

Public Benefit Status

Phil Cooper of the Greenacre Group UK

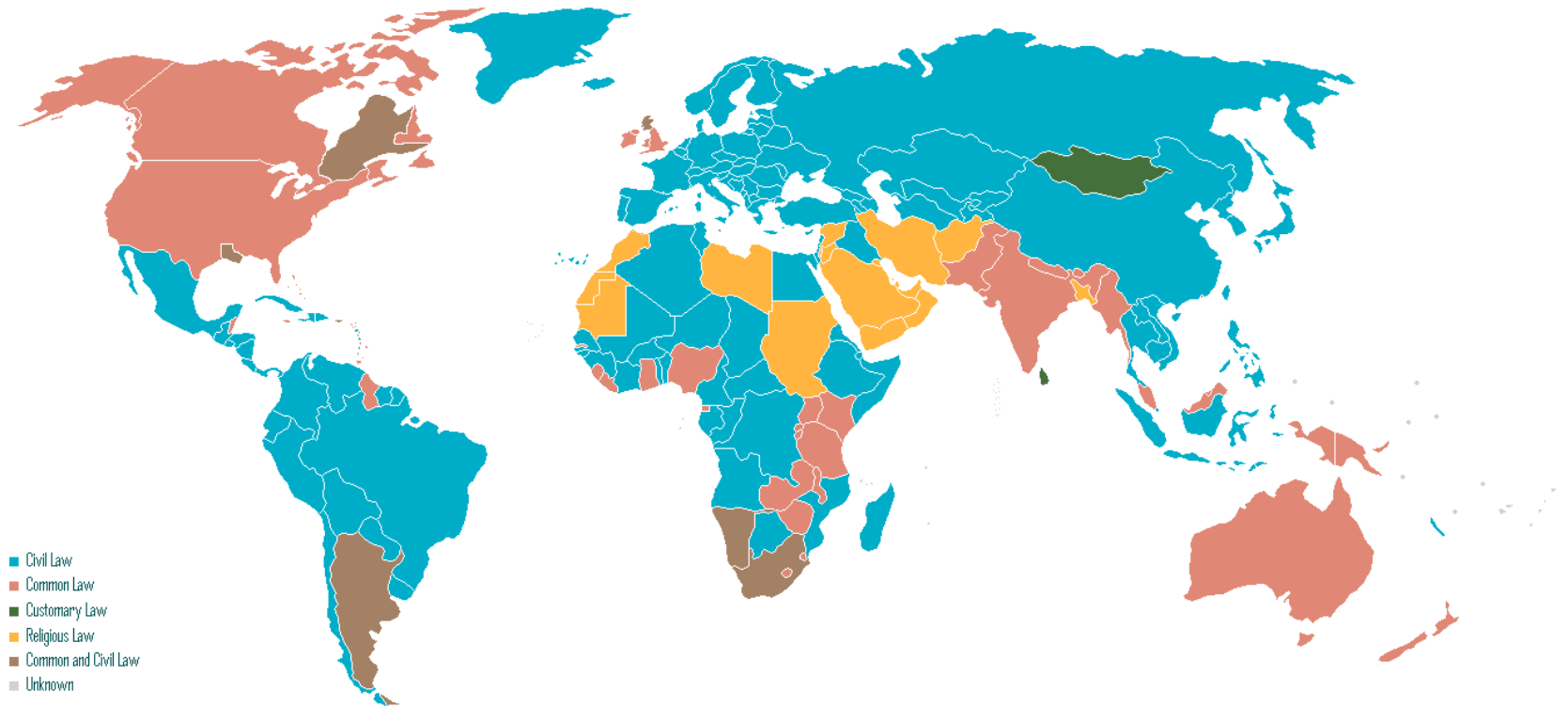
Presentation for the northern part of Cyprus



GREENACRE

— GROUP —

Different Legal Systems



Different legal systems- 2

Civil Law

- Based upon legal recognition of associations and foundations;
- Focus on legal form;
- Legal codes (codex);
- Examples:
 - Continental Europe (France, Germany, Spain, Italy)
 - and their former colonies (Vietnam, Mexico, Senegal)

Common Law:

- Based upon legal recognition of charitable purposes
- Focus on use of funds;
- Case law (precedent);
- Examples:
 - England
 - USA
 - Australia
 - former British Empire

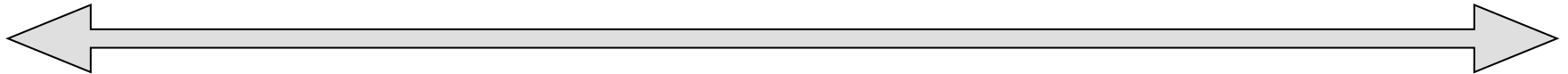
Public Benefit – definition and significance

- A descriptive but not legal term
- A legal test used to define the NGO sector (common law system)
- A means of selecting a part of the NGO sector for additional benefits (many civil law countries)

Reasons for a Public Benefit Status

**PBOs do good – they
are a benefit to society**

**PBOs are foreign, independent
and rich - they threaten stability**



Enabling

Understand the sector

Legal space to operate

Financial support

Help poor NGOs do better

Prevention

Controlling

Identify and monitor PBOs

Shape the sector

Create stakeholders in the state

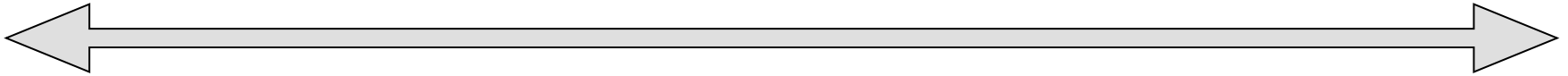
Stop poor NGOs from operating

Cure

How Public Benefit Status works

Rights

Responsibilities



Right to operate

Notify or register with authorities

Sole or preferential access to...

Limited permitted activities

- **Tax exemptions**
- **Government grants**
- **Overseas funds**

Adopt approved legal and/or governance structures

Subject to inspection and/or audit

Limitations on liability

Transparency to authorities and/or public

Right to PBO name

Accounting standards

What is Public Benefit?

Charities Act 2006 (England)

- the prevention or relief of **poverty**;
- the advancement of **education**;
- the advancement of **religion**;
- the advancement of **health** or the saving of lives;
- the advancement of **citizenship** or community development;
- the advancement of the **arts, culture, heritage or science**;
- the advancement of amateur **sport**;
- the advancement of **human rights**, conflict resolution or reconciliation, or the promotion of religious or racial **harmony or equality and diversity**;

What is Public Benefit?

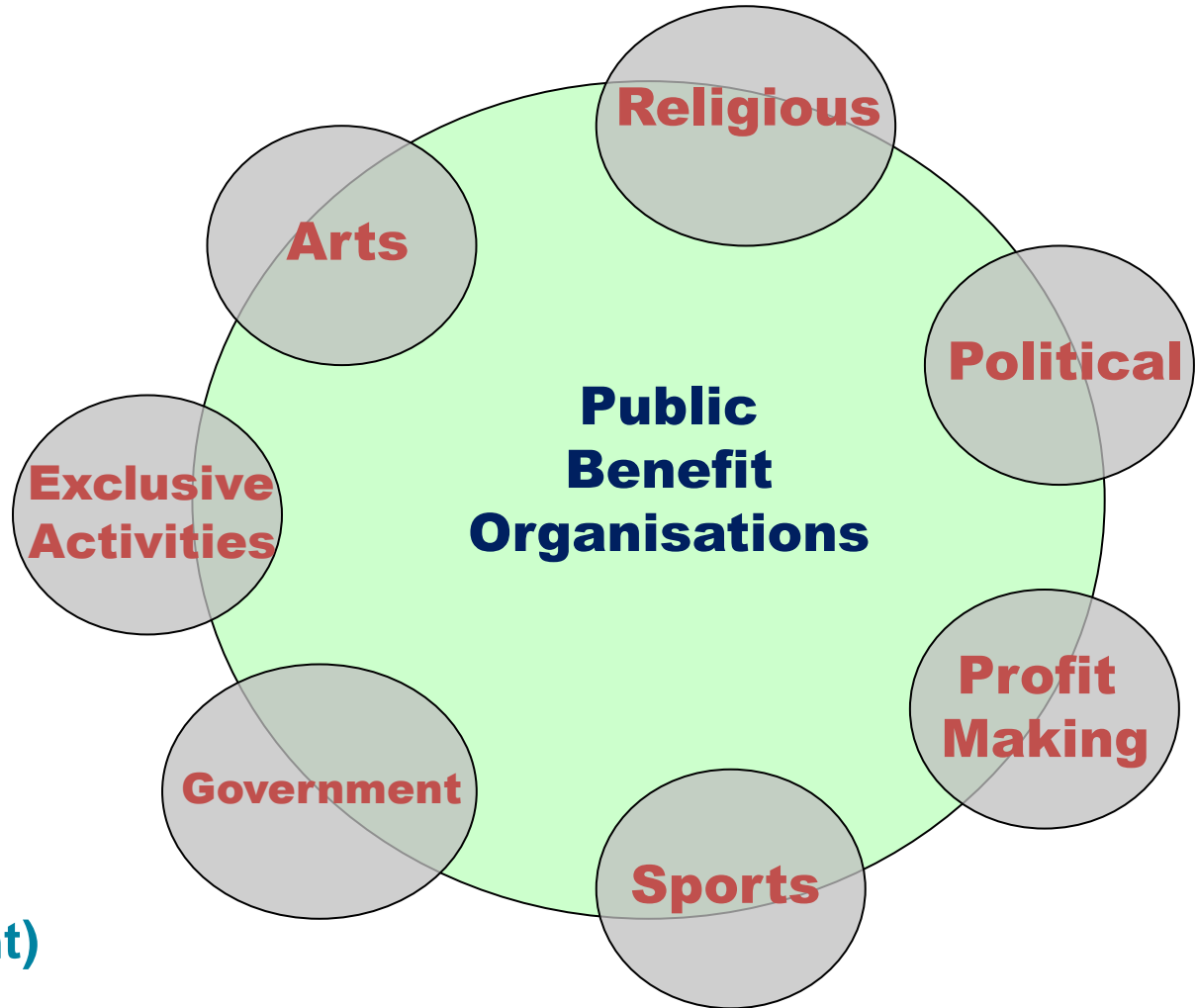
Charities Act 2006 (England)

- the advancement of **environmental** protection or improvement;
- the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other **disadvantage**;
- the advancement of **animal welfare**;
- the promotion of the efficiency of the **armed forces** of the Crown, or of the efficiency of the police, fire and rescue services or ambulance **services**; and
- **other purposes** that are currently recognised as charitable or are in the spirit of any purposes currently recognised as charitable.

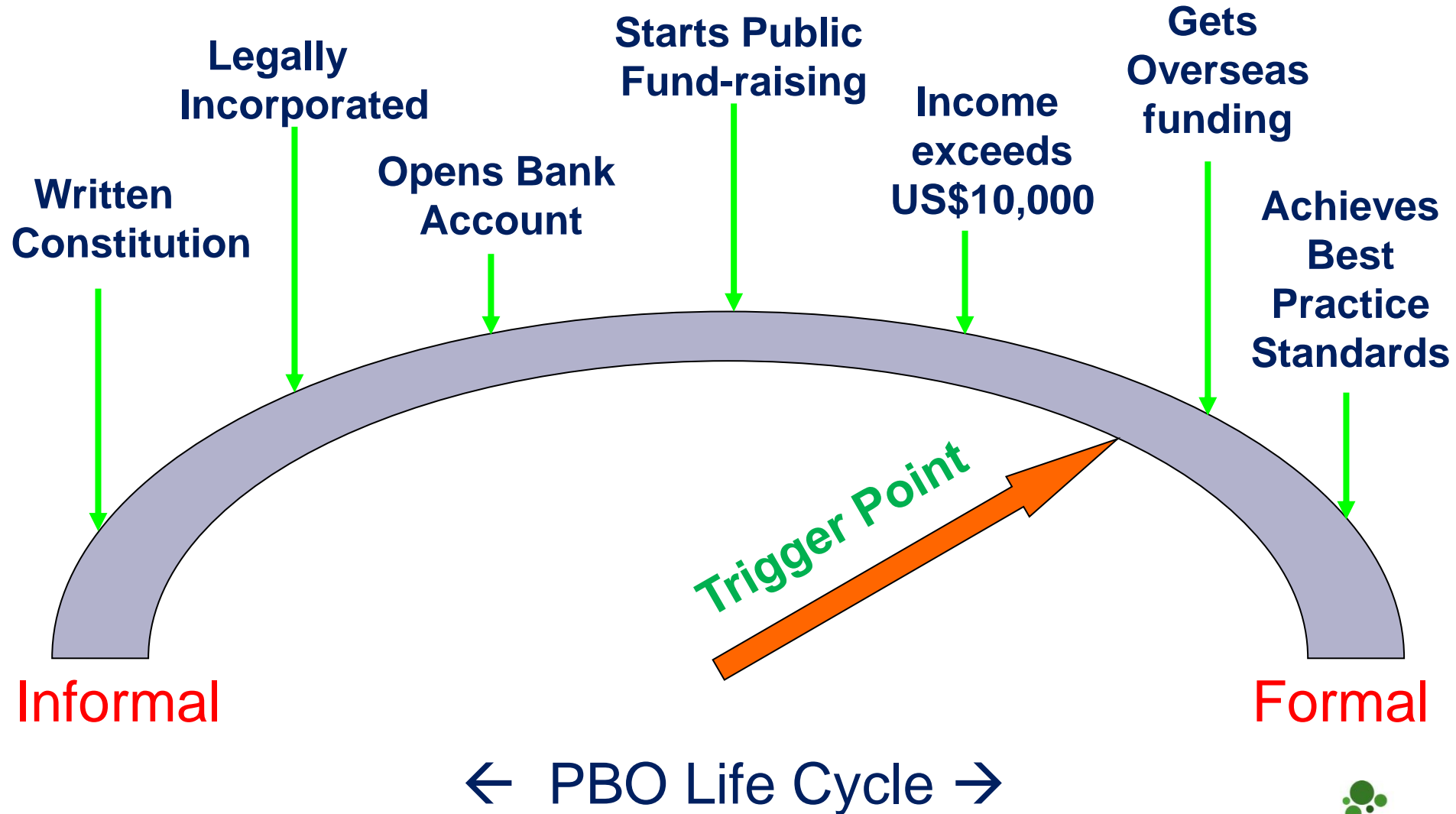
Public Benefit Tests

Fixed or
flexible definitions

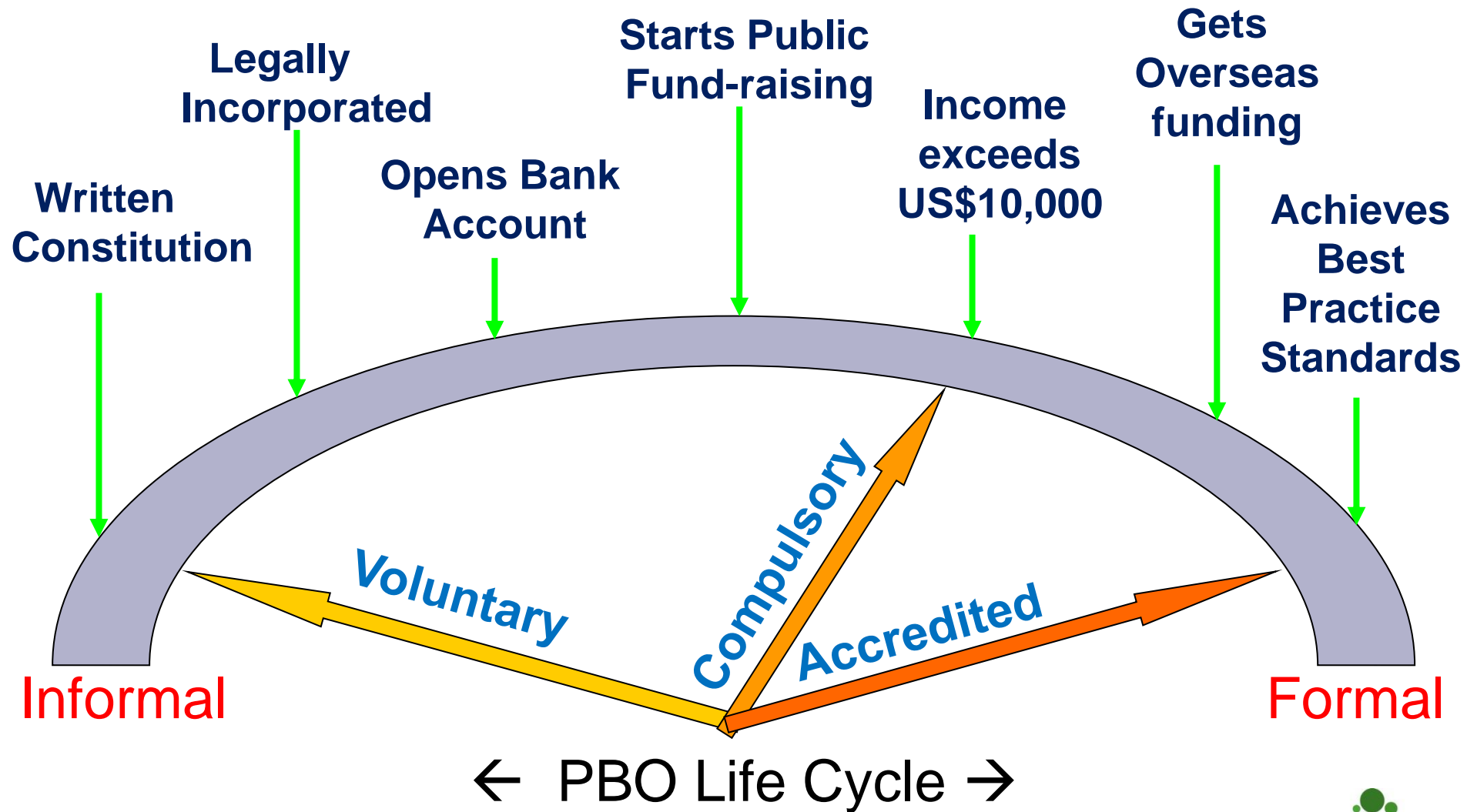
Who applies the
test?
(not always government)



When does an organisation merit PBO status?



When does an organisation merit PBO status?



Going forward

- Consider what would best fit into existing legal frameworks;
- Work with the not for profit community;
- Consider logistical issues;
- Look at international standards
- Consult; and
- Implement change

Questions and comment's?

Phil Cooper

Director and Senior Consultant

Phil@greenacegroup.co.uk

www.greenacregroup.co.uk