

Finance Act 2016 - New CSR Framework

The Finance Bill 2016 was enacted on 07 September 2016. It contains tax measures as announced in the Budget 2016. Below is one of the key measures concerning Corporate Social Responsibility ("CSR").

Prior to the Finance Act 2016, companies were able to disburse their CSR funds in accordance to their own CSR Framework.

The Finance Act 2016 provides for the setting up of a new National CSR Foundation ("Foundation") whereby Companies should remit their CSR Fund to the Foundation as follows:

- At least 50% of the CSR Fund set up on or after 1 January 2017 up to 31 December 2017;
- At least 75% of the CSR Fund set up on or after 1 January 2018

Any remaining amount of CSR Fund set up:

- Before 1 January 2019, shall be used by a company to implement a CSR Programme in accordance with its own CSR Framework;
- On or after 1 January 2019 CSR fund should be disbursed in new priority areas of intervention.

Where a company is required to file APS return, it shall remit 25% of the above mentioned CSR fund payable to MRA in each of the first 3 quarters and the remaining 25% in its annual return and where APS is not applicable for a company, the CSR fund shall be remitted to MRA in its annual return.

Moreover, the Foundation has also outlined several activities under which no CSR money shall be spent by a company.

However, the above provisions should not be applicable to Companies which contribute to an approved CSR programme which fits within the priority areas of intervention.

We hope you find the above helpful. For more information please do not hesitate to contact us.



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