiently broad segment of society.

In the universe of non-profits, some countries distinguish between those that are for public benefit and those that are for mutual benefit. This differentiation is based on the final recipients of the organisations' actions. The services of mutual benefit non-profits are not open to the general public. Instead, they are restricted to a specific sub-group of society. (This is the case of unions, cooperative entities, professional associations, groups of co-owners, alumni associations, etc.) Public benefit organisations seek to reach society in general or a sufficiently broad segment of society. While the majority of countries exempt all types of organisations from paying certain taxes, they restrict the ability to receive donations with tax incentives for donors to those that prove they are working for the public good. We use the term authorised recipients to refer to the subset of non-profits that work for the public good and are approved by the tax authority of each country to receive donations with tax incentives. For example, in the United States, all non-profits receive income tax exemptions, but those whose activities exclusively benefit their members and not the general public do not receive preferential treatment in terms of donations (Salamon, 1997) and as such cannot apply to be authorised recipients.

In most of the Latin American countries analysed in this study (nine out of 13), the legislation mentions public benefit, good or interest as a requirement for becoming an authorised recipient (Table 1). However, with the exception of Colombia, none of the countries offer a specific definition of the meaning and implications of the concept of public good. It is important to underscore the fact that the definition of this concept should be inclusive enough not to exclude purposes.

In the case of Colombia, one of the criteria for a non-profit applying to the “special regime” that allows it to receive donations with tax incentives is that its purpose and activities be of general interest and allow for community access. Something is considered to be of general interest when it broadly benefits a population or territorial group (sector, neighbourhood, or specific community). An entity is understood as allowing access to the community when it openly offers its services and activities. As in the United States, Colombian non-profits that are of mutual benefit have tax exemptions based on their non-profit status, but they cannot access the special regime (receive donations with tax incentives) if they only benefit closed groups.

Chile’s regulations are also interesting. Law 20.500 of 2001, which regulates associations and citizen participation in public management, defines public interest organisations as non-profit legal entities focused on promoting the general interest in citizen rights, social assistance, education, healthcare, the environment or any other public good (Article 15, our translation). However, there is no relationship between this definition in that legislation and the type of entities that can be authorised recipients, which is regulated by other laws regarding donations for specific purposes and the type of entity that can be the subject of donations.

Table 1: Consideration of the public good in regulations when applying to be an authorised recipient in Latin America and the Caribbean

Countries	No	Yes
Argentina	♦	
Barbados		♦
Bolivia		♦
Brazil		♦
Chile	♦	
Colombia		♦
Costa Rica		♦
Ecuador	♦	
Jamaica		♦
Mexico		♦
Peru	♦	
Uruguay		♦
Venezuela		♦

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

As we will see below, the countries of the region establish a specific regulatory framework for the life cycle of non-profits -their incorporation, governance, reporting, and closure- that allows them to access tax exemptions and benefits associated with philanthropic donations by individuals and companies.

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In general, the legislation imposes three requirements for an entity to be recognised as a non-profit and receive related tax benefits: having no for-profit purposes, having a purpose that is of value to society, and being of public benefit, that is, the activities that the entity conducts or the services that it provides must be open to the general public or reach a broad sector of society. In Latin America and the Caribbean, most regulations refer to the concept of public benefit or public interest as a criterion. However, it is not possible to identify a clear definition of the meaning of this concept and its formal implications. If we accept this notion, it is important to consider the criterion of being inclusive or including the opportunity to align purposes that are not described explicitly.

2

Incorporation and registration of non-profits

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The creation and incorporation of a non-profit by organised society are subject to various elements in the legal frameworks. Such frameworks may address elements such as the legal form that an entity of this kind can adopt, the process and estimated time required to incorporate it -which may or may not be regulated in the legislation-, transaction costs, the requirement of minimum required financing, and approval by State entities. While the regulations provide legal certainty regarding the process of creating a new entity, they may include obstacles to encouraging the incorporation of non-profits or may guide and facilitate the process.

Clarity regarding timeframes and registration criteria and the procedural economy that reduces monetary costs and prevents repetition of procedures by sharing information across public agencies are particularly important parts of the process of incorporating and registering a non-profit. This decreases the potential for discretionary decision-making on the part of officials and gives organisations certainty. It also reduces transaction costs related to legal incorporation and ensures broad participation in the system.

All of the countries of the region have laws that specifically regulate the incorporation, registration, and regulatory rules for operating non-profits. In Bolivia, Chile, Ecuador and Peru, the formal registration process is clearly established in transparent legislation. These countries also have laws that specify types of non-compliance and offer opportunities to make corrections based on the observations made by the responsible entity.

In fact, several countries have made progress in this regard since the 2010s. In 2013, Jamaica increased the number of formal rules for the sector through a new law that created a structured framework for the incorporation and tax benefits of these organisations, which also serves as a central government entity for supervising the sector. Chile passed Law 20.500 of 2011 on associations and citizen participation in public management, which regulated and streamlined the procedure for creating non-profit associations and foundations, simplifying the steps involved and identifying the counterpart entities within municipal agencies, thus decentralising, and accelerating the incorporation process. Ecuador passed the Regulation for Granting Legal Status to Social Organisations in 2017, which clarified and increased the flexibility of requirements for their incorporation and operation.

Legal forms of non-profits

The trend in Latin America, like elsewhere in the world, is to regulate the type of non-profit institutions that can be created, mainly in the form of foundations and associations. Both types of non-profits are incorporated voluntarily and must meet certain conditions for legal incorporation, such as having statutes that govern their operation. All associations' statutes must determine members' rights and duties, conditions for incorporation, participation, elections, and the form and reasons for exclusion. The condition of "member" thus involves the duty to follow the statutes and any agreements validly adopted by assembly and the association's other bodies in regard to monetary contribution and participation in its activities. All foundations' statutes should specify the form of operation and the assets to be contributed by the entity's founders, as well as the basic rules for applying resources to the foundation's purposes and for determining who the beneficiaries will be. When either type of non-profit is incorporated as a legal entity, it may enjoy certain rights that are inherent to this type of organisation and civil obligations such as owning property, being exempt from certain taxes, and being represented in court and otherwise. The main difference between these two types of entities is that the association is incorporated by bringing together a group of people around legal objectives of common interest, while a foundation does so through the availability of funds to meet a certain legal purpose that is of general interest defined by the founder(s). In other words, in the case of associations, a meeting is held by a group of individuals who govern themselves through the willingness manifested by its members. Foundations, for their part, are

organisations focused on a specific purpose -for which they have recipients- dominated by the element of assets and are governed based on the will of the founder.

Nearly half of the countries included in the study also allow non-profits to be formed as cooperatives (Colombia, Ecuador, Uruguay, Mexico, Brazil, and Costa Rica). In a smaller group of countries, trusts (Barbados, Jamaica, and Mexico) or endowments (Jamaica, Mexico, and Brazil) may be created. In a limited number of cases, these organisations can be created as charity organisations or corporations. This figure has tended to be merged with or replaced by others, as demonstrated in Table 2 below.

It is also possible to find other specific legal forms of incorporation by country. For example, in Peru, they may be created as committees.

Table 2: Legal forms of non-profits

Countries	Association	Foundation	Cooperative	Non-profit Corporation	Trust	Endowment	Charitable Corporation	Society
Argentina	◆	◆		◆				
Barbados	◆	◆		◆	◆			◆
Bolivia	◆	◆	◆	◆			◆	
Brazil	◆	◆						
Chile	◆	◆						
Colombia	◆	◆	◆	◆				
Costa Rica	◆	◆	◆					
Ecuador	◆	◆						
Jamaica	◆	◆			◆	◆	◆	◆
Mexico	◆	◆	◆		◆	◆		
Peru	◆	◆						
Uruguay	◆	◆	◆			◆		
Venezuela	◆	◆	◆					

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

All the countries of the region have laws that specifically regulate the incorporation, registration, and regulatory rules for operating non-profits. The trend is to regulate the type of non-profit institutions that can be created, mainly in the form of foundations and associations. Both types of non-profits are incorporated voluntarily and must meet certain conditions for legal incorporation, such as having statutes that govern their operation.

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Creating and registering a non-profit

Setting clear timeframes and procedures for legally registering a civil society organisation is a basic condition for its proper operation and development. Given the diversity of entities that comprise the universe of civil society organisation, which include foundations, associations, universities, hospitals, unions, athletic clubs, and religious organisations, it is not surprising that there are multiple procedures for creating them and a variety of records depending on their focus.

In many countries, there are various records and procedures for different purposes: initial registration as a non-profit, another process to obtain tax exemptions, a third process to access resources and to receive donations with tax incentives. For example, in Mexico the first step is to register the name of the non-profit in the Economic Secretariat. The founders must then register the entity with the tax entity to obtain the exemptions regime. The third step is to register with the National Social Development Institute (Indesol)⁴ in order to receive donations with incentives. During this process, authorities ensure that the organisation is a non-profit and meets public benefit purposes.

Timeframes and costs of initial non-profit registration

In most of the legal frameworks of the Latin American countries analysed, a timeframe is set for incorporating a non-profit, but the length of the process varies significantly from one country to the next. Three countries stand out because of their short 30-day timeframe (Colombia, Peru, and Venezuela). Five require 31 to 60 days to incorporate a non-profit (Brazil,⁵ Chile, Ecuador, Mexico, and Barbados) and three more take an estimated 90-plus days to do so (Argentina, Bolivia, and Jamaica). In Argentina, federal law is complemented by a regulatory procedure that each province establishes for registration. The processing times depend on each province.

In Uruguay and Costa Rica, the timeframes are not set by law. As such, they depend to a great extent on the legal form of the new entity and the review conducted by the public official who processes the request. In the case of Uruguay, the lack of a unified legal framework means that different criteria apply for the various types of civil society organisations (civil associations, foundations, cooperatives, unions, etc.), which creates inconsistencies in the bureaucratic process. In Costa Rica, officials consider whether the object of the organisation aligns with its nature. Both countries tend to require legal advising so that the steps follow the correct order and there are no setbacks or additional delays. All in all, the process lasts at least six months and can take up to a year.

The experts in Barbados, Ecuador, and Venezuela report that there is a difference between the timeframes stipulated by law for creating a non-profit and the time the process actually takes (Table 3). There are several reasons for this variation. For example, in Venezuela, the law established a period of up to 30 days, but in practice registration can take several months and may be subject to arbitrary requirements set by officials. In addition to the high degree of discretion that surrounds the internal operation of registration and the possibility that bribes will be requested, the request to create a non-profit may be denied without explanation. In Barbados, there is a lack of staff due to a restructuring of the public agency, which makes the process more difficult and timeframes longer.

⁴ Indesol is a Mexican government entity that is governed by the Technical Secretariat of the Commission to Promote Civil Society Organisation Activities. It is responsible for operating the Federal Registry of Civil Society Organisations (RFOSC).

⁵ In Brazil, the expert noted that it takes longer to register foundations because they must secure authorization from the Public Prosecution Service.

In practice, it takes over three months to legally incorporate a non-profit in the majority of the Latin American countries analysed. The process can take as few as two months only in Brazil, Chile and Mexico, and that number drops to one month in Colombia and Peru.

Table 3: Timeframes for the legal incorporation of a non-profit differentiating between legal stipulations and practical experience

Countries	Time set by law			Actual estimated time based on experience		
	Between 0 and 30 Days	31- 60 days	Over 90 Days	Between 0 and 30 Days	31- 60 days	Over 90 Days
Argentina			♦			♦
Barbados		♦				♦
Bolivia			♦			♦
Brazil		♦			♦	
Chile		♦			♦	
Colombia	♦			♦		
Costa Rica						♦
Ecuador		♦				♦
Jamaica			♦			♦
Mexico		♦			♦	
Peru	♦			♦		
Uruguay						♦
Venezuela	♦					♦

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

On the other hand, in the majority of countries in the region, there is a cost associated with creating a non-profit due to notary fees, and in some countries the process also involves a specific fee depending on the type of organisation. In the majority of the countries analysed, the average cost of registering a non-profit is up to US\$150. In three countries (Jamaica, Peru,⁶ and Uruguay), the average cost is between US\$300 and US\$500. There is a third group of countries (Bolivia,⁷ Costa Rica, and Mexico) in which legally registering a civil society organisation has a higher cost that ranges from US\$500 to US\$1000 as shown in Table 4. In Argentina, the cost varies by jurisdiction in accordance with each province’s regulations.

⁶ Notary expenses are particularly high in Peru. They are paid for each of the documents in the “registration act” (incorporation, appointment of the members of the Board, representative, etc.). In addition to high notary fees, there are registration costs and a set fee published annually on the page of the National Public Registry Superintendency (Gobierno de Perú, n.d.).

⁷ In Bolivia, service fees must be paid in order to acquire legal status and register a non-profit. For example, the official cost of the process is approximately US\$300 in La Paz.

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Table 4: Average cost of registering a non-profit organisation in dollars

	US\$0-50	US\$100-150	US\$300-500	US\$500-1000
Argentina		♦		
Barbados		♦		
Bolivia				♦
Brazil		♦		
Chile	♦			
Colombia	♦			
Costa Rica				♦
Ecuador	♦			
Jamaica			♦	
Mexico				♦
Peru			♦	
Uruguay			♦	
Venezuela		♦		

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

In some cases, other costs exist that are not clearly identified in the legislation, which makes it necessary to have advisors, as in Uruguay. In other countries, public officials have a great deal of discretion. This is the case in Venezuela, where requesting bribes is reportedly a widespread practice.

In most of the Latin American countries analysed, incorporating a non-profit takes longer than three months. Only in Brazil, Chile, and Mexico, the process can take as few as two months and that number drops to one month in Colombia and Peru. In the majority of countries there is a cost associated with creating a non-profit due to notary fees, and in some countries, the process also involves a specific fee depending on the type of organisation. The average cost of registering a non-profit is up to US\$150.

Requirement of minimum capital for creating a non-profit

In the majority of the Latin American countries analysed, minimum initial capital is not required to create a non-profit. The exceptions are Argentina, Bolivia, Colombia, and Mexico, as shown in Table 5 below. In Colombia, this impacts the cost of registering a non-profit. According to the rates set by the government,⁸ these vary based on the initial assets reported when the entity is incorporated. The minimum initial amount required is just US\$50.

In short, Bolivia has the most burdensome process for creating a non-profit. In addition to a minimum amount of US\$1,500 required to create a foundation -the highest among the countries that require minimum capital-, it requires a benevolence document or donation of at least US\$2,800. In 2017, regulatory changes were introduced in Ecuador to reduce the administrative requirements related to this process. The country eliminated the requirement that organisations show that they had between US\$400 and US\$4,000, as had been the case previously.⁹ In Brazil, the legislation only establishes a minimum amount of capital for foundations.

Table 5: Requirement of minimum capital for creating a non-profit

Country	No	Yes	Required amount in US\$
Argentina		♦	\$530
Barbados	♦		
Bolivia		♦	\$1500
Brazil	♦*		
Chile	♦		
Colombia		♦	\$50
Costa Rica	♦		
Ecuador	♦		
Jamaica	♦		
Mexico		♦	\$500
Peru	♦		
Uruguay	♦		
Venezuela	♦		

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

* Brazil does require a minimum amount of capital in order to create a foundation.

Considering the average cost of registering a non-profit and the need for minimum capital, the most expensive countries in terms of founding a non-profit are Bolivia and Mexico. The costs related to registering a foundation tend to be higher than those involved with registering an association.

⁸ The most recent change was established by Decree 1756 of 2020.

⁹ The Regulation for Granting Legal Status to Social Organisations was modified.

The entity responsible for registering non-profits

In the majority of Latin American and Caribbean countries, the task of verifying and validating the requirements and granting legal status falls to a public agency that is part of the central or federal government,¹⁰ as observed in Table 6. In a small group of countries, the non-profit must be registered with a local entity. In Chile, this process is completed in each municipality (the primary unit of territorial administration and representation). In Colombia, by contrast, it is done before a private entity -the cities' chambers of commerce- in accordance with the requirements established by law. This is particularly interesting, as while the requirements that entities must meet were established by law, the body that handles the process is not part of the State. It is responsible for verifying that the requirements have been met and for completing the entire process. This model that should be the subject of further study, as it may provide a solution to measures that restrict the space in which civil society can develop.

Table 6: Type of public agency responsible for registering the creation of a non-profit

	Central or federal government	Local government	Other
Argentina		♦	
Barbados	♦		
Bolivia	♦		
Brazil		♦	Public attorney for foundations ¹¹
Chile		♦	
Colombia		♦	
Costa Rica	♦		
Ecuador	♦		
Jamaica	♦		
Mexico			Tax Service Administration (Servicio de Administración Tributaria, SAT)
Peru	♦		
Uruguay	♦		
Venezuela	♦		

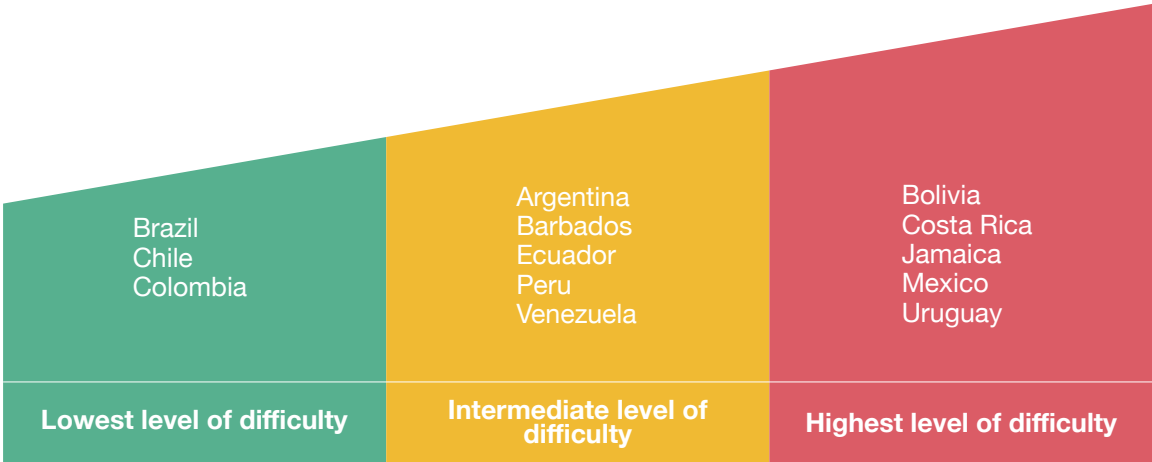
Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

¹⁰ In Argentina, the law is applied at the state level, but the formal application process is completed before a provincial entity. In Brazil, for some entities that work in specific areas such as healthcare, education, and social assistance, the law requires that the entity register with specialised public councils.

¹¹ In Spanish, the term is "fiscalía para fundaciones."

It is worth noting that, based on the data in Tables 3-6, countries that require that non-profits be registered at the local level have a process that takes up to 60 days, while the same process takes over 90 days when the non-profit is registered at the central or federal level.

If we combine the four variables analysed in the process of incorporating and registering a non-profit -the amount of time it takes to register,¹² associated costs, requirement for minimum capital if applicable, and the level of decentralisation of the agency responsible for the process (local, regional, national)-, we can identify three levels for their creation and registration in the region.¹³ The first level, which has the lowest degree of difficulty, establishes simpler, less costly processes for incorporating a non-profit. This is found in Brazil, Chile, and Colombia. The intermediate level in regard to monetary and procedural requirements for organisations that seek legal status is found in Argentina, Barbados, Ecuador, Peru, and Venezuela. The highest levels of difficulty with high requirements and procedural costs associated with creating a non-profit are found in Bolivia, Costa Rica, Jamaica, Mexico, and Uruguay.



Simpler and less expensive processes for registering non-profits.

Complex monetary and procedural requirements for the constitution of non-profits.

Processes with high demands and procedural costs for registering non-profits.

In short, while there has been significant progress in some Latin American and Caribbean countries since 2010, the region’s regulations generally continue to set a medium level of procedural difficulty for incorporating new non-profits.

¹² To determine the amount of time it takes to register a non-profit, we considered the time it actually takes in practice when there is a difference between the legal timeframe and actual timeframe. See Table 3.

¹³ A score was assigned to each variable in levels 2-4 based on the aggregate data from Tables 3, 4, 5 and 6.

3

Non-profits as authorised recipient institutions

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In the universe of non-profit entities, it is possible to distinguish between those that are for mutual benefit -that is, mainly focused on a group of members- and those that are for the public good, as we mentioned above. The element that distinguishes the two groups is the orientation towards activities that are open to the general community, which are identified with a purpose that the legislation has recognised as a public good. There are criteria and procedures for recognising an entity as an authorised recipient. This status mainly allows the non-profit to receive donations from people and companies subject to tax incentives that reduce the cost of the donation for the donors.

Procedure

In Latin America and the Caribbean, as in the OECD countries, the regulations tend to set a series of additional requirements for incorporating non-profits in order to receive special tax treatment and become what we have called authorised recipients. The requirements generally include completing a registration process, often with officials who specialise in CSOs, and with each country's tax agency. According to the OECD, countries tend to follow three general approaches: the tax administration is responsible for the accreditation process; the responsibility is shared between the tax administration and an entity with jurisdiction in this area such as an independent commission; or the responsibility falls to another department and not the tax administration (OECD Tax Policy and Statistics Division, 2020).

The countries included in this study have two different types of processes for securing authorised recipient status. One is the staircase system, in which the procedures are sequential or involve completing successive steps. The other is a patchwork system that offers different incentives or procedures that vary depending on the non-profit's purpose or goals (Charities Aid Foundation, 2016).

The majority of countries in Latin America and the Caribbean have a staircase system. These sometimes require applicants to complete two or three steps, as occurs in high-income or high-philanthropic donation countries. (Aninat *et al.*, 2020). However, as Table 7 shows, one third of the countries analysed in the region have a patchwork system: Bolivia, Brazil, Chile, the Dominican Republic, Nicaragua, Peru, and Venezuela. These countries have a single procedure for non-profit registration, but the registering entities must then follow different, non-consecutive procedures to obtain the status of authorised recipient institution based on the purpose of the organisation. In countries like Brazil and Chile, several of the regulations establish that the status of the authorised recipient institution is not given to the organisation as a whole. Rather, it must submit specific projects that are approved one by one by a public entity in order to have the opportunity to receive donations with tax incentives. The rules for approving projects and the public counterpart tend to differ based on the various purposes for which the non-profit will work, which makes the procedures more complex and costly.

The majority of the countries in Latin America and the Caribbean have a staircase system for securing authorised recipient status with two or three steps, as occurs in high-income or high-philanthropic donation countries (Aninat *et al.*, 2020).

Table 7: Type of procedure for securing authorised recipient institution status

Country	Staircase system	Patchwork system (various non-consecutive steps)
Argentina	♦	
Barbados	♦	
Bolivia		♦
Brazil		♦
Chile		♦
Colombia	♦	
Costa Rica	♦	
Dominican Republic	♦	
Ecuador	♦	
El Salvador	♦	
Honduras		♦
Jamaica	♦	
Mexico		♦
Nicaragua	♦	
Panama	♦	
Paraguay		♦
Peru	♦	
Uruguay	♦	
Venezuela		♦

Source: Developed by the authors based on the additional questionnaire to the GPEI (Lilly Family School of Philanthropy, 2018) and the questionnaire created by CEFIS and answered by the Pro Bono Network of the Americas (Aninat et al., 2020).

Purposes of public interest

One characteristic of non-profits is that they are the result of the interest and will of a founder or group of people who seek to promote or support a specific issue. In some cases, the goal is related to lack of attention paid to that topic by the State or a specific group that is left out of public policies. As such, a unique characteristic of this sector is that it addresses a broad range of topics or purposes, and one of its main attributes is that it provides solutions to the groups it serves, often integrating and combining various purposes into its work. In this context, it is important that the recognition of the public good that non-profits contribute as a criterion for being authorised recipients is reflected in the lists of purposes recognised in the legislation. The lists of purposes recognised as appropriate for non-profits that should be allowed to receive donations with tax incentives may be inclusive, seeking to integrate new purposes that become important over time. They also may be taxative and limit the scope of purposes of entities that may receive donations with tax incentives. In high-income or high-philanthropy countries, these lists tend to be inclusive and incorporate a mechanism for including new purposes or a broad definition of those that contribute to the wellbeing of the community (Aninat et al., 2020). England has a list of 13 purposes that qualify an organisation to receive donations with tax incentives. The thirteenth category makes it clear that new topics may be included in the future. This category states: other purposes that are currently recognised as charitable or are in the spirit of any purposes currently recognised as charitable by England and Wales. (Charity Commission for England and Wales, n.d.) This characteristic is especially important for

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three reasons. First, it allows purposes to be incorporated that are important for emergencies, such as those related to the pandemic. Second, it provides space for purposes that are often left aside or may go against the interests of certain governments, such as environmental or LGBTQ+ causes.

Finally, it means that it is not necessary to change the legislation in order to add new purposes. In fact, the OECD level, the broad majority of member states recognise a large number of purposes that qualify for tax incentives. The most restrictive of this group of 40 countries are Argentina, Bulgaria, Chile, Indonesia, Malta, and South Africa, only two of which are in Latin America. (OECD Tax Policy and Statistics Division, 2020)

By contrast, in Latin American and Caribbean countries, the lists of purposes tend to be defined concretely and the legislation must be modified in order to add new purposes. Mexico stands out as the country in this region with the most admissible purposes (16) followed by Barbados (15) and Jamaica (13). The countries with the most limited lists include Bolivia (which only accepts five purposes) and Brazil (with seven), which is noteworthy because they leave out common purposes such as poverty reduction, education including higher education in the case of Bolivia, and indigenous cultures.

The most frequently mentioned purposes in the regulations of the countries of the region include education followed by disabilities and healthcare (and health research) and art, culture, and heritage along with higher education.¹⁴ The least frequently mentioned are international causes, which are only recognised in Mexico, followed by human rights, access to water and sanitation, and athletics (Table 8).

In the universe of non-profit entities, it is possible to distinguish between those that are for mutual benefit -that is, mainly focused on a group of members- and those that are for the public good, as we mentioned above. The element that distinguishes the two groups is the orientation towards activities that are open to the general community, which are identified with a purpose that the legislation has recognised as a public good. There are criteria and procedures for recognising an entity as an authorised recipient. This status mainly allows the non-profit to receive donations that are subject to tax incentives that reduce the cost of the donation for the donors. In this context, it is important that the recognition of the public good that non-profits contribute as a criterion for being authorised recipients is reflected in the lists of purposes recognised in the legislation. It is crucial that the authorised lists of purposes be inclusive, that is, that they seek to cover the largest number of causes that non-profits work on, adding new purposes that become important over time.

¹⁴ The purposes most frequently included in OECD countries are wellbeing, education, scientific research, and healthcare. (OECD Tax Policy and Statistics Division, 2020)

Table 8: Purposes of non-profits that that can receive donations with tax incentives by country

Purpose	Country										
	Argentina	Barbados	Bolivia	Brazil	Chile	Colombia	Jamaica	Mexico	Peru	Uruguay	Venezuela
Animals		♦				♦	♦	♦			♦
Art, culture, and heritage		♦		♦	♦	♦	♦	♦	♦		♦
Disabilities	♦	♦		♦	♦	♦	♦	♦		♦	♦
Education	♦	♦		♦	♦	♦	♦	♦	♦	♦	♦
Energy		♦	♦					♦			
Environment		♦	♦			♦	♦	♦	♦		♦
Nutrition		♦			♦	♦	♦	♦			♦
Health and research	♦	♦	♦	♦			♦	♦	♦	♦	♦
Higher education	♦	♦			♦	♦	♦	♦	♦	♦	
Housing and economic development		♦			♦		♦	♦		♦	
Human rights		♦				♦	♦	♦			
International causes								♦			
Poverty reduction	♦	♦			♦	♦	♦	♦	♦		
Worship	♦	♦	♦			♦	♦	♦			♦
Access to water and sanitation		♦				♦		♦			♦
Youth, family, and older adults		♦	♦	♦			♦	♦		♦	
Sports				♦	♦	♦			♦		
Other	♦			♦	♦				♦	♦	♦
Total purposes included	7	15	5	7	9	12	13	16	8	7	10

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018). Ecuador is excluded from the analysis because it does not have tax incentives for donors. We did not receive a response to this question from Costa Rica. The "other" category covers specific areas in each country.¹⁵

¹⁵ Argentina specifies scientific and technological research. Brazil mentions oncology. Chile specifies drug and alcohol rehabilitation. Peru specifies indigenous cultures, charity, social assistance and welfare, and science. Uruguay includes social rehabilitation and Venezuela includes professional associations.

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Equitable processing for different purposes

There are two approaches used in countries' regulations to address the list of public good purposes recognised as the destination of donations with tax incentives. The first is the egalitarian approach¹⁶ under which the various purposes included in the system can access to same tax benefit in recognition of the fact that all of these causes have the same importance and validity for the State. This gives legitimacy to the various purposes that non-profits address and recognises that many of them work on more than one area. There is also a differentiated approach in which the legislation provides more tax benefits to some purposes than it does to others. This is based on the idea that some are more important to society because they generate a greater public good or are based on the fact that they have lower public spending, and thus more efforts must be made to attract private donors. While the fact that there are different tax incentives for donors may be due to context-related elements that shape the laws in each country, the concept of inequity behind it continues to exist and is recognised and validated through the legislation.

The Latin American and Caribbean countries analysed are divided between the two approaches: half have the egalitarian approach, with a single incentives system for all of the goals sought by authorised recipient institutions, and the other half uses a differentiated system. In the majority of the countries with an egalitarian approach, the procedure for becoming an authorised recipient institution involves stages or, as we said previously, a staircase system. That is the case of Argentina, Barbados, Colombia, Jamaica, and Mexico. On the other hand, in many of the countries with a differentiated approach there are also multiple procedures involved with becoming an authorised recipient (patchwork system), as is the case of Brazil, Chile, Peru, and Venezuela. The various types of legislation that regulate tax benefits that authorised recipient institutions can access do not tend to provide the same tax incentives, generating differentiated treatment for authorised recipient institutions depending on the topic that their work addresses.

Finally, it is important to note that the fact that a country has equal incentives for different purposes does not mean that it covers a broad and inclusive number of them. This is the case of Argentina and Bolivia where there is equal tax treatment regarding incentives for donors, but numerous purposes of non-profits are excluded from receiving donations with tax incentives (Table 9).

There are two approaches to defining which purposes receive tax incentives. The equal approach gives the same tax incentive to all causes. Under the the differentiated approach, the legislation provides greater tax benefits for certain purposes.

¹⁶ Countries with both a high-income level and high level of philanthropic development generally opt for an egalitarian approach. (Aninat *et al.*, 2020)

Table 9: Approach to assigning tax incentives for accepted purposes by country

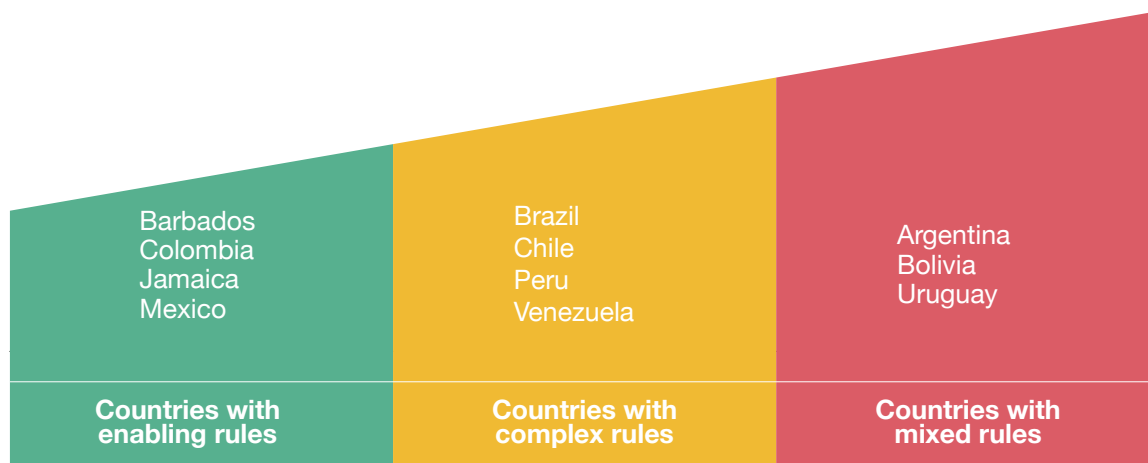
Country	Differentiated	Egalitarian
Argentina		♦
Barbados		♦
Bolivia		♦
Brazil	♦	
Chile	♦	
Colombia		♦
Costa Rica	♦	
Jamaica		♦
Mexico		♦
Peru	♦	
Uruguay	♦	
Venezuela	♦	

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018). Ecuador is not included in the analysis because it has no tax incentives for donors.

The procedure that allows a non-profit to be recognised as an authorised recipient institution along with the breadth of purposes considered in a country’s legislation in regard to tax incentives or the approach (egalitarian or differentiated) that is given to those incentives allows us to identify two differentiated trends in the region. One group of countries has rules that facilitate the participation of non-profits in the donations system. They have a staircase system that generates a procedural economy that simplifies the process. This group is also characterised by the breadth of purposes recognised in the legislation based on equal treatment that allows the non-profit to focus their work on more than one area. This group includes Barbados, Colombia, Jamaica, and Mexico.

A second group of countries is characterised by *complex rules for non-profits’ participation in the donations system*. They have a system of multiple steps (or patchwork) with high procedural and bureaucratic costs as well as limited lists of recognised purposes that result in differentiated treatment in terms of tax incentives. This makes it harder for non-profits to focus on more than one area. This group includes Brazil, Chile, Peru, and Venezuela. Another group of countries combines some enabling aspects with others that make participation of non-profits in the donations system more difficult. This includes Argentina, Bolivia, and Uruguay.

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Countries with a procedural economy that simplifies the process for non-profits and allows them to focus their work on more than one area.

Countries with high procedural and bureaucratic costs that make it harder for non-profits to focus on more than one area.

Combination of enabling aspects with others that make participation of non-profits in the donations system more difficult.

There is a group of countries characterised by rules that facilitate the participation of non-profits in the donations system. It is based on a staircase model that simplifies processes and recognises multiple purposes based on equal treatment, allowing the non-profit to focus their work on more than one area.

On the other hand, there is a second group of countries characterised by complex rules, a multi-step system (or patchwork), high procedural and bureaucratic costs, and limited lists of recognized purposes, which makes it difficult for non-profits to cover several purposes.

A third group of countries combines some enabling aspects with others that make participation of non-profits in the donations system more difficult.

4

Tax exemptions and incentives for donations

Tax incentives for non-profits registered as authorised recipients

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Various studies show that the majority of the countries in the world establish incentives for donations to public goods (Charities Aid Foundation *et al.*, 2014; OECD Tax Policy and Statistics Division, 2020). One of the factors that facilitates monetary contributions by individuals and companies is tax incentives because they reduce the cost of donations, avoid opportunistic behaviours and, if they are designed well, mobilise resources to public goods at a lower cost than the tax cost that this type of exemption presents at the tax level (Charities Aid Foundation, 2016; Guzmán and Irarrázaval, 2008).

Non-profits are generally recognised in the legislation as key entities in a donations system. Most of the legislation that establishes tax incentives for donors states that they must be channelled through non-profits that register as authorised recipients. Few countries encourage donations directly to the final beneficiary (and they generally do so in case of catastrophe). This intermediation allows tax waivers, which means that all tax incentives can be channelled through public welfare entities. In other words, in addition to being a non-profit, they are entities that are open to the community and their work is focused on a public interest included in the legislation.

While only non-profits that have authorised recipient status (based on the procedure outlined in Section 3) can channel donations with tax incentives, in general non-profits turn to other sources for resources: public funds, memberships, and self-generated income. Non-profit status is also recognised in the legislation of most countries based on a series of tax exemptions for all non-profits, whether they are for mutual benefit or private benefit. Below, we review both incentives have been created to allow non-profits to achieve the status of authorised recipient and tax exemptions for all types of organisations.

Tax incentives for non-profits registered as authorised recipients

According to the United Nations Development Programme (UNDP), Latin America and the Caribbean is a middle-income region. The John Hopkins Comparative Non-profit Sector Project states that donations represent between 14 and 21% of non-profits' total income in this type of country or region (Irarrázaval *et al.*, 2017).

Within the incentives system for donations, there are three factors that affect the effective mobilization of resources from donors: the existence of a tax on donations, which is perceived as a disincentive; the existence of tax incentives for individuals and companies; and limitations or maximums on donations with tax incentives.

These factors shape the tax incentives available for donations, but their ability to drive donations depends on the general tax rates in place in a country for individuals and corporate entities. Some countries, like Singapore, have high tax incentives, but their tax rates are fairly low (20%) compared to those of high-income countries like Canada (46%), Australia (45%), the United Kingdom (45%) or even Mexico (35%), which makes incentives in those countries more influential on donor behaviour (Charities Aid Foundation, 2016).

The existence of tax incentives for philanthropic donations are the rule and not the exception at the global level (Charities Aid Foundation *et al.*, 2014). All in all, it is important to note that one can generally access those incentives when one donates to organisations that have authorised donor status.

General tax on donations

The existence or lack of a general tax on donations is a base variable in the configuration of the donations system, which functions as a disincentive because it establishes a high additional cost to the donation made for those purposes or a non-profit that has authorised recipient status. The trend in high-income and high-philanthropy countries and in most of the Latin American and Caribbean countries analysed in this study is the lack of a general tax on donations, as shown in Table 10. In all of the countries in which there is a general tax on donations, laws have been passed that offer special exemptions for certain purposes. However, in these countries, the general tax on donations must be paid in order to donate to a non-profit that works in an area not identified in these special laws. This situation generates a differentiated approach between a selection of purposes that are associated with tax incentives on donations and others that do not have special laws and face a disincentive to donations or added cost on them.

The existence of this general tax donations tends to be linked to the fact that the legal reference of donations is framed by regulations on inheritance and legacies in some Latin American and Caribbean nations. Donations are thus conceived of as a living inheritance more than as a philanthropic contribution to public goods. This concept is more recent in the legislation of the region (Table 10).

Table 10: Existence of a general donation tax and laws with special exemptions by country

Country	Is there a general tax on donations?		Existence of laws that remove the tax on donations
	No	Yes	
Argentina	♦		
Barbados	♦		
Bolivia		♦	♦
Brazil		♦	♦
Chile		♦	♦
Colombia		♦	♦
Costa Rica	♦		
Ecuador	♦		
Jamaica	♦		
Mexico		♦	♦
Peru	♦		
Uruguay	♦		
Venezuela	♦		

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

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Incentives for donations

At the global level, tax incentives for philanthropic donations are not the exception but the rule at the OECD and global levels (Charities Aid Foundation, 2014; OECD Tax Policy and Statistics Division, 2020).¹⁷ Along these same lines, all of the Latin American and Caribbean countries analysed in this study have tax incentives for philanthropic donations except for Ecuador, as seen in Table 11.

Table 11: Existence of tax incentives for philanthropic donations by country

Country	No	Yes
Argentina		♦
Barbados		♦
Bolivia		♦
Brazil		♦
Chile		♦
Colombia		♦
Costa Rica		♦
Dominican Republic		♦
Ecuador	♦	
Jamaica		♦
Mexico		♦
Peru		♦
Uruguay		♦*
Venezuela		♦
Honduras		♦
El Salvador		♦
Nicaragua		♦
Panama		♦
Paraguay		♦

Source: Developed by the authors based on the additional questionnaire to the GPEI (Lilly Family School of Philanthropy, 2018) and the questionnaire developed by CEFIS and answered by the Pro Bono Network of the Americas (Aninat et al., 2020).

* In Uruguay, only companies receive tax incentives.

While the majority of the countries in the region encourage donations of resources, a minority (Barbados, Chile, Colombia, the Dominican Republic, Mexico, and Venezuela) have a tax incentive for donations from inheritances and legacies (see Table 12).

¹⁷ According to a 2014 CAF comparative study on the legal environment in 193 countries from different regions of the world, tax incentives for donations are the norm at the global level. Tax incentives are offered to companies in 77% of the countries analysed and to individuals in 66% of them. In the OECD Tax Policy and Statistics Division study from 2020, the 40 countries analysed have tax incentives for individuals or companies.

Table 12: Forms of donations that have tax incentives by country

Countries	Donations	Inheritance and Legacy	No incentives
Argentina	♦		
Barbados	♦	♦	
Bolivia	♦		
Brazil	♦		
Chile	♦	♦*	
Colombia	♦	♦	
Costa Rica	♦		
Dominican Republic			♦
Ecuador	♦		
El Salvador	♦	♦	
Honduras	♦		
Jamaica	♦		
Mexico	♦	♦	
Nicaragua	♦		
Panama	♦		
Paraguay	♦		
Peru	♦		
Uruguay	♦		
Venezuela	♦	♦	

Source: Developed by the authors based on the additional questionnaire to the GPEI (Lilly Family School of Philanthropy, 2018) and the questionnaire developed by CEFIS and answered by the Pro Bono Network of the Americas (Aninat et al., 2020).

* In Chile, inheritance funds may only be donated for cultural purposes and for rebuilding the country following a catastrophe.

It is also important to identify the type of incentive that countries set out in their legislation. These can take the forms of a deduction or a credit. Tax deductions generally make the donation less effective, or a part of it less effective, as they are based on the income tax prior to the calculation of the tax rate, which reduces the taxable base prior to calculating the tax. In countries with progressive income tax for individuals, the deduction tends to favour higher income donors because the benefit of the deduction increases with the marginal tax rate of the donor. This means that the cost of donations is lower for those with higher incomes and is thus incorporated into legislation more for corporate donations than for individuals ones. (OECD Tax Policy and Statistics Division, 2020) In the legislation of several Latin American countries, it is common to refer to the deduction as an “expenditure necessary to produce income.” It tends to be applied to companies.

On the other hand, the donor tax credit reduces a percentage of the donation made on the tax that the donor is to pay. That amount is subtracted from the tax liability once it is calculated. Unlike tax deductions, the same proportion of the tax benefit is given to all taxpayers regardless of their income level as long as their tax liability is equal to or greater than the value of the credit (OECD Tax Policy and Statistics Division, 2020). As such, in terms of the benefit of the incentive, the credit is the fairest for all segments because the donor receives the same incentive regardless of the tax rate they are responsible for paying. Countries tend to select or combine different types of tax incentives, which may vary depending on whether they involve individuals or legal entities (businesses) and by type of donation (monetary, goods or services, capital, or shares).

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As is the case in OECD countries,¹⁸ all of the Latin American and Caribbean countries analysed in this study except for Ecuador have an incentive for donations made by companies, mainly in the form of a deduction. Only companies in Chile and Uruguay enjoy a combination of tax credit and deductions for certain purposes.

In the case of tax incentives for individuals, there is a marked trend towards deduction in Latin American and Caribbean countries, as is established in the majority of OECD countries. (OECD Tax Policy and Statistics Division, 2020) In Chile¹⁹ and Colombia, individuals enjoy both types of tax benefits, have access to a tax credit, and can deduct the remaining amount from their taxable income. Ecuador and Uruguay do not have tax incentives for donations for individuals, as shown in Table 13.

Table 13: Tax incentive type by donor type and country

Countries	Individual			Corporate		
	Credit	Deduction	No incentives	Credit	Deduction	No incentives
Argentina		♦			♦	
Barbados		♦			♦	
Bolivia		♦			♦	
Brazil		♦			♦	
Chile	♦	♦		♦	♦	
Colombia	♦	♦			♦	
Costa Rica		♦			♦	
Dominican Republic		♦			♦	
Ecuador			♦			♦
El Salvador		♦			♦	
Honduras		♦			♦	
Jamaica		♦			♦	
Mexico		♦			♦	
Nicaragua		♦			♦	
Panama		♦			♦	
Paraguay		♦			♦	
Peru		♦			♦	
Uruguay			♦	♦	♦	
Venezuela		♦			♦	

Source: Developed by the authors based on the additional questionnaire to the GPEI (Lilly Family School of Philanthropy, 2018) and the questionnaire developed by CEFIS and answered by the Pro Bono Network of the Americas (Aninat et al., 2020).

¹⁸ Of the 40 countries analysed in the OECD study (2010), only Sweden does not provide incentives for corporate donations.
¹⁹ In Chile, the types of incentives for companies and individuals depend on the purpose and the terms set out in each special legislation.

In short, when we analyse the incorporation of the various factors that define a tax incentives system for donations (existence of a tax on the donation, tax incentives for individuals and corporations, and the types of donation that have incentives), Barbados and Venezuela stand out because they do not have a general tax on donations, encourage donations from corporations and individuals, and allow for donations from inheritances and bequests in addition to the donor's own capital. It is interesting to look at how the existence of a facilitating regulation that benefits the donor in Venezuela does not align with the state of the country's philanthropic ecosystem. In practice, it is increasingly difficult and risky for civil society to express itself, which undermines the philanthropic ecosystem that the country could have. Colombia, Costa Rica, Mexico, Jamaica, Peru, Panama, and the Dominican Republic also have several of these elements. The most limited are Ecuador (which does not have incentives) and Uruguay (which has no incentives for personal donations).

Limitations on the amount with tax incentives

The legislation tends to set maximum limits on the amounts donated that can be subject to tax benefits, mainly in order to control the magnitude of the tax relief that the State is willing to assume in order to encourage donations. The limits tend to be based on a percentage of the income (pre-tax income, net income, or taxable income) or on a specific amount. Donations over that limit will not yield a tax benefit for the donor.

In general, the limits placed on individual donors in Latin American countries are established in relation to a percentage of the income, whether taxable liquid income or net income. The percentages range from 4% to 20% of taxable income. The maximum is 25% when the limit is calculated in relation to the value of the donation, as is the case in Colombia. Only Panama establishes a set amount in its own currency as the limit on donations subject to tax incentives. The amounts range from 10% of gross income and 100% of taxable income for OECD countries, though several set a limit in local currency (OECD Tax Policy and Statistics Division, 2020).

In the case of companies, the maximum donation subject to tax incentives in Latin America and the Caribbean ranges from 1% of the taxable or gross income (Panama and Paraguay) to 75% of the amount of the donation made in the case of Uruguay, which has no incentives for individuals (Table 14).

Table 14: Limits on the maximum amount that can be donated with tax incentives

Countries	Individual	Corporate
Barbados	15% of annual income	No data
Bolivia	10% of the benefit subject to the tax	10% of the benefit subject to the tax
Brazil	Variable, generally 6% of the income tax	Variable, generally 1% of the income tax, maximum of 4%
Chile	20% of taxable income or 320 tax units	5% of taxable income
Colombia	25% of the amount donated	25% of the amount donated
Costa Rica	10% of the donor's net income	10% of the donor's net income
Dominican Republic	Variable	5% of taxable net income.
Ecuador	Ecuador has no tax incentives for donors, but it does have a maximum donation amount that varies each year.	
El Salvador	20% of the net income less value of the donation	20% of the net income less value of the donation
Honduras	10% of the taxable income	No limits have been established.
Jamaica	5% of income	5% of income
Mexico	From 4 to 7% of the taxable income generated in the previous year*	7% of taxable income
Nicaragua	10% net income	10% net income
Panama	Amount set in national currency: 50,000 balboas	1% of the taxable income
Paraguay	20% of the taxable income	1% of the gross income
Peru	10% of net income	10% of net income
Uruguay	No incentive	75% of the donation
Venezuela	Between 8 and 10% depending on whether or not the donor's net income is over 10,000 tax units	Between 8 and 10% depending on whether or not the donor's net income is over 10,000 tax units. 1% if the activities are related to hydrocarbons or mineral exportation.

Source: Developed by the authors based on the additional questionnaire to the GPEI (Lilly Family School of Philanthropy, 2018) and the questionnaire developed by CEFIS and answered by the Pro Bono Network of the Americas (Aninat et al., 2020).

No response was provided by Argentina.

*In Mexico, the percentage varies based on the type of entity that is to receive the donation. If it is an authorised donation, it is 7%, and if it is a federal, municipal or other entity, it is 4%.

Tax exemptions for non-profits

There are two approaches that legal frameworks tend to use to address tax treatment of non-profit entities. The first is to release them from paying any taxes (or from some taxes), and the second is to consider that all forms of income are taxed but to allow these entities to reduce their taxable income by reinvesting now or in the future in efforts to meet their goals. Countries that follow the first approach tend to exclude non-taxable income such as donations from the tax base (OECD Tax Policy and Statistics Division, 2020).

All of the countries analysed in Latin America and the Caribbean with the exception of Chile release non-profits from income tax. This trend is also observed in OECD member states (OECD Tax Policy and Statistics Division, 2020).

In regard to other taxes, over half of the countries release non-profits from property taxes: Bolivia, Colombia, Costa Rica, Ecuador, Jamaica, and Uruguay. While all non-profits are exempt from income tax in Mexico, only some are exempt from paying property taxes and some are even exempt from paying taxes on water (mainly organisations that are considered to provide private assistance, such as hospitals and orphanages).

A small number of countries also exempt non-profits from paying taxes on inheritance if they receive donations from such sources (Bolivia, Uruguay, Venezuela, Mexico, and Brazil), and some (Barbados, Jamaica, Uruguay, and Venezuela) also release them from value added tax (VAT), as shown in Table 15 below.

Table 15: Types of tax exemptions for non-profits by country

Exemption for	Value Added Tax	Income tax	Property tax	Inheritance tax
Argentina		♦		
Barbados	♦	♦		
Bolivia		♦	♦	♦
Brazil		♦		♦
Chile*				
Colombia		♦	♦	
Costa Rica		♦	♦	
Ecuador		♦	♦	
Jamaica	♦	♦	♦	
Mexico		♦	♦	♦
Peru		♦		
Uruguay	♦	♦	♦	♦
Venezuela	♦	♦		♦

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

*In Chile, being incorporated as a non-profit does not result in tax exemption. Such exemptions require presidential authorization.

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In short, Uruguay is the country with the most tax exemptions for non-profits, followed by Bolivia, Jamaica, Venezuela, and Mexico.

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Non-profits face significant challenges related to financial sustainability. Donations represent between 14 and 21% of non-profits' income, while self-generated income represents between 57 and 67% of total non-profit revenue.

Non-profits face significant challenges related to financial sustainability, particularly those that focus on the public good. This has generated a concern for regulating the various types of income sources. Self-generated income is an important source of revenue for non-profits. As we have mentioned, Latin America and the Caribbean is a middle-income region. According to the Johns Hopkins Comparative Non-profit Sector Project (regarding this type of country), donations represent between 14 and 21% of non-profits' income, while self-generated income represents between 57 and 67% of total non-profit revenue (Irrarrazaval et al., 2017). These numbers show the importance of economic activities for this type of organisation.

On the other hand, given that non-profits have income and sales tax exemptions in most countries, the legal frameworks tend to incorporate special regulations for the financial activity of this type of entities given that special tax treatment can cause distortions in the commercial market. As such, regulations focus on the generation and allocation of income and their relationship to the purpose of this type of organisations.

As such, the goal is to balance non-profits' need to generate income in order to ensure their long-term stability with the fair operation of the market in an effort to avoid allowing their activities to generate distortions in it. This is an important discussion to have given the emergence of social enterprises.

Alongside this type of income, public funds, and traditional monetary donations, the countries regulate other tools meant to strengthen non-profits' sustainability. These include endowments as an extensively used tool in high-philanthropy countries. Such funds are generally encouraged in their legislation, though they do not tend to be a frequently used financial sustainability tool among philanthropic entities in Latin America and the Caribbean.²⁰ Another possible source of funding is donations from abroad. Finally, it is important to mention the expansion of technology and the changes that this has caused in donation practices.

Regulation of economic activities

Most countries establish conditions for the economic activities of non-profits: they may not generate profit or distribute profit to their members or leaders, and their activities must be related to their area of work.

The legislation of Latin American and Caribbean countries allows non-profits to engage in economic activities as a way to secure income to operate and further their mission with the exception of Bolivia. Most countries establish conditions for economic activities (they may not generate profit or distribute profit to their members or leaders, and their activities must be related to their area of work). This is similar to the trend in European countries, where economic activities are generally allowed, but with certain limitations. The most common are related to the foundation's purpose and the idea that they may not represent all of their income (European Foundation Centre, 2015).

In Argentina, economic activity may not be the organisations' main activity. Chilean law specifies that associations and foundations may invest resources in accordance with their management entities' wishes, and that the income may only be allocated to the purpose of the association or foundation or to increasing their assets. In order to maintain tax exempt status in Ecuador,

²⁰ According to data from the publication *Hacia el fortalecimiento de la filantropía institucional en América Latina*, 35% of philanthropic entities have an endowment. Mexico is the country that has the most entities with endowments (Villar et al., 2019).

the income generated by the economic activities may only be used for the specific purposes of the non-profit and any surplus at the end of the tax year must be invested in those specific purposes by the end of the following year. In Mexico, there are restrictions on the percentage of resources that can be obtained from activities not related to the non-profit.

In a small group of countries such as Barbados, Colombia, Jamaica, Uruguay, and Bolivia, any economic activity is allowed (Table 16).

Table 16: Types of economic activities allowed for non-profits by country

Countries	No type of economic activity is allowed.	Allowed, but with some restrictions.	Any type of economic activity is allowed.
Argentina		♦	
Barbados			♦
Bolivia	♦		
Brazil			♦
Chile		♦	
Colombia			♦
Costa Rica		♦	
Ecuador		♦	
Jamaica			♦
Mexico		♦	
Peru		♦	
Uruguay			♦
Venezuela		♦	

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

In line with that approach, we see that the legislation of the Latin American countries analysed focuses on the idea that the resources that non-profits generate based on the economic activity that they engage in should be used exclusively to further the mission or for their operations or maintenance. They may not be used to distribute earnings among their members or leadership.

Regulations on endowments

Regulations that provide legal certainty regarding investments in endowments contributes a great deal to the development of philanthropy. Endowments are widely used by foundations in the United States and Europe,²¹ where there are generally clear regulations with tax incentives for the creation and increase of resources for endowments, including a minimum investment requirement for their assets and rules for transparency and proper management of these resources.

The majority of the Latin American and Caribbean countries analysed do not have legislation for endowments with philanthropic purposes, as observed in Table 17. The only countries with regulations that allow for them are Barbados, Brazil, Colombia, the Dominican Republic, El Salvador, Jamaica, and Mexico. However, experts are divided on the question of whether legislation facilitates or restrict the creation of endowments.

²¹ The United States has a long tradition of creating endowments. They are used by universities, museums, grantmaking entities, and foundations. Of the over 80,000 private foundations that exist in the US, the most common is the privately endowed foundation, that is, a foundation created using an endowment to invest financial resources with the goal of generating returns and ensuring its long-term financial sustainability. According to the European Foundation Centre, which provides data on 40 countries, foundations in all of the participating countries are assumed to have their own assets, which is why there are regulations on endowment management (Aninat et al., 2020).

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In El Salvador, while such entities are allowed through the incorporation of a trust, the legislation is restrictive in the sense that only local financial system banks that are duly authorised by the Superintendency of the Financial System may manage said funds. It is important to note that Honduras, Panama, and Chile have no specific legislation on endowments but do not explicitly prohibit them. As such, some non-profits have endowments.

Table 17: Existence of legislation on endowments with philanthropic purposes and perception of these

Countries	Is there legislation that regulates the creation of endowments with philanthropic purposes?		Does the legislation facilitate or stand as an obstacle to the creation of endowments?	
	No	Yes	Facilitates the process	Restricts the process
Argentina	♦			
Barbados		♦		♦
Bolivia	♦			
Brazil		♦	♦	
Chile	♦			
Colombia		♦	♦	
Costa Rica	♦			
Dominican Republic		♦		
Ecuador	♦			
El Salvador		♦		♦
Honduras	♦			
Jamaica		♦	♦	
Mexico		♦		♦
Nicaragua	♦			
Panama	♦			
Paraguay	♦			
Peru	♦			
Uruguay	♦			
Venezuela	♦			

Source: Developed by the authors based on the additional questionnaire to the GPEI (Lilly Family School of Philanthropy, 2018) and the questionnaire developed by CEFIS and answered by the Pro Bono Network of the Americas (Aninat et al., 2020).

International donations

States may regulate whether non-profits may receive donations from other countries. In the great majority of the Latin American and Caribbean countries analysed, there is no special rule regulating the procedure for making donations to entities abroad, which implies that, in practice, making major cash or in-kind donations is subject to general customs and export rules or those set for international financial transactions. However, all of them allow the sending and reception of foreign donations.

The ability to receive donations from other countries or send them to entities abroad involves certain decisions on the part of governments. First, the decision to allow or restrict the entry and exit of capital in the form of donations must be made. These can come from individuals, companies or other States or international agencies as “international cooperation,” and tend to be associated with developing countries in the latter case. The last two forms of donation tend to be analysed separately.

On the other hand, States may decide to regulate -or not- this process, establishing whether said donations will be treated the same as national ones or if special conditions will be established for the procedure (types of non-profits that can receive donations from other countries, acceptable purposes, types of donations, etc.), whether maximum amounts that can be sent from abroad will be set, whether the donations will be recorded -in which case the state entity will manage the process- and if they will be subject to tax incentives, along with other matters.

In the great majority of the Latin American and Caribbean countries analysed, there is no special rule regulating the procedure for making donations to entities abroad. This lack of regulation implies that, in practice, making major cash or in-kind donations is subject to general customs and export rules or those set for international financial transactions, which often involve paying a tax. Jamaica and Mexico are the exception, as they have special regulations on this type of donations, as shown in Table 18. This aligns with the information highlighted in Table 8, where Mexico was the only country in the region that allowed “international causes” as a purpose for which donations can be received with tax incentives. The case of Mexico is unique because the tax treaties that it has with the United States and Canada facilitate donations between those countries and tax benefits under certain conditions (Aninat *et al.*, 2020).

Table 18: Existence of regulations regarding donations made to entities abroad

Countries	Specific regulations	General regulations on exportation or international financial transactions with related taxes
Argentina		♦
Barbados		♦
Bolivia		♦
Brazil		♦
Chile		♦
Colombia		♦
Costa Rica		♦
Ecuador		♦
Jamaica	♦	
Mexico	♦	
Peru		♦
Uruguay		♦
Venezuela		♦

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

While the great majority of Latin American countries analysed do not have specific regulations on making and receiving international donations, all of them allow the sending and reception of foreign donations, as shown in Table 19. This sort of legal lacuna is enabling, as while it does not encourage sending donations to other countries in terms of taxes, it also does not prohibit

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it. There are limitations on such activities in a small group of countries. They place the most restrictions on receiving donations from abroad.

In Argentina, donations may be sent and received from abroad, but this is not feasible due to high procedural and monetary costs as well as the time required to complete the process. In order to take money out of Barbados, forms must be completed, and a government tax must be paid because no distinction is made between charitable purposes and others. In Bolivia, government approval is not required to send donations abroad, but donations with ideological and political conditions are not allowed, and the beneficiary is required to report donations received from multilateral financial organisations, cooperation agencies, and foreign governments. In Ecuador, donations from abroad, like any other amount of money removed from the country, are subject to a tax (5% of the amount transferred through the financial system) on any amount over US\$5,000. The same is true in Uruguay, where donations may be made to entities in other countries, but they are subject to the same procedures and costs that apply to exported goods or regular financial transactions.

Finally, donations may be sent abroad from Brazil, but there are limitations for non-profits that work in certain areas -education, healthcare, and social welfare- because they have more tax exemptions. Any non-profit that works in those three areas and sends donations abroad will lose its tax-exempt status. This makes Brazil the country with the strongest restrictions or limitations in the region.

Tabla 19: Sending and reception of international donations

Countries	Can donations be sent to other countries?		Can donations be received from other countries?	
	Yes	Yes, but with limitations.	Yes	Yes, but with limitations.
Argentina		♦		♦
Barbados	♦		♦	
Bolivia		♦	♦	
Brazil		♦		♦
Chile	♦		♦	
Colombia	♦		♦	
Costa Rica	♦		♦	
Ecuador	♦			♦
Jamaica	♦		♦	
Mexico	♦			♦
Peru	♦		♦	
Uruguay	♦		♦	
Venezuela	♦			♦

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

Technology for donations

■ The 2020 pandemic gave rise to an increase in digital platforms and online fundraising campaigns.

Digital platforms and online fundraising campaigns have grown over the past few years and have increased during the pandemic. Restricted mobility and public health, economic and social impacts have mobilised fundraising through events that use technology and social media platforms. While those changes involve ongoing innovation, legislation is not always capable of absorbing that reality.

As Table 20 shows, only Colombia, Ecuador, Mexico, and Uruguay have regulations on digital platform development for donations or fundraising. There are competing opinions on that legislation. Some experts believe that regulation hinders the creation of such platforms while others see regulation as a facilitator. Uruguay implemented legislation recently (in 2019), though is not specific to non-profits and focuses on mobilising resources for start-ups and similar entities. Even so, it facilitated the creation of digital donation platforms during the pandemic.

Table 20: Existence of regulations on digital fundraising platforms

Countries	Is there legislation that regulates the creation of digital platforms for donating or fundraising?		Does the legislation facilitate or restrict their creation?	
	No	Yes	Facilitates the process	Restricts the process
Argentina	◆			
Barbados	◆			
Bolivia	◆			
Brazil	◆			
Chile	◆			
Colombia		◆	◆	
Costa Rica	◆			
Ecuador		◆		◆
Jamaica	◆			
Mexico		◆		◆
Peru	◆			
Uruguay		◆	◆	
Venezuela	◆			

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

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In short, overall, there is a lacuna in Latin American and Caribbean nations in legislative terms in regard to the elements that contribute to fund management, such as endowments and the development of digital fundraising platforms. Of the few countries that have legislation on endowments, experts only find that this is a facilitating regulation in Colombia and Jamaica. Something similar occurs with digital platforms. Few countries have legislation on such matters, and it is not always exclusive to non-profits. Experts only found legal frameworks that facilitate their development in Colombia and Uruguay. Finally, while the trend in the region is to not have a regulation specific to international donations, both reception of donations from abroad and sending donations to other countries is allowed in all of the countries analysed. There are also certain restrictions or protections, and these are more accentuated in the case of receiving donations from other countries.

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The legal frameworks establish two tools for protecting proper use of the system that governs non-profits at the general level and those with a public purpose that register as authorised recipients. Given that the legislation includes exemptions that carry a tax burden for all non-profits and for donations allocated to purposes of public interest, rules are established to protect the system through regulations on its governance as well as a series of explicit safeguards and exclusions. In general, the definition of each type of non-profit (association, foundation, cooperative, etc.) comes with a type of governance that is understood as the form of practical organisation and decision-making. While the rules of governance help to protect the non-profit purpose of entities, it is important for legislation to consider the nature of the causes that non-profits work for.

The legal frameworks that regulate the sector tend to incorporate transparency and reporting obligations meant to strengthen public trust in the sector and ensure that abuses are not committed through tax evasion or avoidance (OECD Tax Policy and Statistics Division, 2020).

The search for balance between freedom of association and the self-determination of non-profits and compliance with government requirements related to transparency rules and reporting, as well as safeguards and exclusions that foster trust in the donations system and the work of civil society organisations is discussed in this chapter.

Rules on governance

The vast majority of Latin American and Caribbean countries have legislation that includes guidelines on the governance of non-profits based on the type of organisation, with specifications for associations, foundations, and cooperatives. Rules for the latter two tend to be stricter. The form of governance must be specified in the organisations' statutes, which are to be submitted when the entity is legally constituted. The statutes generally include the mode of operation of the non-profit. In the case of associations, they must stipulate members' rights and duties, conditions of incorporation, participation, and elections and the form and reasons for exclusion from the association. In the case of foundations, in addition to stipulating how the organisation works, they frequently have to specify the goods or rights that the founder(s) contribute(s) to their assets as well as basic rules for applying resources to meet the foundation's goals. Only three countries in the region (Bolivia, Colombia, and Jamaica) do not establish rules for the governance of non-profits (see Table 21).

Table 21: Specification regarding governance of non-profits set out in the legal framework and perception by country

Countries	Are rules established for governance?		Facilitates the work of the non-profit	Limits the work of the non-profit
	No	Yes		
Argentina		♦	♦	
Barbados		♦	♦	
Bolivia	♦			
Brazil		♦		♦
Chile		♦	♦	
Colombia	♦			
Costa Rica		♦		♦
Ecuador		♦		♦
Jamaica	♦			
Mexico		♦	♦	
Peru		♦	♦	
Uruguay		♦		♦
Venezuela		♦		♦

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

Experts from the countries that include specifications for the governance of non-profits, offer differing opinions. Half argue that the regulations limit these organisations’ work, and the other half argue that government specifications facilitate their efforts. In general, the perception on limitations is related to the creation of boards or the fact that the regulations are applied to all non-profits equally regardless of their size, capacity, or budget.

In Ecuador, the Citizen Participation Statutory Law requires that internal democracy, alternating leadership, and gender parity be established. Failing to meet certain specific requirements -such as not having the minimum number of members or Board members- is a cause for dissolution of the non-profit. For its part, Peru sets additional conditions for foundations, making decision-making less agile because there is state control over the process through the Foundation Supervision Council.²² In Venezuela,²³ foreign nationals are prohibited from serving on boards. Costa Rica’s legislation states asks that the foundations’ board include a citizen who represents the municipality and another who represents the Ministry of Justice and Peace. This appointment process tends to be bureaucratic and slow, which restricts the creation of foundations and limits their capacity to act because, according to experts, these representatives do not tend to get involved in or cooperate with the foundation’s activities.

22 See Ministerio de Justicia y Derechos Humanos (n.d.).

23 It is important to mention that in regard to governance there is a difference between the terms set out by law and what actually happens. According to Venezuelan civil law, non-profits have enough freedom to establish their organisations’ structure and governance, but the public official registration process frequently interferes with non-profits’ structure and government. In October 2020, Joint Resolutions 082 and 320 were published. These contain special regulations for recognising and operating non-governmental associative organisations not domiciled in Venezuela, identifying them, and creating a registry for them.

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On the other hand, the experts who state that regulations facilitate non-profits' work link this to the creation of basic rules, fundamental competencies, and a decision-making system that provides an organisational structure and adequate operations for non-profits. These regulations guide new organisations but do not establish restrictions that prevent them from operating with flexibility, as has occurred in Argentina.²⁴ Another argument is that a specific governance structure gives donors certainty and helps to improve the entities' management capacities. All in all, it is important to note that any legal change in the sphere of non-profit governance should allow for an adoption period that is long enough to avoid negatively impacting their organisation and their work and should consider the nature of the causes addressed by the entities.

There are specifications regarding governance of certain types of non-profits in most Latin American and Caribbean countries, as is the case with OECD member states. However, the specificities are perceived as facilitating the work of non-profits in half of them and as restricting their activities in the other half. This is due to the differences in the countries' legislation.

Safeguards and exclusions for non-profits

The legislation of the broad majority of Latin American countries analysed (10 out of 13) includes safeguards or exclusions related to prohibiting the funding of activities of politicians and parties (there tends to be specific legislation on this), channelling resources to illegal activities or those related to terrorism or using the non-profit as a tool for money laundering. In this context, Latin American and Caribbean countries follow the trend set by high-income OECD countries with a high level of philanthropy. In addition to protecting the political and party activities system and illicit activities, there are regulations to limit "personal benefit" or "private benefit" in the use of resources and thus guarantee the public benefit (Aninat et al., 2020).

This type of regulation, which is oriented towards limiting conflicts of interest, is also found in Latin America. Distributing resources among non-profits' members is prohibited in the rules established for the creation of this type of entity, as is the distribution of assets among their members if they are dissolved. If such a decision is made, the assets should go to a similar entity identified in the statutes or to the State.

Some countries have incorporated more specific rules regarding these matters. In Colombia, the legislation sets out a series of legitimate causes for violating the special non-profit regime (Aninat et al., 2020).²⁵

The majority of the countries analysed in the region are part of the Financial Action Task Force of Latin America (GAFILAT), the regional headquarters of the international inter-governmental organisation that represents 17 South American, Central American, and North American countries. While Barbados, Jamaica, and Venezuela are not official GAFILAT members, they do have safeguard policies in these areas, as shown in Table 22. As occurs in the regulatory frameworks of high-income countries with high levels of philanthropic development that belong to the OECD, the great majority of Latin American and Caribbean countries have regulations that

²⁴ Argentina recently introduced a law that requires gender parity on boards. The measure was well-received by non-profits, but the speed with which the requirements went into effect has caused some delays. Furthermore, due to the nature of non-profits such as feminist organisations and LGBTQ+ groups, it is not always clear that the gender quota regulation is incorporated, although one could argue that gender equity is not relevant under the law.

²⁵ These include acquisition of securities by founders, associates, members of government entities or partners or relatives up to fourth degree of consanguinity; making payments for leadership or management roles that exceed 30% of the entity's annual expenditures; and paying for services, rental, honoraria or commissions that do not correspond to commercial values. Furthermore, if the non-profit directly or indirectly compensates a donor in exchange for a donation received, the special authorised recipient regime is considered to have been violated and the entities may be excluded from it.

establish safeguards in the context of the policies promoted by the Financial Action Task Force (FATF or GAFI for its acronym in Spanish). Specifically, the monitoring, oversight, or duty to report non-profits that receive or send funds from jurisdictions that are considered to be “risky” are regulated in order to comply with international standards on international fiscal transparency, prevention, and control of money laundering, financing terrorism or hiding assets derived from those activities.

Table 22: Existence of safeguards in the donations system by country and GAFILAT membership

Countries	No	Yes	GAFI or GAFILAT Member
Argentina	♦		♦
Barbados		♦	
Bolivia	♦		♦
Brazil		♦	♦
Chile		♦	♦
Colombia		♦	♦
Costa Rica		♦	♦
Ecuador		♦	♦
Jamaica		♦	
Mexico		♦	♦
Peru	♦		♦
Uruguay		♦	♦
Venezuela		♦	

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

Both Latin American and Caribbean nations and OECD member states have safeguards and exclusions for the donations system. Most are linked to prohibiting political or party-specific activities, channelling resources for illegal activities related to terrorism or money laundering. Furthermore, most countries analysed are GAFI or GAFILAT members and have committed to adopting the preventative policies proposed by those organisations.

Reporting and transparency

In most countries, non-profits are required to submit reports to ensure that they are implementing activities that align with their purposes. This is done through financial and/or activity reports.

As we have stated, most of the countries in the world have tax incentives for philanthropic donations, which means that part of the donations received by authorised recipients are subsidised by the State. In general, the granting of State benefits is accompanied by obligations. Non-profits have to report on whether the resources that they are using are being used for the purposes that they have identified. They are thus required to submit reports on the use of resources and activities developed in order to ensure that they are implementing activities that align with their purposes, their fiscal status with benefits and how they allocate the financial resources in order to meet those goals (Salamon, 1997). In general, activities reports are different from financial reports in regard to their contents and the state entity to which they must be submitted.

With the exception of Honduras, non-profits in all of the countries analysed in Latin America and the Caribbean must generate some type of annual report on the activities that they implemented over the course of the year and/or the way the resources received were utilised. The most common obligation among the countries analysed in this report is the provision of financial information. Only 11 out of the 19 countries considered have a legal obligation to generate activities reports, as demonstrated in Table 23 below. Furthermore, one third of the countries require non-profits to generate reports for donors or associates in the course of associations.

In order to interpret Table 23, it is important to note that Ecuador has made changes to regulations on legal status of social organisations (Decree 193 of 2017) and reporting requirements of the various ministries involved. As such, given that various regulations are in place, we considered the dynamism of the sector in which they should respond with information from various stakeholders. These include tax filing (to the Internal Revenue Service, as legally required) and activities and financial reports (normally for donors) as part of the internal non-profit accountability or specifically for certain ministries depending on their purpose. In Uruguay, reports on activities and financial reports are only required for foundations and must be submitted to the corresponding government entities. Civil associations are only required to submit reports to their members unless they have government contracts. In that case, they should submit the reports required in accordance with the contract to the government counterpart.

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Table 23: Type of reports that countries require non-profits to generate each year

Countries	Activities	Financial	For donors or members	Report on donations received
Argentina	◆	◆	◆	
Barbados		◆		
Bolivia	◆	◆	◆	
Brazil	◆	◆		
Chile	◆	◆		◆*
Colombia	◆	◆		
Costa Rica	◆	◆	◆	
Dominican Republic				◆
Ecuador	◆	◆		
El Salvador				◆
Honduras				
Jamaica	◆	◆	◆	
Mexico	◆	◆		
Nicaragua		◆		
Panama				◆
Paraguay				◆
Peru	◆**	◆		◆
Uruguay	◆	◆		
Venezuela		◆***		

Source: Developed by the authors based on the additional questionnaire to the GPEI (Lilly Family School of Philanthropy, 2018) and the questionnaire developed by CEFIS and answered by the Pro Bono Network of the Americas (Aninat et al., 2020).

* In Chile, the obligation to report donations varies by purpose and according to the legislation that the non-profit uses to incorporate as an authorised recipient.

** In Peru, non-profits registered with the Peruvian International Technical Cooperation Agency and foundations are required by law to submit a report on their activities and finances. It is not mandatory for other entities.

*** In Venezuela, entities must file taxes and show that they are income tax exempt.

Expanding on the activities reports, a review of regulations in high-income and high-philanthropy countries shows that reports generally have a standardised format and the requirement for their submission depends on the size of the organisation. They are not always made available to the public (Aninat et al., 2020). In the majority of the countries analysed in Latin America and the Caribbean, the annual reports that non-profits must submit to a government entity are not dependent on organisation size and are not accessible to the public. However, most of the countries in the region set penalties for entities that do not submit reports or do so late.

Only Colombia and Jamaica provide for differentiated reports based on the size of the non-profit or the size of its budget. Similarly, only Bolivia and Mexico require that the reports be public, and there is a government entity responsible for that process, as shown in Table 24.

In short, there is an important challenge related to activities reporting standards and transparency in the countries of the region. Some countries do stand out. For example, Argentina, Bolivia, Costa Rica, and Jamaica require non-profits to submit three types of reports: activities, finances, and donors. In Bolivia and Mexico, the only requirement is that the reports be transparent. In Colombia and Jamaica, the type of report depends on the size of the organisation.

Table 24: Differentiation of activities report by non-profit size, related sanctions, and public access

Countries	Reports depend on the non-profit's size or budget.		There are legal consequences for failing to submit annual reports.		The reports must be public by law.	
	No	Yes	No	Yes	Not required.	Yes, there is a government entity charged with publishing them.
Argentina	♦			♦	♦	
Bolivia	♦			♦		♦
Brazil	♦			♦	♦	
Chile	♦		♦		♦	
Colombia		♦		♦	♦	
Costa Rica	♦			♦	♦	
Jamaica		♦		♦	♦	
Mexico	♦			♦		♦
Uruguay	♦		♦		No number	No number
Venezuela	♦		♦		No number	No number

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

Financial reports

Public access to the financial information of authorised recipients is not considered in the legislation of the majority of the countries analysed. This poses a challenge in regard to transparency for this sector.

Requiring non-profits to generate and submit financial reports to the pertinent authorities is a trend in high-income, high-philanthropy OECD countries. These nations also tend to have a government entity responsible for ensuring that all or some of the financial report contents are available to the public. There are also legal penalties for non-profits that fail to submit the reports or do so after the deadline has passed. As we have previously stated, all of the Latin American and Caribbean countries analysed require non-profits to submit financial reports or reports on donations received to the tax authority with the exception of Honduras, which has no stipulations regarding a legal obligation to do so.

In most of the countries in which entities must submit these reports (10 out of 19), there is no legal requirement to make their content available to the public. These nations do not tend to require external audits of the reports. With the exception of Costa Rica, failing to submit financial reports is subject to penalties in all of the Latin American countries analysed, as shown in Table 25. In other words, while Latin America and the Caribbean are a step behind in terms of transparency and public access, there are legal measures in place to ensure that the system functions properly and authorised recipients are required to submit accounting data to each country's tax entity.

If we look more closely at the region, we can see that fewer than one third of Latin American countries (Mexico, Argentina, Barbados, and Bolivia) have a government entity that is responsible for publishing non-profits' financial reports, and only Jamaica requires the organisations to publish their own financial reports. However, and as we state above, public access to the financial information of authorised recipients is not considered in the legislation of the majority of the countries analysed. This poses a challenge in regard to transparency for this sector.

Only one third of the Latin American countries analysed require audits of the reports, and only Chile requires that the audit be charged to the non-profit's budget, which means that an amount is set aside to pay for the external audit of the report.

The countries of the region that have transparency standards similar to those of OECD countries in the three areas analysed are Argentina, Barbados, Bolivia, Jamaica, and Mexico.

Finally, it is important to mention that there are greater transparency and reporting requirements for other types of non-profits such as associations. One clear difference is that both activities and financial reports are always required by law for foundations, while they are not mandatory for associations in most cases. This is partially due to the public benefit characteristic of such entities, which allows them to become authorised recipients and manage more resources. Furthermore, given that the State stops receiving taxes once it allows donations that are subject to tax incentives, one would expect governments to supervise such organisations more carefully.

As such, it is clear that the challenge for the countries of the region is to create conditions that allow for the correct operation of the donations system and build trust in it while refraining from creating excessive procedural and bureaucratic burdens for non-profits, particularly small or emerging ones.

Table 25: Financial reports: Public access, need for audit, and legal consequences for failing to submit

Countries	Must financial reports be public by law?			Must financial reports be audited by external entities?			Are there legal consequences for failing to submit them within the specified timeframe?	
	Not required.	Yes, each non-profit is responsible for publishing its reports.	Yes, there is a government entity charged with publishing them.	No, it is not required by law.	Yes, all non-profits must have audited reports.	Yes, but it depends on the size or annual budget of the non-profit.	No	Yes
Argentina			♦		♦			♦
Barbados			♦		♦			♦
Bolivia			♦		♦			♦
Brazil	♦			♦				♦
Chile	♦					♦		♦
Colombia	♦			♦				♦
Costa Rica	♦			♦			♦	
Dominican Republic	♦			♦				♦
Ecuador	♦			♦				♦
Jamaica		♦			♦			♦
Mexico			♦	♦				♦
El Salvador*	♦			♦				♦
Nicaragua	♦			♦				♦
Panama*	♦			♦				♦
Paraguay*	♦			♦				♦

Source: Developed by the authors based on the additional questionnaire to the GPEI (Lilly Family School of Philanthropy, 2018) and the questionnaire developed by CEFIS and answered by the Pro Bono Network of the Americas (Aninat et al., 2020).

*This response alludes to the fact that annual financial reports are not sent annually in the Dominican Republic, El Salvador, Paraguay, or Panama. Rather, they publish a report on the donations received.

With the exception of Honduras, all of the countries in Latin America require the submission of some sort of financial information to the tax entity. There also tend to be consequences for failing to submit reports or for failing to do so on time. In contrast to OECD countries, the reports that must be sent by authorised recipients do not depend on the size of the organisation. As such, these reports often require non-profits to spend a significant amount of time and money on their preparation. The greatest gap that exists is related to public access to information. Latin American countries do not tend to require that reports or parts of them to be made available for public consultation, which limits the ability to establish transparency standards.

In short, most Latin American and Caribbean countries have specifications regarding the governance of different types of non-profits, but there is no consensus on whether they facilitate or restrict these organisations' work. Furthermore, all of the countries in the region have safeguards and exclusions for the donations system. Most are linked to prohibiting political or party-specific activities, channelling resources for illegal activities related to terrorism or money laundering.

Finally, reporting requirements differentiate between financial reports and activities reports developed by non-profits. In the great majority of the countries in the region, there is a duty to generate financial reports or reports on donations received. However, they do not tend to be public, which presents a significant challenge in regard to transparency.

If we compare the regional reality to that of high-income and high-philanthropy OECD member states, it seems that the search for balance between freedom of association and self-determination of non-profits with government reporting requirements and the correct operation of the donations system can be achieved through clear regulations that set certain guidelines regarding non-profits' governance and that differentiate reporting requirements based on their size.

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Closing a non-profit can be related to an internal decision or can be the result of an external process based on discretionary criteria or failure to meet criteria established by law. Legislation on such matters is important for avoiding private benefit (to members or founders, for example) or discretionary decisions when a non-profit that enjoys tax benefits is dissolved. Due to this special condition, it is important for the law to determine what happens to assets and resources when an organisation is dissolved.

Voluntary dissolution of a non-profit

It is possible to voluntarily dissolve a non-profit in all of the countries analysed. In the vast majority of them, this process has clearly defined rules that generally identify which assets should go to a similar entity previously named in the organisation’s statutes and that state that they may not be distributed among founders or members, as shown in Table 26.

Only the rules for voluntary dissolution of a non-profit in Costa Rica and Peru are unclear or vary by type of entity. In the case of Costa Rica, the lack of clarity generally allows the association or foundation to be “abandoned” and not legally dissolved. In Peru, only general rules apply in this area. There are no regulations on foundations because they do not have members (only administrators).

Table 26: Clarity in legislation regarding voluntary dissolution of a non-profit

Countries	Yes, with clear rules.	Yes, with unclear rules.
Argentina	♦	
Barbados	♦	
Bolivia	♦	
Brazil	♦	
Chile	♦	
Colombia	♦	
Costa Rica		♦
Ecuador	♦	
Jamaica	♦	
Mexico	♦	
Peru		♦
Uruguay	♦	
Venezuela	♦	

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

External dissolution of a non-profit

With the exception of Barbados, all of the countries analysed in Latin America and the Caribbean allow for external dissolution of a non-profit. As shown in Table 27, in the majority of countries, non-profits may be dissolved externally if they fail to follow their statutes or existing regulations, particularly in regard to illegal activities. It is also common for the action of external dissolution to be carried out by the judiciary in countries in which the processes are regulated. In some countries, various entities handle the process and an appeal can be filed before the court that is holding the trial. That is the case of Chile, where involuntary dissolution requires a judicial ruling and a process that guarantees that the non-profit in question has an opportunity to present a defence.

Decree 193 of 2017 in Ecuador sought to eliminate discretionary criteria for external dissolution of non-profits and specified the reasons why such entities can be externally dissolved. Some of the criteria refer to internal elements and are not completely clear, such as deviating from the objectives and purposes for which the non-profit was founded. However, the rest of them are specific and are related to elements such as reducing the number of members to less than the minimum required for that type of non-profit or engaging in partisan political activities or illegal activities.

In most countries, non-profits may be dissolved externally if they fail to follow their statutes or existing regulations, particularly in regard to illegal activities.

Experts in Peru and Venezuela report that non-profits may be dissolved externally at the discretion of the Executive Branch. In Peru, both options are available. External dissolution of non-profits can be completed through a judicial process or through discretion. This is the case because the prosecutor's office may force the dissolution of an association whose activities or aims go against public order or decency through abbreviated proceedings. However, the judicial process is governed by the constitutional principle of two-instance court proceedings. As such, the first instance ruling can be appealed. In Venezuela, the government may only terminate a non-profit's activities involuntarily if a crime is committed, but experts report that there is a difference between the law as it is written and the way in which public officials actually operate.²⁶

In some cases, the legislation is not sufficiently clear. For example, in Mexico, the civil code states that an official may issue a resolution on forced dissolution, but it does not list the cases in which this may occur or the procedures to be followed.

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²⁶ This frequently occurs with organisations that work on human rights and civil liberties.

Table 27: Forms of externally dissolving a civil society organisation by country

Countries	Yes, for failing to comply with its statutes or existing laws.	Yes, at the discretion of the Executive Branch/State.	Unclear.	No.
Argentina	♦			
Barbados				♦
Bolivia	♦			
Brazil	♦			
Chile	♦			
Colombia	♦			
Costa Rica	♦			
Ecuador	♦			
Jamaica	♦			
Mexico			♦	
Peru	♦	♦		
Uruguay	♦			
Venezuela		♦		

Source: Developed by the authors based on the responses to the additional GPEI questionnaire (Lilly Family School of Philanthropy, 2018).

In short, in the great majority of countries in the region, both internal and external dissolution of non-profits are regulated. In general, the process has clear and well-defined rules designed to prevent the dissolution of such entities from benefiting private entities. As such, the statutes of the non-profit must stipulate which entity will receive the resources if it is dissolved.

Conclusions and recommendations

The literature that analyses the philanthropic environment and development of civil society has identified a series of conditions that act as determinants to encouraging their development. These refer to both factors related to the country's institutional context, such as internal elements specific to the stakeholders that interact in the ecosystem. The institutional factors include the regulatory framework, policy and governance context, socio-cultural characteristics, and economic conditions (Thindwa et al., 2003). The internal factors include the non-profit's reporting system, institutional capacity, commitment secured from philanthropists, and the existence of a support infrastructure for philanthropy and civil society (Johnson et al., 2004; Gaberman, 2004).

The legal framework is one of the elements that shapes an ecosystem, society or country and generates an environment that is conducive to the development of philanthropy and civil society. A legal framework can create conditions to facilitate the creation and development of organisations, but it can also limit their sustainability over time by establishing excessive surveillance and control and making donations from private stakeholders more costly.

We thus see that the legal framework is one of the elements that shapes an ecosystem, society or country that generates an environment that is conducive to the development of philanthropy and civil society, as it contains the limitations and possibilities for the operation of organisations and flow of philanthropic resources. An adequate legal framework can create conditions to facilitate the creation and development of organisations and the mobilisation of private resources aimed at generating an impact and socio-environmental wellbeing. The legal framework can also limit interest in organising around a purpose for the public good, establishing excessive surveillance and control and making donations from private stakeholders more costly, which stand as obstacles to the entities' sustainability over time. While the legal frameworks are not the only factor that determines the characteristics and size of philanthropy and civil society, they play a key role in their dynamics as facilitators or limiting factors on their development along with other factors (historical and cultural tradition, political and economic dynamics, sectorial infrastructure, capacities, trust, etc.).

However, in many countries, the analysis of the legal framework is delegated to specialists (attorneys) and officials who tend to make decisions from the economic or tax angle and not from a sustainable development perspective in which philanthropy and civil society play key roles. As such, the role that support and infrastructure organisations play (associations of foundations, research centres, networks, etc.) in promoting and raising awareness among the various stakeholders regarding the need to develop and maintain an adequate legal framework for the development of philanthropic practice and the promotion of non-profits is thus fundamental. They cannot merely react to adverse regulations. From this perspective, there is a need for current and ongoing analysis of what is happening in their countries and at the comparative level regarding legal frameworks.

Comparative analysis of the legislation presented in this study helps with this process of understanding the progress and limitations of legal frameworks in the region. The goal is to offer elements of analysis so that the support organisations can contribute to public debate and consideration of regulatory reforms in their countries based on the regional context and practices of OECD countries.

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The pluralist approach

Prior to making specific recommendations regarding the regulatory framework, it is important to briefly describe our definition of philanthropy and civil society and the perspective from which we propose recommendations in order to generate a more fruitful relationship between these fields.

Briefly, philanthropy is the pool of private resources allocated for public purposes. In other words, it consists of donations of time, talent, and resources for the public good made by individuals, foundations, or businesses. Philanthropy is important for non-profits, but they do not depend entirely on it. Public resources and the sale of services are other important income streams for these entities. Although philanthropic donations are often a more limited resource for non-profits, they tend to be a strategic tool for achieving independence, autonomy, and flexibility for these organisations and for facilitating their participation in causes that are of little or no interest to the State and the market.

Philanthropy contributes to promoting pluralism and diversity in the non-profit world by putting new topics on the public agenda and contributing to the development of innovations that would have more limitations if they were restricted to public resources or income derived from the sale of services.

The way of understanding the relationship between philanthropy and civil society has implications for the rules that societies generate to govern them and the role of the State in promoting philanthropy. As such, various approaches to regulatory frameworks exist. According to Charities Aid Foundation (2016), these approaches can be classified into three types: subsidiarity, tax base, and pluralism.

Philanthropy contributes to promoting pluralism and diversity in the non-profit world by putting new topics on the public agenda and contributing to the development of innovations that would have more limitations if they were restricted to public resources or income derived from the sale of services.

Subsidiarity is the approach that holds that the State should provide incentives for philanthropy only when it allows non-profits to increase, replace or complement State activities and thus add value to what the State could achieve with the resources that they do not invest because of tax waivers. The tax-based approach argues that taxes should only be levied on personal consumption or wealth accumulation. Given that non-profit donations cannot be considered consumption or accumulation, they should not pay taxes- but they should not receive incentives either. This is derived from the idea that there should be complete freedom to donate to non-profits without any State intervention, and without any type of tax support. A third rationale is the pluralist approach. Its proponents argue that one must strike a balance between individual freedom to make donations to various causes and the ability of the State to set limits on the donations that it encourages. These tend to be the non-profit and public benefit nature of the activities of the organisations that receive donations. The first limitation guarantees that the resources are allocated to activities related to the entity's mission and are not distributed among the members. The second limit guarantees that, as a counter to the resources that the State stops collecting through tax waivers, the benefit is focused on the range of public ends and causes of general interest promoted by non-profits that have this type of purpose (Charities Aid Foundation, 2016).

In the recommendations that we will offer below, we adhere to the pluralist approach and an additional criterion of inclusion that we also take from the CAF analyses. An inclusive regulatory system is one that facilitates the registry of the largest possible diversity of organisations and accredits them as authorised recipients. The barriers to entry are low, the rules are clear, and

the same for everyone, and discretion is reduced as much as possible so that the system can include a broad range of organisations. The opposite would be an exclusive system that leaves out causes that are important to society, has eligibility criteria that vary based on the social causes and presents procedures that are complex and present a high level of discretion (Charities Aid Foundation, 2016).

While their configuration depends on the general legal and institutional framework in which they operate, the most recent international studies provide some ideas about what a legal framework that is adequate for the development of philanthropy looks like. These guidelines encourage the creation of a series of conditions: regulations that provide facilities and freedom to philanthropic entities, tax incentives with adequate differentiation between individuals and companies, a reporting system that adapts to the different sizes of recipient agencies, easy procedures for making and receiving local and international donations, and the ability to create institutions that engage with donors (Lilly Family School of Philanthropy, 2018; Quick et al., 2014; Aninat and Vallespin, 2019).

Recommendations

Considering pluralist and inclusive criteria, the main recommendations are:

- Facilitate the registration processes of non-profits.
- Develop simple, inclusive, and equitable integrated systems for legal incorporation as a non-profit and authorised recipient.
- Moving forward with the concept of public benefit as a criterion for approving applications for authorised recipients.
- Promote inclusive and equitable systems for encouraging donations.
- Allow non-profits to engage in economic activities.
- Develop favourable legislation for the creation of endowments.
- Promote international donations.
- Reinforce the system with obligations that do not impact non-profits' autonomy.
- Promote regional knowledge exchange and learning.

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Based on the criteria of pluralism and inclusion, we propose a set of recommendations for public discussion in which organisations that support philanthropy in the region play a key role. We invite the members of WINGS and other stakeholders in the ecosystem to call on key actors to discuss, engage in an ongoing effort to update the analysis of their countries' regulatory frameworks, and generate agreements for reforms that contribute to the development of effective philanthropy that promotes a plural, diverse, and inclusive civil society. In the paragraphs that follow, we present recommendations for refining the national legal frameworks that regulate non-profits and the practice of philanthropy.

- **Decreasing discretion in incorporation procedures, minimising barriers to entry, and facilitating clear and transparent procedures for verifying that the requirements are met**

The incorporation and registration of non-profits should be governed by the right to freedom of association set out in most of the Constitutions in the region. This right should be expressed in practices that reduce discretion in addition to being declared in Constitutions, as it facilitates the operation of the incorporation of non-profits and minimises barriers to entry. Beyond granting approvals, public offices responsible for registration processes should verify that the requirements set out in the law are met (both in incorporation processes and legal entities and their duration over time).

Latin America and the Caribbean has made important progress on matters related to incorporation, particularly over the past two decades, but the reality varies from country to country. Analysing four key variables in the registration process (time required, related costs, minimum capital requirements, and the level of decentralisation of the agency responsible for this work) allowed us to classify the countries of the region into three levels based on level of difficulty. The first, in which the processes are simplest and least costly, includes Brazil, Chile, and Colombia. The middle section is comprised of Argentina, Barbados, Ecuador, Peru, and Venezuela. The countries that present the highest difficulty level of difficulty due to strict requirements and procedural costs are Bolivia, Costa Rica, Jamaica, Mexico, and Uruguay.

We recommend that the countries adjust their registration processes to reduce discretion as much as possible by simplifying requirements, setting clear and simple procedures, minimising costs, decentralising offices, or allowing virtual registration in order to facilitate the processes, thus reducing response times, and establishing appeals options if a non-profit's application for incorporation is rejected.

- **Developing simple, inclusive, and equitable integrated systems for legal incorporation as a non-profit and authorised recipient**

The existence of a simple, integrated, inclusive, and equitable system is essential for the development of a plural civil society whose organisations can opt to focus on the public benefit. One key element for the existence of an integrated system is that there be an inclusive list of purposes that allow for equitable treatment of the set of organisations to register as non-profits and to achieve authorised recipient status. The literature states that complex processes for requesting tax incentives, lack of guidelines, requirements that involve completing detailed tax documents, regional variations or treatment that varies by cause limit the donor's response to tax incentives or encourage their use only by major donors, excluding broader participation of the system (Charities Aid Foundation, 2016).

We have identified two types of legislation in the region based on how they recognise non-profits as authorised recipients: legislation that is integrated, egalitarian, simple and inclusive and legislation that is differentiated, complex, unequal, and exclusive. The former is characterised by rules that enable non-profits' participation in the donations system by having a system comprised of simple steps that is equal for all organisations (or a staircase) and shared incentives for the various purposes recognised in the legislation. This group includes countries Barbados, Colombia, Jamaica, and Mexico.

The second group of countries is characterised by having complex rules for non-profits' participation in the donations system. They have a system with differentiated steps and treatment based on incentives and procedures (or a patchwork) based on the purposes of the organisation. This system imposes high procedural costs and bureaucratic processes on non-profits and generates a significant level of inequity based on the causes that they focus on. This group includes Brazil, Chile, Peru, and Venezuela. Another group of countries combines some enabling aspects with others that make participation of non-profits in the donations system more difficult. This includes Argentina, Bolivia, and Uruguay.

Promoting enabling rules involves simplification, clarity, and procedural ease as well as inclusion of a wide range of goals and equal treatment of all non-profits. Overcoming differentiated treatment in terms of incentives and procedures and the exclusion of certain purposes in the donations system is important to facilitate the development of a strong and plural civil society. Currently, some countries in the region do not include specific focus areas such as human rights or the environment in the list of purposes recognised in the legislation. Expanding the purposes and including streamlined mechanisms for incorporating new ones as required by society is important for creating an ongoing dynamic of inclusiveness and development for plural civil society.

- **Moving forward with the concept of public benefit as a criterion for approving applications for authorised recipients**

If freedom of association is the central criterion for the incorporation and registration of non-profits, the public benefit should guide the approval of authorised recipients. This is what occurs in several OECD countries, where legislation classifies non-profits as belonging to one of two groups based on their beneficiary population: those that benefit the general public and those that benefit specific groups in society. The latter are essential to democracy, but the benefit that they provide is limited to their members and does not extend to the general public or broad sectors of this audience. They tend to be mutually beneficial organisations focused on their members (co-ownership associations, residential communities or buildings, economic associations, unions, employee funds, sports clubs, etc.). Public benefit organisations focus on providing services to communities or to promote topics of general interest.

Providing tax incentives brings tax waivers into play involving resources taken from members of the public that should, by their very nature, be for public benefit. There is no reason to grant incentives for donations to organisations that only benefit their members (with the exception of specific projects).

The majority of the countries analysed in this study require the potential non-profit to address the public benefit or interest before they can receive donations with tax incentives. Such entities must have a purpose that is of value to society and refrain from engaging in for-profit work. However, in contrast to the majority of OECD countries in which public benefit is a defined and key criterion for becoming an authorised recipient and receive donations with tax incentives, in this region few countries have a clear definition of this concept and the implications of using it in the donations system. An important step for creating more rational approaches to the donations system would be to establish a clear definition of the public benefit or general interest in order to be able to differentiate between public benefit non-profits and mutual benefit entities in the treatment of donations with tax incentives, as is already done in some countries in the region and several OECD member states.

However, it is important to take some precautions prior to moving forward with this recommendation. In a context of closure of civic space and presence of authoritarian

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governments that are critical of the development of civil society, there may be a risk that this type of government wants to align public benefit with their government agenda and that they may consider organisations that are critical or differ from that agenda as contrary to the general interest. In this sense, the criterion of public benefit may be accompanied by defence of a plural and diverse civil society, seeking to avoid allowing the use of the term public benefit or interest from leaving aside topics that are often repressed (such as those linked to reproductive rights, gender identity, indigenous cultures or the environment) and that may serve as a counterweight to the government or a complement in cases in which the organisations decide to engage in such work.

- **Promoting inclusive and equitable systems for encouraging donations**

Based on the information presented in this study, we know that tax incentives for philanthropic donations are the norm in most countries for both companies and individuals, though the former are more common (Charities Aid Foundation, 2014). These incentives are not determinants for the existence of donations, but they do help encourage them. The donation rate for countries with tax incentives is 33% compared to just 21% in countries without such incentives. Other factors also contribute to explaining the amount of donations, such as the culture of philanthropy, regulatory framework for non-profits, and the inclusiveness and ease of the philanthropic system (Charities Aid Foundation, 2016). In general, incentives are not the most important motivation for donating, but they are undoubtedly one of the variables of the regulatory framework that contributes to determining the level of philanthropic dynamism. The analysis of the effectiveness of incentives involves understanding their relationship to other variables such as the tax rate, as tax incentives are more attractive when tax rates are higher or depending on whether there are taxes on donations. It is thus important to think about tax incentives as a tool that allows donations to increase to an optimal level at which donations grow more than the tax loss (or tax waiver) that these incentives produce. Given that a donation is an economic asset, increased costs would negatively influence the willingness to donate, while decreasing such costs through tax incentives has a direct impact on the amount donated (Aninat and Vallespin, 2019).

The analysis of the various factors that define donation incentives system (existence of a tax on donations, tax incentives for individuals and companies and the types of donations that have incentives) allows us to differentiate the countries and categorise them. Some, like Barbados and Venezuela, do not have a general tax on donations, encourage donations from individuals and companies and allow donations taken from one's own capital as well as inheritances and bequests. Colombia, Costa Rica, Mexico, Jamaica, Peru, Panama, and the Dominican Republic also have several of these elements. The countries with the most limited systems are Ecuador (which does not have incentives) and Uruguay (which has no incentives for personal donations).

Promoting systems that do not include taxes on donations that provide tax incentives for companies and individuals for all public benefit causes without differentiating based on the purpose and with reasonable limits along with the promotion of other factors will contribute to the development of more robust philanthropic systems.

- **Economic activities**

Non-profits' ability to engage in economic activities is important for achieving sustainability. This option is particularly important in Latin America and the Caribbean where, according to data from the John Hopkins University study, most of non-profits' income comes from the sale of services in every country except Chile (Irrarázaval et al., 2017).²⁷

²⁷ Chile is the only country in the region where public resources represent the majority.

In general, the legislation of the countries of the region allows non-profits to engage in economic activities in order to obtain income to cover their operating costs, but they are subject to some conditions. In addition to requiring that economic activity be directed at generating resources to ensure that the organisation remains operational and not to distribute profits to its members or leadership, some countries require that financial activity not be the non-profit's main source of income or set some sort of limit. Others are more open and allow any type of activity.

In a context of growth of social enterprises, the discussion of non-profits' economic activities is increasingly relevant. It is necessary to strike a balance so that once non-profits are authorised to engage in them, they may prioritise the public nature of their economic activities. It is also important to avoid market distortion of an entity that could compete under favourable conditions because it receives donations with tax incentives and other tax exemptions.

- **Developing favourable legislation for the creation of endowments**

Endowments are extensively used in countries with high levels of philanthropic development. This is partly due to the fact that they have legislation that favours their creation and incentives for founding and developing them. By contrast, Latin American and Caribbean countries lack legislation on endowment creation with very few exceptions. The same is true for other fund management options, such as digital fundraising platforms. According to the experts consulted for this study, Colombia and Jamaica are two of the few countries that have legislation that facilitates the creation of endowments, and Brazil stands out because it has strong legislation in this area. In regard to digital platforms, experts believe that the only legal frameworks that facilitate the development of these tools are those of Colombia and Uruguay.

Considering recent experiences like that of France, where the development of recent legislation on endowments contributed significantly to increasing donations to such funds, it would be important for Latin America and the Caribbean to create favourable regulations like those implemented in Brazil that generate legal certainty for endowment management and crowdfunding platforms.

- **Promoting open systems for international donations**

Donations are allowed in all of the Latin American countries analysed, as are donating abroad, and receiving donations from abroad. However, there are certain restrictions and protections in place, and these are stricter in the case of income from donations from abroad, particularly for governments that seek to limit such activities for causes that are critical to their political programs.

Having open systems for international donations to non-profits contributes to encouraging plurality in civil society. This involves avoiding excessive administrative control and tax and procedural barriers as well as guaranteeing that transparency requirements regarding the use of this type of donation are high or at least similar to those required for national donations, and that they align with the measures agreed to by the Financial Action Task Force (FATF).

- **Reinforcing the system with obligations that do not impact non-profits' autonomy**

Safeguarding the legitimacy of non-profits and the donations system requires the State and public policy to strike a fine balance. On the one hand, they have to guarantee the organisations' autonomy. On the other, they must establish rules and mechanisms that allow non-profits to create clear decision-making and reporting procedures at the government level along with protections and reporting requirements.

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Most of the countries analysed have rules regarding the governance of the various types of non-profits. However, not all of them are perceived of as healthy and enabling for accountability because they limit the organisations' flexibility and autonomy. A good criterion for establishing a balance in the area of governance is allowing for freedom in the configuration of the entities and mechanisms used to make decisions within organisations while requiring that they clearly set out these entities' responsibilities and roles in their statutes. These entities vary significantly between associations, where the members have greater control through assemblies, and foundations, where boards make decisions.

In regard to safeguards, the region generally has regulatory frameworks that establish the prohibition of partisan activities and channelling resources for illegal activities related to terrorism or money laundering. Fortunately, the majority of the countries analysed are part of GAFI or GAFILAT, which means that they have pledged to adopt policies designed to prevent money laundering and terrorism financing.

These are important safeguards as long as they do not become excessive burdens on the levels of information that the organisations must produce. In regard to participation in partisan activities, it is important to clearly differentiate between these activities and those related to shaping public policy. Non-profits are key entities for having a plural civic space, identifying new topics for the public agenda, promoting government accountability, and encouraging the participation of new voices in public deliberation.

The region has a great deal of diversity in regard to reporting and accountability. Argentina, Bolivia, Costa Rica, and Jamaica require non-profits to submit three types of reports: activities, financial and donor. In Bolivia and Mexico, the only requirement is that the reports be public. One strength of Colombia and Jamaica is that the type of report depends on the size of the organisation. In regard to reports with financial information, with the exception of Honduras, all of the countries in Latin America require the submission of this sort of financial information to the appropriate tax or government entity. There also tend to be consequences for failing to submit reports or for failing to do so on time.

One major difference between OECD and Latin American and Caribbean nations is that while public access to information on non-profits is the norm in the former, it is exceptional in this region. As such, they report to governments but not to the general population, which limits the creation of transparency and accountability standards focused on truly public access. This is a key point that should be addressed by non-profits in order to increase their legitimacy, particularly when they benefit from tax exemptions and intervene in matters of public interest.

It is important to establish management, financial, and/or donor reporting obligations that are appropriate for the size of the organisation. These reports must also be standardised by the entity responsible for such processes. However, it is even more important for the government to create platforms to make those reports accessible to the public and easy for citizens to consult.

- **Promoting regional exchanges and learning on Impact for changes to the legal framework**

Impact campaigns for promoting changes to legal frameworks in order to strengthen philanthropy are, by their very nature, national campaigns. However, there is a broad field of action for activities that cover the entire Latin American and Caribbean region. Comparative studies like this one contribute to highlighting the progress and limitations of national regulatory frameworks. As such, it is important to disseminate and update them on an ongoing basis in order to ensure that we have the best possible information for national impact actions. On the other hand, several countries in the region have developed impact campaigns to change different aspects of the regulatory framework. Learning from those

experiences as a region will contribute to improving national approaches and capacities in various areas such as the strategies and tools used, the forms of organisation, and coalitions established, the development of public deliberations, the use of studies and work with decision-makers.

With the support of its national members, WINGS can play a key role for keeping information on national regulatory frameworks and changes achieved through incidence processes up to date. It can also organise a series of regional conversations in which participants can exchange experiences, generate knowledge based on the analysis of national cases and promote the development and dissemination of national and regional studies on regulatory frameworks and incidence processes for transformation that facilitates the development of philanthropy. As such, this exchange of experiences and peer learning will help to foster joint training and keep us updated on the reality of each country. It will also allow us to think about advocacy strategies for the region and for each country.

The importance of the recommendations presented above varies from country to country. As the comparative study clearly shows, there are marked differences between national regulatory frameworks. However, the comparative perspective used in this study allows us to appreciate the national framework in a regional context and to contribute to discussions of potential reforms. National organisations must expand this work through research, analyses, and discussions about their own regulatory frameworks in order to propose specific reforms at the national level that can lead to the changes needed to facilitate strengthening of effective philanthropy oriented towards the development of a plural and inclusive civil society. This work that must be framed by an ongoing agenda of promoting philanthropic practice and by efforts to raise awareness of the value of civil society for strengthening countries' development and democracy.

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Experts by country and affiliation.

Country	Name	Profession or Institution
Argentina	Guillermo Canova	Professor, Universidad Austral and Legal Director at Fundación Fonbec
Barbados	Jane Armstrong	Consultant
Brazil	Institute for the Development of Social Investment	
Bolivia	Antonio Perez Velasco	
Chile	Magdalena Aninat and Rocío Vallespin	Universidad Adolfo Ibáñez Centre for Philanthropy and Social Investment
Colombia	Bernardo González	Former Assistant Director of Non-Profit Legal Entities for the Mayor's Office of Bogotá (2012-2015)
Costa Rica	Erika Sibaja	Fundación SOMOS de Costa Rica
Ecuador	Daniel Barragán	Universidad Hemisferios
Jamaica	Karen Johns	
Mexico	Jacqueline Butcher	Director of the Centre for Research and Studies on Civil Society, AC, affiliate of the Tecnológico de Monterrey, Mexico City Campus
Peru	Beatriz Parodi Luna	Independent Legal Consultant
Uruguay	Inés M. Pousadela	Senior Researcher at Civicus
Venezuela	Marcos Carrillo	Director of the Theory, Philosophy, History and Methodology of Law Department, Universidad Católica Andrés Bello, Caracas

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About WINGS

WINGS is a global network of philanthropy development and support organisations committed to ensuring philanthropy reaches its fullest potential as a catalyst for social progress. Our growing community of thought leaders and changemakers includes more than 190 member organisations across 58 countries.

More information

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About CEFIS UAI

Founded in 2015, CEFIS UAI is the first academic center in Chile and Latin America dedicated to the development of knowledge about private contributions to public goods.

Through its work, it generates links between academic work and the different social actors interested in contributing to the generation of public goods and the strengthening of civil society. To do this, it generates applied research on the sector and public policy proposals. It is also a space for guidance and training for those who lead social investment initiatives, providing knowledge to develop strategic philanthropy, measurement of social impact results and effective governance. CEFIS UAI works in collaboration with local and international institutions and is a member of WINGS.

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Lilly Family School of Philanthropy

The Indiana University Lilly Family School of Philanthropy at IUPUI is dedicated to improving philanthropy to improve the world by training and empowering students and professionals to be innovators and leaders who create positive and lasting change. The school offers a comprehensive approach to philanthropy through its undergraduate, graduate, certificate and professional development programs, its research and international programs and through The Fund Raising School, Lake Institute on Faith & Giving, the Mays Family Institute on Diverse Philanthropy and the Women's Philanthropy Institute.

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