

## Research on Tax Incentive Policies for Donations to Public Libraries (Postprint)

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### Abstract

[Purpose/Significance] Donation is one of the important forms for social forces to participate in the development of public libraries, yet the scale of social donations to public libraries in China has always been very small. Research on the implementation of tax incentive policies holds important practical significance for encouraging social donations. [Method/Process] This study compiles clauses encouraging donations in China's modern public library regulations, and systematically reviews existing tax incentive policies for social donations from three aspects: the donor, the recipient, and the preferential methods. It identifies three problems in current policies for tax incentives on donations to public libraries: ambiguity in issues related to donating to public libraries, excessive restrictions on obtaining tax incentives for social donations, and a lack of pathways for donating to public libraries to enjoy tax incentives. The study also introduces tax policies from the United States. [Results/Conclusion] In response to existing problems in tax incentive policies for donations to public libraries, relevant recommendations are proposed: issuing specialized normative documents, reducing restrictions on obtaining tax incentives for donations, and establishing a national foundation for public library development.

### Full Text

#### Preamble

Donation represents a crucial form of societal participation in public library development, yet the scale of donations to public libraries in China has remained consistently small. Examining the implementation of tax preferential policies holds significant practical importance for encouraging social donations. This study compiles provisions from modern Chinese public library regulations that encourage donations and systematically reviews existing tax preferential policies from three perspectives: donors, recipients, and preferential methods. The analysis reveals three critical issues: ambiguous regulations regarding donations

to public libraries, excessive restrictions on obtaining tax incentives for social donations, and the absence of clear pathways for donating to public libraries. The study also examines relevant tax policies in the United States.

Legislation serves to protect citizens' rights, regulate social order, and safeguard social interests. The Public Library Law of the People's Republic of China, passed by the National People's Congress Standing Committee in November 2017 (hereinafter referred to as the Public Library Law), aims, among other objectives, to guarantee citizens' fundamental cultural rights. Inheriting the legislative spirit of the Public Library Law of the People's Republic of China, the law clarifies that protecting public cultural rights represents a state and government responsibility while guiding social forces to participate in public library development, thereby fostering a "government-led, socially participatory" framework [1]. According to the 2020 China Culture and Tourism Statistical Yearbook [2], fiscal appropriations accounted for over 18.3 billion yuan of public library funding sources in 2019, approximately 96% of total revenue, with other income comprising only 1.7% of total revenue. This demonstrates that social donations constitute a low proportion of public library funding.

The Public Library Law employs multiple approaches to encourage social participation in public library development, with Article 6 specifically proposing tax preferential policy incentives. This represents a significant policy benefit for public libraries. However, how can these legal provisions be implemented? The author investigated relevant Chinese laws, regulations, and policy documents, identifying current policy problems. Meanwhile, the Charities Aid Foundation's 2019 World Giving Index indicates that the United States has been the most socially donation-active country over the past decade [3]. Therefore, to address these issues, this article appropriately references comparable U.S. policies and, considering China's national conditions, offers references and recommendations for implementing tax preferential policies for public library donations.

## Literature Review

In constructing a modern public cultural service system, social participation can leverage the characteristics and advantages of various entities to improve public cultural service efficiency. Guiding social participation represents one of three major tasks for enhancing public cultural service capacity building proposed in the 2020 Reform Plan for Dividing Central and Local Fiscal Powers and Expenditure Responsibilities in the Public Culture Sector issued by the State Council General Office [4], and constitutes an important research topic and development trend in the library field during the "14th Five-Year Plan" period [5]. While domestic research on social participation in library operations is extensive, policy research on tax preferences for public library donations remains scarce.

Reviewing relevant studies reveals multiple models of social participation in library assistance. Wang Zizhou categorized these into four patterns: inde-

pendent library establishment, donation-based library construction and book assistance, cooperation with public libraries, and volunteer services [6]. Recent research has further refined social participation models, including involvement in “library city” construction [7], library cultural creative work [8], and urban reading space development [9]. Donation serves as an important method for social forces to assist public library construction, supplementing resource sources and better meeting diverse and sustainable public cultural demands. Existing studies have examined donation issues from the library perspective, such as Li Ming and Jin Wugang’s investigation of donation practices within Chinese public libraries [10] and Han Yuzhe and Zhang Jiuzhen’s summary of the fundraising mechanisms of the New York Public Library [11]. However, research on donation obstacles to public libraries from a policy perspective remains lacking. From a policy standpoint, tax incentive policies constitute an important tool for encouraging donations [12], effectively stimulating corporate donation vitality [13] and serving as a crucial measure for promoting public participation in social welfare causes. Current research achievements have undoubtedly advanced social participation in China’s public library construction, but further investigation into donation obstacles through the lens of tax preferential policy implementation is needed. Research on tax preferential policies for social donations to public libraries holds significant practical importance for current public library construction and public cultural service practice.

Regarding public library legislative practice, this study examined laws and regulations enacted by the National People’s Congress and provincial, municipal, and autonomous regional people’s congresses. Although the Beijing Municipal Library Regulations are not specialized public library regulations, Article 2 states: “These regulations apply to public libraries and other various libraries in this municipality” [14], thus including them in this investigation. As of September 2020, the author identified seven major public library laws and regulations (one national and six local) containing provisions encouraging social donations, detailed in Table 1 .

## Evolution of Donation Clauses in Public Library Law

China’s policy of encouraging social donations to public libraries through tax preferences can be analyzed from two dimensions: a vertical historical perspective and a horizontal environmental perspective. From a vertical historical perspective, social participation represents a powerful supplement to government-led library operations in public library legislative practice. Compared with previous “non-substantive encouragement,” tax preferences mark a major breakthrough in donation-encouraging policies within public library laws. Reviewing the evolution of “encouraging donation” clauses in public library regulations helps understand the significance of tax preferential policies. From a horizontal environmental perspective, implementing tax preferential clauses in the Public Library Law inevitably involves laws and regulations in charity, taxation, and other fields. Investigating the configuration of relevant laws and regulations can

clarify current requirements and restrictions facing policy implementation.

The Public Library Law underwent over a decade of legislative work before formal promulgation. Prior to its release, multiple provinces and municipalities, including Shenzhen, Inner Mongolia, Hubei, and Beijing, had already issued relevant regulations and management measures containing provisions encouraging social donations, demonstrating that tax incentive policies in the Public Library Law were not created without foundation but built upon local explorations. Shenzhen took the lead in 1997 by promulgating the Shenzhen Special Economic Zone Public Library Regulations, the first local modern public library law explicitly encouraging domestic and foreign organizations and individuals to donate to public libraries and stipulating that relevant departments should provide “commendation or rewards,” a model followed by Inner Mongolia and Hubei regulations. While early library laws and regulations legally recognized social donations to libraries, they did not specify concrete reward measures.

Following the 1999 enactment of the Public Welfare Donation Law of the People’s Republic of China (hereinafter referred to as the Donation Law), public library legislation incorporated tax preferential clauses for social donations, representing a significant policy shift that provided tangible benefits beyond commendation. For example, the 2002 Beijing Municipal Library Regulations stipulated that donors could enjoy tax preferences according to the Donation Law, connecting public library donations with other legal fields. In 2015, the Guangzhou Municipal Public Library Regulations not only added donor naming rights to broaden encouragement methods but further refined tax preferential policies. The regulations stipulated that domestic and foreign natural persons, legal entities, and other social organizations could enjoy tax preferences not only through capital and book donations but also by “participating in library construction or providing public welfare reading services” independently or in cooperation with public libraries [19]. Finally, the 2017 Public Library Law clarified the policy of enjoying tax preferences for donating to public libraries, demonstrating national policy support for social participation in public library construction [21].

Following the Public Library Law’s promulgation, some local public library regulations entered formulation or revision processes to implement and enforce the law and provide guidance for library construction. For example, Shenzhen revised its public library regulations in 2019, and the Guizhou Provincial Public Library Regulations were promulgated in 2020. Local learning of the Public Library Law and formulation of specific implementation measures have gradually been placed on the agenda; for instance, the Anhui Province Implementation Measures for the Public Library Law of the People’s Republic of China were included in the provincial legislative plan in 2020 [22]. The investigation reveals that tax preferential policies constitute a powerful measure for encouraging donations in China’s modern public library law, and the specific implementation of clauses in the Public Library Law represents a future focus of attention. However, implementing tax preferential policies in the public library field still

requires compliance with the Charity Law, Donation Law, tax law, and relevant administrative regulations.

## Current Policy Provisions for Tax Preferences on Donations

Donations receiving tax preferences involve multiple laws and policy announcements, making them relatively complex. According to the investigation, the 1999 Donation Law and the 2016 Charity Law of the People's Republic of China (hereinafter referred to as the Charity Law) stipulate that social donations can receive tax preferences. In the tax law field, the newly revised Corporate Income Tax Law of the People's Republic of China (hereinafter referred to as the Corporate Income Tax Law), Implementation Regulations of the Corporate Income Tax Law of the People's Republic of China (hereinafter referred to as the Corporate Income Tax Law Implementation Regulations), Individual Income Tax Law of the People's Republic of China (hereinafter referred to as the Individual Income Tax Law), and Implementation Regulations of the Individual Income Tax Law of the People's Republic of China (hereinafter referred to as the Individual Income Tax Law Implementation Regulations) have also updated donation tax reduction policies. Additionally, this study investigated relevant announcements and documents from the Ministry of Finance, Ministry of Civil Affairs, and State Taxation Administration, sorting out the current status of China's social donation tax preferential policies by examining the donation process from three aspects: donors, recipients, and preferential methods.

### 4.1 Donors

The Public Library Law states that the state encourages “citizens, legal entities, and other organizations” to donate to public libraries and receive tax preferences, while “overseas natural persons, legal entities, and other organizations” may also donate according to relevant laws and regulations [20]. The Donation Law and Charity Law stipulate that the law applies to “natural persons, legal entities, and other organizations” [23-24]. Comparison reveals that the Public Library Law's tax preferential policy primarily targets domestic citizens, legal entities, and other organizations. In the Corporate Income Tax Law and Individual Income Tax Law and their corresponding implementation regulations, entities eligible for donation tax preferences are tax-paying enterprises and individuals. Since the Donation Law and Charity Law mainly stipulate that overseas donations for public welfare and charitable activities enjoy reduced import tariffs and value-added tax, without clearly defining the status of overseas donors, and the Public Library Law and income tax laws primarily target domestic enterprises and individuals, this study focuses on domestic enterprises and individuals with tax obligations as the main targets of tax preferential policies and primary social forces in public library construction.

## 4.2 Recipients

Regarding tax preferential policies for social donations, different domain laws and regulations exhibit certain misalignments in “recipient” provisions. The Donation Law stipulates that donations to “legally established public welfare social organizations and public welfare non-profit institutions” qualify for tax preferences, with legal interpretations explicitly stating that “public welfare non-profit institutions” include libraries [25]. Therefore, according to the Donation Law, public libraries should have the qualification to receive tax-preferred donations. However, tax domain policies differ. Article 51 of the Corporate Income Tax Law Implementation Regulations states that “public welfare donations are donations made by enterprises through public welfare social organizations or people’s governments at the county level and above and their departments for charitable activities and public welfare causes that comply with legal provisions” [26].

What specifically constitutes a public welfare social organization? According to the Notice on Issues Concerning Pre-tax Deduction of Public Welfare Donations through Public Welfare Mass Organizations (Finance and Taxation [2009] No. 124) and the 2020 Announcement on Issues Concerning Pre-tax Deduction of Public Welfare Donations (Finance and Taxation [2020] No. 27) issued by the Ministry of Finance and State Taxation Administration, “charitable organizations, other social organizations, and mass organizations” eligible for pre-tax deduction of public welfare donations must meet numerous conditions. After analysis, the most critical requirements include: establishment according to the Regulations on the Management of Foundations and Regulations on the Registration and Management of Social Groups issued by the State Council, compliance with conditions stipulated in Articles 1-8 of Article 52 of the Corporate Income Tax Law Implementation Regulations, and donation causes that comply with the Donation Law’s provisions on public welfare causes or the Charity Law’s provisions on charitable activity scope [27]; no administrative penalties in the two years prior to application and not included in the list of serious illegal and dishonest entities [27]; social organizations legally registered with civil affairs departments must pass annual inspections within the prescribed period and have an assessment rating of 3A or above. Social organizations with public fundraising qualifications must have expenditures for public welfare and charitable causes not less than 70% of total income from the previous year [27].

The above demonstrates that according to tax domain implementation regulations and relevant announcements, public libraries are not direct recipients of donations. According to the China Social Statistical Yearbook, in 2017, various social organizations received 72.92 billion yuan in donations, accounting for approximately 97% of total social donations [28], making social organizations China’s primary donation recipients. For social organizations registered with civil affairs departments at the provincial level and above, the Ministry of Finance, State Taxation Administration, and Ministry of Civil Affairs conduct annual reviews and publish lists of qualifications for pre-tax deduction of public

welfare donations. For social organizations registered with civil affairs departments at the provincial level and below, provincial finance, taxation, and civil affairs departments evaluate and establish the lists. In 2020, the State Taxation Administration and other departments jointly announced over 200 qualified entities for 2019 and the second batch of 2018 [29], and four entities for 2020 [30]. Provincial and municipal lists also vary from a few to several hundred entities per batch. However, preliminary investigation reveals that, except for the Hangzhou Library Development Foundation appearing on Zhejiang Province’s list, national and provincial lists contain almost no social organizations specifically serving public library development.

### 4.3 Preferential Methods

China’s public welfare donation tax preferential policies primarily involve corporate and individual income taxes, with deduction forms mainly based on pre-tax limits supplemented by full deductions. Corporate donation forms are diverse and involve numerous policy provisions with complex content, while individual donations are relatively straightforward. To facilitate understanding, this study simplifies China’s public welfare donation tax preferential process, as shown in Figure 1 [Figure 1: see original paper].

Specifically, corporate donation preferential methods are relatively diverse. The 2018 revised Corporate Income Tax Law Article 9 and related policies stipulate that corporate public welfare donation expenditures within 12% of annual total profits are deductible when calculating taxable income [31], with excess amounts allowed to be carried forward for three years when calculating taxable income [32]. The revision increased the carry-forward period. Nevertheless, enterprises must still consider their profitability when donating; if revenue conditions are poor in subsequent years, excess donations may not be fully carried forward according to profit ratios, meaning excess portions remain subject to income tax. In addition to income tax, corporate non-monetary donations involve many other tax regulations, commonly including: donated goods—Article 4(8) of the Value-Added Tax Interim Regulations Implementation Rules stipulates that enterprises “donating self-produced, commissioned processed, or purchased goods to other units or individuals without compensation” are treated as sales [33], requiring tax treatment as “sale” followed by “donation”; donated land—according to the Notice on Specific Issues Concerning Land Value-Added Tax (Finance and Taxation [1995] No. 48), donations to state organs and domestic non-profit social organizations for public welfare causes are exempt from land value-added tax [34].

Compared with enterprises, individuals face more restrictions in enjoying tax preferences for donations. The Individual Income Tax Law Article 6 stipulates that individual donation amounts not exceeding 30% of declared taxable income are deductible from taxable income [35]. Excess portions are not allowed to be carried forward and must still be counted as taxable income, potentially creating a situation where “the more donated, the more taxed” beyond the

limit. Moreover, individual non-monetary donations are not permitted for pre-tax deduction at fair value. However, if corporate and individual donations involve fully deductible projects or activities specially stipulated by the State Council, such as donations for Wenchuan earthquake reconstruction (Finance and Taxation [2008] No. 104) [36] and sponsorship donations for the Beijing 2022 Winter Olympics, Paralympics, and test events (Finance and Taxation [2017] No. 60) [37], they can be fully deducted before tax.

## Policy Obstacles and Foreign Experience

Synthesizing donation encouragement clauses in China's public library laws and regulations with other domain laws reveals that while tax preferential policies are important for encouraging social donations to public libraries, their implementation according to tax and other domain policies still faces numerous obstacles. Due to cultural and historical differences, European and American countries have developed relatively comprehensive donation incentive policies early on, offering much for developing countries to learn from. U.S. policies can even be traced back to the 1917 War Revenue Act [38]. Therefore, the author investigated U.S. tax policies to identify potential references. U.S. tax preferences for public library donations involve broad scopes, including tax incentive policies, high estate taxes, severe penalties for public charity violations, foundation operations and supervision, etc. However, focusing on the issues raised in this study and maintaining consistency with China's policy levels and preferential methods, the investigation primarily examined the U.S. Federal Internal Revenue Code (IRC).

### 5.1 Ambiguous Regulations on Donating to Public Libraries

The misalignment between public welfare donation, charity, and tax laws regarding recipients partly stems from unresolved issues, representing the primary difficulty in obtaining tax preferences for public library donations. First, the Donation Law stipulates that donations to "public welfare causes" and "public welfare non-profit institutions" enjoy tax preferences. However, national tax and finance departments have specialized management for public welfare pre-tax deductions; donations are only valid when made to qualified public welfare social organizations or people's governments at county level and above and their departments. According to the Public Library Law, people's governments at county level and above must include funding for government-established public libraries in their budgets but also encourage self-raised funds for establishing public libraries [20], making the public welfare and non-profit boundaries of libraries established by different entities ambiguous. This issue is being addressed; according to the 2011 Guiding Opinions on Classifying and Promoting Public Institution Reform issued by the CPC Central Committee and State Council, public service institutions are subdivided into Category I and Category II public welfare institutions. Those undertaking basic public cultural services that "cannot or should not be allocated by the market" are classified

as Category I [39]. Regarding whether government-established public libraries and other public institutions belong to Category I, some provinces implement an approval-based management system [40], while others distinguish based on “whether they generate income or have operating revenue” [41]. Provincial and municipal public institution reforms remain ongoing, and the public welfare nature of libraries established by various entities awaits clarification.

Second, relevant laws for obtaining tax preferences on social donations are scattered across the Charity Law, Donation Law, Corporate Income Tax Law, Individual Income Tax Law, and their implementation regulations, as well as announcements and notices from the Ministry of Finance and State Taxation Administration. These contain numerous special provisions, and laws and specific administrative announcements have not clarified how social donations to public libraries can enjoy tax preferences. Even issues arising from different donation channels and recipient qualifications between charitable donations and public welfare donations require further research and clarification.

The IRC’s requirements for charitable donation tax preference qualifications primarily appear in Section 170 and Section 501(c) and subsequent provisions. The tax code specifies various tax-exempt organizations eligible for tax-preferred donations, established for purposes such as religion, charity, science, public safety, literature, education, promotion of national or international amateur sports competitions, or prevention of cruelty to children or animals, with organizational forms including corporations, community welfare funds, and foundations [42]. These organizations must apply to tax authorities for tax preference qualifications, meeting requirements such as no private shareholders or individuals benefiting from net income, no intervention in political campaigns on behalf of public office candidates, no large-scale propaganda attempting to influence legislation, and commitment to serving public interests [42]. After public libraries and similar institutions apply for public welfare non-profit organization status, they can accept tax-exempt donations while undertaking public missions. The New York Public Library’s donation page indicates it is a recipient unit qualifying under Section 501(c)(3) and a “top-tier charitable organization” [43], while the Seattle Public Library Foundation’s donation interface also notes its foundation is a 501(c)(3) tax-exempt organization [44]. Section 501(c)(3) has virtually become a label for public welfare non-profit organizations.

## 5.2 Excessive Restrictions on Obtaining Tax Preferences for Donations

Beyond ambiguous regulations, tax laws impose numerous restrictions on donation preferences. Compared with corporate donation policies, current individual donation policies face greater limitations in two aspects: first, the limit for obtaining tax preferences is 30% of individual declared taxable income, with excess portions not allowed to be carried forward and still counted as current taxable income; second, individual non-monetary donations cannot enjoy donation tax preferences. For public libraries, besides funding, many other resources are cru-

cial for library development, including literature, equipment, and information systems. Non-monetary donations, as well as enterprises or individuals independently establishing or co-organizing public welfare reading activities, represent important forms of participation in public library development. Public library development requires diverse social donations in terms of sources and forms, yet tax laws and related policies impose relatively numerous restrictions on individual donations.

U.S. IRC provisions for individual donation deductions are relatively lenient, possibly one reason why U.S. public libraries receive extensive social donations. Charitable donation tax preferential methods also primarily use pre-tax deductions, with deduction ratios having undergone several modifications. According to IRC Section 170(b), current deductions for donations to general public charities or public funds are limited to 10% for corporations and up to 50% for individuals, with donations to private foundations and other special organizations subject to restricted deduction ratios [45]. Both corporate and individual donation excess amounts not deductible in the current year can be carried forward for five subsequent years [42]. U.S. tax law permits diverse donation methods, including not only monetary donations but also property with capital gains, such as securities or physical goods, which must be valued at market price for pre-tax deduction based on market value. For non-monetary donation valuation, the U.S. Internal Revenue Service (IRS) has specially compiled Publication 561 to guide valuation methods for various non-monetary donations [46]. However, it should be noted that without proper supervision, donations of securities or physical goods could facilitate illegal income transfer through legal channels or cause tax revenue loss, necessitating reasonable control over valuation and tax reduction procedures for non-monetary donations.

### 5.3 Lack of Pathways for Donating to Public Libraries

The “pathway” for tax preferences referred to in this study denotes the legal and compliant route through which donors can donate to public libraries and obtain tax preferences. However, China’s current situation reveals that, besides being unable to donate directly to public libraries, few social organizations in the public library field have obtained qualifications for pre-tax deduction of public welfare donations, clearly lacking “pathways.” National and local authorities publish multiple batches of qualification lists annually. Among thousands of qualified social organizations, few specifically serve public library development. Even national public fundraising foundations with some connection to library development, such as the China Social Culture Development Foundation, which funds widely diverse objectives including national art troupes, ballet companies, and even local key cultural relics protection units [47], allocated only approximately 0.07% of total expenditures to library projects in 2019 [48], indicating minimal funding flowing into the library field. Additionally, the China Library Society and its branches and local library societies are non-profit social organizations but lack relevant qualifications. In summary, while the Public Library

Law contains tax incentive provisions, public libraries neither qualify as direct recipients nor do specialized public welfare social organizations serving public library development possess pre-tax deduction qualifications for public welfare donations, leaving social donations to public libraries without reasonable pathways for tax preferences. This represents another policy difficulty.

In the United States, the key policy factor enabling tax preferences for public library donations is the existence of reasonable “pathways.” Public libraries can directly apply for or establish specialized foundations to obtain relevant qualifications. As previously mentioned, charitable institutions and non-profit organizations meeting Section 501(c)(3) conditions can register with the IRS and apply for corresponding tax-exempt qualifications [49]. Enterprises, foundations, and individuals can legally donate funds and materials to qualified public libraries or foundations and enjoy tax preferential policies. Currently, approximately 4,000 public library-specific tax-exempt organizations can be searched on the IRS official website [50]. In fact, many other U.S. social organizations also support public library development, such as the Bill & Melinda Gates Foundation, which initially equipped public libraries in low-income U.S. areas with computers, trained library staff in computer knowledge, helped low-income individuals acquire technical skills, find jobs, and obtain government benefits through libraries, later expanding to over 50 countries worldwide to fund and cooperate with local public libraries to improve community life [51]. Currently, U.S. public library development remains globally leading, with social donations representing an important resource source. For example, in 2019, the New York Public Library received donations accounting for 13% of total revenue from thousands of individuals, enterprises, and foundations [52]. Besides religious and cultural factors, tax policies constitute a non-negligible influencing factor.

## Insights and Recommendations

This investigation reveals that China’s tax incentives for social donations are not insignificant; the 12% public donation tax deduction limit in the Corporate Income Tax Law even exceeds the U.S. 10% limit. However, high limits alone are insufficient. Although many policies in the public library field contain tax preferential incentives, such as the 2020 Anhui Province Public Cultural Service Guarantee Regulations stipulating tax preferences for donors funding public cultural facility construction [53], policy implementation faces obstacles. Based on investigation and comparison, considering differences in cultural and historical backgrounds between social donations and tax policies, China still needs improvement in policy coordination and unification of relevant issues. Greater effort should also be made to publicize and implement tax incentive clauses in the public library field to channel social donations smoothly to public libraries, promote public library development, and better protect citizens’ public cultural rights.

### **6.1 Issue Special Normative Documents**

To address policy issues regarding tax preferences for social donations, issuing a special normative document on social donation tax preferences represents the primary measure. First, current tax preferential policies for donations are scattered across multiple laws, regulations, and specific announcements, with complicated announcement and notice contents and limited validity periods. Whether for enterprises and individuals seeking tax-exempt donations or social organizations seeking pre-tax deduction qualifications, consulting multiple laws and announcements from various departments makes operation difficult. Therefore, a special, unified, and operable social donation tax preference document is needed. Second, important matters such as definitions of public welfare causes and institutions, qualification certification for foundations and social organizations, donation procedures, full and partial pre-tax deductions, valuation methods for in-kind donations, and handling valuation disputes require further specification and standardization to clarify issues currently in ambiguous zones. Finally, the implementation of public welfare donation tax preference policies involves multiple departments in registration, assessment, supervision, operation, and tax reduction aspects of recipient organizations, requiring normative texts to coordinate multiple parties in performing their duties and jointly constructing a more complete and reasonable social donation tax preference system.

### **6.2 Appropriately Relax Restrictions on Obtaining Tax Preferences for Donations**

Public library development requires joint promotion by government and society. Appropriately reducing restrictions on obtaining tax preferences can stimulate social entities' donation vitality. Current tax preferential policies primarily target monetary donations, but public library development undoubtedly requires other resources, including literature, equipment, facilities, and information systems. These non-monetary donations represent excellent donation methods, and capable individuals besides enterprises can also participate. Policies and regulations could appropriately relax restrictions on individual donations enjoying tax preferences, permitting individual non-monetary donations, having third-party departments assess market values, allowing deductions based on market value from pre-tax taxable income, and appropriately raising the 30% limit for individual income tax public welfare donation pre-tax deductions, with excess amounts allowed to be carried forward. Appropriately relaxing non-monetary donation restrictions in tax preferential policies can encourage more donors, connect with the cultural industry to enrich public cultural service content [54], and promote better redistribution of social wealth and formation of a mutual assistance social atmosphere.

### **6.3 Establish a National Public Library Development Foundation**

Rather than awaiting legal and policy modifications to obtain social donation pathways, a reasonable pathway should be created under existing policies by

establishing a national public library development foundation. China maintains strict control over qualifications for pre-tax donation deduction, with limited foundations and social organizations obtaining donation deduction qualifications, mainly national public fundraising foundations or official organizations focusing on disaster relief, poverty alleviation, and other hardship areas. However, library field foundations have obtained relevant qualifications, with the Hangzhou Library Development Foundation, established in 2003, providing an excellent precedent. By early 2017, the foundation's bank account balance had reached approximately 35.6 million yuan, supporting not only local government decision-making, grassroots library development, and national reading activities but also actively assisting library development in less-developed regions such as Gansu, Guizhou, and Qinghai [55]. Additionally, although Article 7 of the Guangzhou Municipal Public Library Regulations encourages establishing public library development funds [19], practice has not advanced further. The public library sector could legally organize and establish a national public fundraising foundation, meeting relevant regulations and operating according to law, obtaining donation tax preference qualifications reviewed by the taxation authority together with the Ministry of Finance and Ministry of Civil Affairs, creating reasonable donation pathways for national public libraries and demonstrating models for local public library foundation establishment. This would diversify funding sources for China's public library development and break the current hierarchical investment mechanism for grassroots public libraries [56], securing more resources for China's public library service system construction.

In recent years, China's public cultural undertakings have flourished, and charitable donations have become increasingly popular. Social donations will become an important force driving the future development of China's public library undertakings. Meanwhile, many issues warrant further research and prospects, such as whether local public library societies can obtain public welfare donation pre-tax deduction qualifications, how to construct and manage public welfare social organizations (including foundations) to stimulate their vitality and better promote public library development, and how to advance public welfare and public cultural undertakings while ensuring national tax revenue.

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