

CORPORATE SOCIAL RESPONSIBILITY (CSR) FUND

What is CSR Fund?

Effective 1st July 2009, every company shall set up a CSR Fund equivalent to 2% of its book profit derived during the preceding year to:

- (a) Implement an approved programme by the company
- (b) Implement an approved programme under the National Empowerment Foundation; or
- (c) Finance an approved NGO.

Exemption from CSR Fund?

'Company' does not include:

- (a) A company holding a Category 1 Global Business Licence;
- (b) A bank in respect of its income derived from its banking transactions with non-residents or with corporations holding a Global Business Licence;
- (c) An IRS company;
- (d) A non-resident société, a trust or a trustee of a unit trust scheme.

Areas of intervention

- Socio Economic Development (including gender and human rights)
- Health
- Education & Training
- Leisure and Sports
- Environment
- Catastrophic Interventions & support

What is book profit?

Book profit means profit after tax computed in accordance with International Financial Reporting Standards (IFRS) and as adjusted for by profit or loss on disposal or revaluation of fixed assets, where any such profit/loss or revaluation is credited/debited to profit and loss account.

How to calculate the amount to be transferred to CSR Fund?

The amount of profit that a company is required to transfer to the CSR Fund out of its book profit derived in the year of assessment ending on 30th June 2010 shall be calculated by applying the following formula:

$$2/100 \times b/12 \times n$$

Where:

b – is the book profit derived by the company in the year forming the basis for the year of assessment ending on 30th June 2010

n – is the number of months starting on 1st July 2009 to the end of the accounting year of the company forming the basis for the year of assessment ending on 31st December 2010.

Balance on CSR Fund

Where in respect of a year, the amount paid out of the CSR Fund is less than the amount provided under the Fund, the difference shall be remitted to the Director General of the MRA at the time the company submits its return of income.

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