

Charity 2022

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1. What is defined as a charity in this jurisdiction?

Private Foundation: This represents money allocated for an indefinite period of time for a work of a humanitarian, charitable, scientific or technical nature, or for any other work of charity, social care or public benefit without the intention of making a material profit, whether the work is inside or outside Bahrain.

License applicant: Any of the license applicants to collect money from NGOs and private institutions registered with their affiliated Government agencies and individuals who are registered in line with the law and Regulations.

Licensee: A person who has been licensed by one of the license applicants or who has been notified of the acceptance of a donation in line with the Law and Regulations.

2. Is there a special regulator for the charity sector? If so what are the main powers it has?

Yes. The Ministry of Social Development and the Minister of Social Development are responsible for organising the collection of money for public purpose. The Ministry of Justice, Islamic Affairs and Endowments is also the competent Ministry and the Minister of Justice, Islamic Affairs and Endowments is the competent minister for regulating fundraising for public purposes by political associations as well as individuals for religious purposes.

Article 1 of Bahrain Decree No. 60/2013 defines the competent ministry and names the Minister competent to implement Bahrain Decree-Law No. 21/2013 regulating the collection of money for public purposes.

3. Is there a special regulatory regime for awqaf What are its main powers?

Yes. The following legislation is concerned with regulating the collection of money for public purposes. They relate to the powers and scope of public associations, the penalties imposed on violators and everything related to their work and activities.

- Bahrain Decision No. 47/2014 issuing the Implementing Regulations to Bahrain Decree-Law No. 21/2013 regulating the collection of money for public purposes.

Bahrain Law No. 21/1989 Promulgating the Law of Societies, Social and Cultural Clubs and Private Bodies working in the Field of Youth and Sports and the Private Foundation.

Bahrain Law No. 42/2009 Amending some the Law of Societies and Social and Cultural Clubs, Special Organisations Working in the Field of Youth and Sports and Private Institutions promulgated by Bahrain Decree-Law No. 21/1989.

Bahrain Decision No. 4/2007 regarding the model regulation for the basic system of social and cultural societies and clubs under the supervision of the Ministry of Social Development.

Bahrain Decision No. 9/2007 regarding the conditions and procedures for licensing the allocation and operation of shelters, institutions, centres and homes for care and social rehabilitation.

Bahrain Decision No. 24/2004 regarding the model regulation for the statutes of associations.

Bahrain Decision No. 27/2004 regarding the model regulation for the statute of cooperative unions.

Bahrain Decision No. 49/2001 regarding the model regulation for the statute of cooperative societies.

Bahrain Decision No. 65/2012 regarding the licensing system for collecting money for social and cultural associations and clubs under the supervision of the Ministry of Labor and Social Development.

Bahrain Decree-Law No. 21/1989 promulgating the Law of Societies, Social and Cultural Clubs and Private Bodies working in the Field of Youth, Sports and Private Institutions.

Bahrain Decree-Law No. 21/2013 Regulating the collection of money for public purposes.

Bahrain Decree-Law No. 24/2000 Promulgating the Law of Cooperative Societies.

Bahrain Decree-Law No. 44/2002 amending the Law of Societies, Social and Cultural Clubs and Private Bodies working in the Field of Youth and Sports and Private Institutions promulgated by Bahrain Decree-Law No. 21/1989.

Bahrain Decree-Law No. 45/2002 amending the Law of Societies, Social and Cultural Clubs and Private Bodies working in the Field of Youth and Sports and Private Institutions issued by Bahrain Decree-Law No. 21/1989.

Bahrain Decree-Law No. 50/2010 amending the Law of Societies, Social and Cultural Clubs and Private Bodies working in the Field of Youth and Sports and Private Institutions promulgated by Bahrain Decree-Law No. 21/1989.

4. What entities are required to register with any charity regulator and what are the main requirements for registration?

Licensee: Every natural or legal person who has been granted a license to collect money or who has been notified of the acceptance of a donation in line with Bahrain Decree-Law No. 21/2013 regulating fundraising for public purposes.

Conditions and procedures for granting a license to raise money according to Article 4 of Bahrain Decision No. 47/2014 issuing the Implementing Regulations to Bahrain Decree-Law No. 21/2013 regulating fundraising for public purposes:

To grant a license to raise money for public purposes, the following is required:

- a. For a legal person:
 - To be registered or licensed according to the legal system to which it is subject.

That the purpose of collecting money is consistent with the purpose for which this Charity was established.

- B. For a normal person:
 - To be Bahraini.
To be fully qualified.
Good conduct and behaviour.

- They should not have been convicted of a felony or misdemeanour which violates honour, trust or public morals.

The licensee should open an account in one of the banks approved by the Central Bank and this is where the amounts collected should be deposited. The Ministry should be informed of the account number.

5. Are there any specific legal or financial benefits from being recognised as a charity in this jurisdiction?

Licensee: Every natural or legal person who has been granted a license to collect money or who has been notified of the acceptance of a donation in line with Bahrain Decree-Law No. 21/2013 regulating fundraising for public purposes.

Conditions and procedures for granting a license to raise money according to Article 4 of Bahrain Decision No. 47/2014 issuing the Implementing Regulations to Bahrain Decree-Law No. 21/2013 regulating fundraising for public purposes:

To grant a license to raise money for public purposes, the following is required:

- a. For a legal person:
 - To be registered or licensed according to the legal system to which it is subject.
That the purpose of collecting money is consistent with the purpose for which this Charity was established.
- B. For a normal person:
 - To be Bahraini.
To be fully qualified.
Good conduct and behaviour.

- They should not have been convicted of a felony or misdemeanour which violates honour, trust or public morals.

The licensee should open an account in one of the banks approved by the Central Bank and this is where the amounts collected should be deposited. The Ministry should be informed of the account number.

6. Are there restrictions on the activities, which charities can undertake in this jurisdiction?

Yes. The license applicant must fill out a form known as the license application form to collect money for public purposes.

This form must include all the conditions and controls contained in the Law and Regulation. The license is approved by the competent minister.

It is illegal for any natural or legal person to donate any money or accept a donation from an entity outside the Kingdom unless an application has been submitted to the Ministry stating the type of donation, the entity to which it was submitted or received and its purpose.

In the event of approval of a donation abroad or acceptance of a donation from an entity outside the Kingdom, the person authorised to do so must provide the relevant Ministry within one month from the date of approval with documents and financial documents which prove that the amount transferred abroad has been delivered to the relevant entity and that the authorised donation from abroad is used for a purpose which has been approved by the Ministry.

These controls apply to the transfer of funds collected under a money-raising license, subject to the approval of the Minister and the funds transferred in this case are transferred by bank transfers only. In all cases, it is required that the purpose of accepting a donation or transferring funds abroad is legitimate in line with all laws and regulations in force in the Kingdom.

It is illegal for any natural or legal person to donate an amount of money or accept a donation from an entity outside the Kingdom, unless they have submitted an application to the Ministry stating the type of donation, the entity to which it was submitted or received and its purpose.

In the event of approval of a donation abroad or acceptance of a donation from an entity outside the Kingdom, the person authorised to do so must provide the relevant Ministry within one month from the date of approval with documents and financial documents which prove the amount transferred abroad has been delivered to the relevant entity and the authorised donation from abroad is used for the purpose which has been approved by the Ministry.

These controls apply to the transfer of funds collected under a money-raising license, subject to the approval of the Minister and the funds are transferred by bank transfer only. In all cases, it is required that the purpose of accepting a donation or transferring funds abroad is legitimate in line with all laws and legal regulations in force in the Kingdom.

It is not permissible to transfer or accept any money from or to outside the Kingdom of Bahrain if it aims or amounts to:

- 1. Funding or supporting any military or paramilitary formations or inciting ethnic, national, religious or sectarian hostility.

2. Funding any civil organisation, political association, party or political organisation.
3. Hostility or opposition to the principles, rules or provisions in the Constitution and legislation in the Kingdom.
4. Any other purposes which are illegal by law or violate of public order and morals .

- The person who is licensed to collect money must open an account in one of the banks approved by the Central Bank and the funds collected must be deposited directly in the account.

- The Ministry, by a decision of the Minister, determines the manner and method of withdrawal from the bank account, the amount of the specified amount of the activity and an estimate of the possible administrative expenses to be deducted from the account, which may not exceed 10% of the total amounts collected.

- The licensee may not open more than one bank account for the one license issued to them, provided the period of opening the account is identical to the period of the license to collect money and the account is closed immediately after the licenses expire for any reason.

- The licensee must submit a report in the financial form designated for this purpose, within fifteen days from the end of the period specified for collecting money or the notification of acceptance of the donation to the Ministry.

This form should include the following:

- 1. Disclosure of the proceeds of all funds raised, with a certified copy of the bank account provided.
- 2. Submit a list of the beneficiaries' names and all their data, with evidence of the legality of their needs for funds.
- 3. Submission of all necessary supporting documents which indicate the spending of funds for the purpose for which they were collected.
- 4. Provide any information or documents requested by the Ministry or the relevant Government entity. The Ministry may require the licensee to submit this report supported by an auditor, where the value of funds raised exceeds 10,000 Dinars.

Funds collected under the license issued in line with the Law and Regulations may not be delivered to any legal person registered or licensed according to the legal system under which it is subject, nor spent on it.

The Minister will have the right to seek the assistance of the Financial and Administrative Oversight Bureau to review the legality or disbursement of the funds which have been authorised to be collected and the licensee will enable the Bureau to do so.

7. What steps would an international charity wishing to operate in this jurisdiction have to take?

It is necessary to register in the Kingdom as a legal person and then apply for a license to collect money according to the purpose for which the charity was established.

8. Are there any restrictions on carrying out charitable fundraising activities in this country?

Yes. They are as follows:

- Obtaining a license to raise money for public purposes from the competent minister.
Opening an account in one of the banks approved by the Central Bank, in which the collected amounts are deposited and informing the Ministry of the account number.
The licensee may not spend the money for a purpose other than the purpose for which it was collected and in the event of a desire to change this purpose, the approval of the Ministry must be obtained.
The licensee has to, within fifteen days from the end of the period specified for collecting the money or the notification of acceptance of the donation, to submit to the Ministry a report on the proceeds of the collected sums and the aspects of disbursement from them, supported by documents proving their validity. This report is submitted annually if the specified period for collecting the money exceeds one year.
The licensee may not transfer any sums of money collected to a person or entity outside the Kingdom without the approval of the Minister and in line with the specified controls.
Funds collected under the license issued to any legal person registered or licensed according to the legal system under which it is subject may not be delivered or spent on it.
To accept donations from outside the Kingdom, the license issued must include permission to do so.
The licensee is banned from violating the conditions of the license, and where there is a violation, the Ministry may issue a decision to cancel the license, stop collecting money, withdraw the collection proceeds and spend it in whichever public interest it considers appropriate.

9. Are there any laws or regulations on the information that must be provided to potential donors when charities are fundraising?

Yes. The licensee must submit a report according to the financial form designated for this purpose to the Ministry, within fifteen days from the end of the period specified for collecting money or the notification of acceptance of the donation. This form includes the following:

- Disclosure of the proceeds of all collected funds, with a certified copy of the bank account provided.
Submit a list of the beneficiaries and all their data, with evidence of the legality of their needs for funds.
Submit all the necessary supporting documents which prove the money is being spent for the purpose for which it was collected.

- Provide any information or documents requested by the relevant Ministry or Government entity, and the Ministry may oblige the licensee to submit this report supported by an auditor, where the money raised exceeds 10,000 Dinars.

10. Are there restrictions on where charities are allowed to undertake fundraising or collections?

The Ministry specifies in the application form for a license to collect money for public purposes, the ways and means by which the money will be collected, whether it is through public funds in public places, parties, charitable markets, balances, coupons, sports matches, electronic and text messages, bank accounts, or other means in which money can be collected and what may be accumulated from it and under what conditions. These stipulations are according to the nature and activity of the licensee.

The Ministry may amend the conditions of the license to collect money in terms of the date, place or method of collection, based on a request submitted to it by the license applicant.

11. Are there any restrictions on providing finance to charities outside the country?

Yes. It is illegal for any natural or legal person to donate an amount of money or accept a donation from an entity outside the Kingdom unless an application has been submitted to the Ministry stating the type of donation, the entity to which it is submitted or received and its purpose.

In the event of approval of a donation abroad or acceptance of a donation from an entity outside the Kingdom, the authorised person must provide the relevant Ministry within one month from the date of approval with documents and financial documents which prove the amount transferred abroad has been handed over to the relevant entity and the authorised donation from abroad has been used in respect of the purpose approved by the Ministry.

These controls apply to the transfer of funds collected under a money-raising license, subject to the approval of the Minister and the funds are transferred in this case by bank transfers only. In all cases, it is required the purpose of accepting a donation or transferring funds abroad is legitimate in line with all laws and regulations applicable in the Kingdom.

12. Are there any specific qualifications or registration requirements for those who run a charity in this country?

Yes. It is illegal for any natural or legal person to donate an amount of money or accept a donation from an entity outside the Kingdom unless they have submitted an application to the Ministry stating the type of donation, the entity to which it is submitted or received and its purpose.

In the event of approval of a donation abroad or acceptance of a donation from an entity outside the Kingdom, the authorised person must provide the relevant Ministry within one month from the date of approval with documents and financial documents which prove the amount transferred abroad has been handed over to the relevant entity and the authorised donation from abroad has been used. In the purpose which has been approved by the Ministry.

These controls apply to the transfer of funds collected under a money-raising license, subject to the approval of the Minister, and the funds are transferred in this case through bank transfers only. In all cases, it is required the purpose of accepting a donation or transferring funds abroad is legitimate in line with all laws and regulations applicable in the Kingdom.

13. Do those who run charities have any special duties?

Yes. To grant a license to raise money for public purposes, the following are required:

- a. For a legal person:
 - To be registered or licensed according to the legal system to which it is subject.
That the purpose of collecting money is consistent with the purpose for which this person was established.
- B. For a normal person:
 - To be Bahrainii
To be fully qualified.
Good conduct and behaviour.
They will not have been convicted of a felony or misdemeanour which violates honour, trust or public morals.

14. Are charities allowed to also run companies?

No.

15. Are charities and awqaf required to produce any specific annual or periodical report?

Yes. The Ministry may require the licensee to submit a report supported by an auditor, where the value of the money collection exceeds 10,000 Dinars.

16. Is there an inspection regime for the charitable section?

Yes. The Ministry employees who are designated by a Ministerial Decision concerned with justice affairs in agreement with the Minister, have the capacity of a judicial officer, in relation to crimes committed in violation of the Law or the decisions issued to implement it.

These employees will have the authority to inspect funds collected for public purposes under this Law and the records of licensed legal persons, in order to ensure they comply with the Law and the conditions of the license issued for collecting money.

17. What are the main penalties for breaching laws and regulations on the operation of charities?

The licensee is prohibited from violating the conditions of the license. In the event of a violation, the Ministry may issue a decision to cancel the license, stop collecting money, withdraw the collection proceeds and spend it in the public interest as it considers appropriate.

18. What are the main penalties for breaching laws and regulations on fundraising?

Anyone who collects funds for a terrorist purpose will be jailed for life or for up to ten years and fined between of between 100,000 and 500,000 Dinars.

Anyone who collects funds for public purposes without obtaining a license in line with the Law will be jailed for up to a year and/or fined 1,000 Dinars. The collection of funds for other than the public purposes under this Law is considered an aggravating circumstance.

Violations of the remaining provisions of the Law and the Decisions issued to implement it will lead to a jail term of up to six months being imposed along with a fine of 500 Dinars, or both.

In all cases, the court will order the confiscation of the collected funds or any funds of equal value owned by the perpetrator of the crime. These funds will be transferred to the benefit of charitable works determined by the Ministry.

19. Are there any specific rules or regulations covering volunteering?

No.

20. Under what circumstances can a charity wind up its activities and what are the main steps which have to be taken?

The license to collect funds ends in any of the following cases:

- Expiry of the license.
Loss of the purpose for which it was issued.
The dissolution of the legal person to whom the license was issued, or the loss of the capacity of the natural person.
Violation of licensing conditions or violating laws, regulations and ministerial decisions issued by the Minister related to fundraising.

Firm

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Biography

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