



[Email a friend](#) : [Contact Us](#)

Dear Friends,

In the last few years charity reform in the United States has been an issue that has dominated the agendas of many philanthropic agencies and Government bodies. And for charities or not-for-profits trying to engage American donors, the outcome of this reform has been critical.

So in my speech at the National Fundraising Convention in London on July 12, 2006, I presented a brief portrait of the U.S. philanthropic sector and offered a perspective on the current status of the reform activity.

In this issue, I outline the key elements of my presentation to the Convention and assess the likely impact of the charity reform on international giving. If you'd like a full transcript of my speech, though, it's available by clicking [here](#).

A handwritten signature in black ink that reads 'S.K.E. Saxon-Harold'.

Susan K.E. Saxon-Harold
Chief Executive Officer

» **The impact of Charity Law reforms in the U.S. on international giving**

It's estimated that 15 percent of private giving in the United States goes outside the country to foreign charities. (The Foundation Center 2004.) This is significant cross-border giving and, since 9/11, an array of committees, task forces and working groups has taken a hard look at the rules and practices governing the charitable sector and philanthropic giving in the United States.

For example, the U.S. government took steps to tighten oversight of international giving. Its objective was to prohibit transactions with individuals and organizations believed to be associated with terrorism. In addition, the Internal Revenue Service took steps to tighten its oversight of the charitable sector and global grantmaking.



The process is ongoing and, more recently, the U.S. Senate Finance Committee has had a series of consultations with the sector and held numerous hearings on the same issues. A task force, convened by the Council on Foundations, has been focusing on the issue of international philanthropy and the Independent Sector Panel has taken a broad look at the whole of the U.S. charitable sector.

CAF America has been an active participant in the ongoing debate and has campaigned hard for new laws and regulations that would not diminish international giving from the United States – for example, by posing undue burdens on U.S. donors or charities overseas.

Thankfully, this broad package of reforms has so far been bottled up, as often happens in Washington. And the Council on Foundations expects any bill emerging from this process to have a negligible effect on international giving.

All of which is good news if you are fundraising in the U.S., where a different tax system already creates the need for a unique approach to grant making. As you may know, U.S. donors do not receive a tax deduction for direct contributions to foreign charities. This means that non-U.S. charities wanting, for example, to use a 'Friends of' fundraising vehicle in the U.S. must either:

- a) go to the expense and trouble of creating "Friends of" organizations in the United States. As U.S. charitable organizations – called 501(c)(3)s after the section of the tax code governing their status – these organizations can collect tax-deductible contributions from U.S. donors or
- b) use an intermediary charity, like [CAF America](#), to collect tax-deductible contributions from donors in the United States and then make grants to the non-U.S. charity. CAF America has its own simple and cost-effective Friends of Charity Fund service. There's no need to set up a costly, separate legal entity in the United States and donors can make tax-deductible gifts of any size and at any time. To set up your own 'Friends of' Charity Fund or simply find out more click [here](#) or call CAF America on 001 703 549 8931.

In the face of such intense scrutiny there were fears that new legislation would adversely affect such 'Friends of' services and other vehicles for international giving by U.S. donors. This has not materialized and signs are encouraging that international giving will not be unduly hampered.

[back to top >>](#)

Feedback

Constructive feedback on our e-Bulletin is always welcome. If you have any comments or suggestions, please click [here](#).

Unsubscribe

If you no longer wish to receive CAF America's e-Bulletin, please click [here](#).

Forward to a friend

If you would like a friend to obtain a copy of this e-Bulletin, please click [here](#).

[back to top >>](#)