

Research on the Legal System of Public Charity Fundraising Access

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Abstract: In recent years, based on the strategic goal of achieving common prosperity, coupled with the rapid rise of the domestic Internet, the domestic 'Internet+' public charitable fundraising model has flourished, and the number of public fundraising has exploded. China has become one of the countries with rapid development of public charitable fundraising. However, due to the short development time of the domestic fundraising market and the imperfect legal norms, the frequent cases of public charitable fundraising dishonesty have seriously affected the social credibility of public charitable fundraising. To explore the reasons for this deficiency, the legal issues of public charitable fundraising access in China are more prominent. This paper will take the current domestic charity law as the background, analyze the system from the domestic dilemma of the legal system of public charitable fundraising access and the path of system improvement, and put forward suggestions for improvement.

Keywords: Charity Law; Charitable Charity Fundraising; Access System; Internet; Emergency Charity

1. Introduction

In 2024, with the further improvement of China's relevant charitable legal system and the rapid development of Internet technology, China's philanthropy has entered the fast lane of legal development [1]. However, in the process of its rapid development, the trust crisis events such as fundraising fraud have hindered China's public charitable fundraising from playing its positive role to a certain extent. To solve the above problems, it is necessary to strictly regulate the whole process of public charitable fundraising. As the first line of defense of public charitable fundraising, the access system has become the focus of discussion on how to regulate public charitable fundraising. Many

scholars have made an overall analysis of the access system of public charitable fundraising and put forward their own views [2].

As the first country to enact a written charity law, the UK's public charity fundraising system has been increasingly improved after years of development, and has had a profound impact on the public charity fundraising system in various countries [3]. At present, according to their own national conditions, countries have different provisions on the legal system of charitable fundraising access. The United Kingdom has established the approval and issuance of public charitable fundraising certificates as a basic function of the British Charity Commission through domestic charity laws, while the public charitable fundraising access mechanism in the United States is based on the "double access" of federal tax law tax exemption qualification and state fundraising registration [4]. At the same time, in order to cope with the challenge of the off-site access system brought by the Internet, it is proposed to reduce the compliance burden of small and medium-sized charitable organizations and take measures such as agreeing to registration standards [5]. The above extraterritorial experience can provide an important reference for China to improve the access system.

In 2024, China made a new round of amendments to the 'Charity Law of the People's Republic of China'. The newly revised 'Measures for the Administration of Public Fundraising of Charitable Organizations' has made detailed provisions on the access system of public fundraising of charitable organizations. However, there are still some difficulties and pain points in the actual practice of the access system of public charitable fundraising: such as the excessive rigidity of the access threshold for small and medium-sized charitable organizations, the audit dilemma of the designated platform system of online fundraising, and the ambiguity of the access standard of emergency charity. Based on the

current legislative situation, this paper analyzes the institutional dilemma in the above practice. In order to put forward some suggestions for the improvement of the legal system of public charitable fundraising access in China.

2. The Practical Dilemma of China's Public Charitable Fundraising Access Legal System

2.1 The High Entry Threshold Restricts the Development of Small and Medium-Sized Charitable Organizations

Based on the public charitable fund-raising system for the object is not specific to the public, the public fund-raising sources are more dispersed, in order to more effectively ensure the safety of charitable funds and maintain the public's trust in philanthropy, our country in the public charitable fund-raising access threshold system design is more strict, the newly revised 'Charity Law of the People's Republic of China' stipulates that charitable organizations can apply for public fund-raising qualifications after 1 year of registration according to law. This system blocks emerging small and medium-sized charitable organizations from public charitable fund-raising. At the same time, the fund-raising conditions are further refined in the 'Measures for the Administration of Public Fund-raising of Charitable Organizations'. There are strict requirements on internal organization management and internal financial status, such as no serious violation of discipline in the organization, and the evaluation result of the organization is 3A. The superposition of multiple conditions has built a higher entry threshold for public charitable fundraising in China. The strict entry threshold has played a positive role in maintaining the safety of donations and maintaining social credibility, but the strict entry threshold also does not match the current public fundraising needs [6].

Under the background of realizing the goal of common prosperity, the concept of modern charity in China is changing from small charity to big charity, and the scope of charity is expanding to education, culture, science, health, sports and other aspects [7]. This means that China's various types of charitable organizations will continue to emerge, in fact, the vitality of China's philanthropy is precisely from this-it is these emerging charitable organizations to solve the new needs of society in an orderly manner, China's philanthropy to flourish. However, the

above strict access threshold for public fundraising has curbed the release of this vitality to a certain extent. Due to the short establishment time and imperfect internal system, it is difficult for emerging small and medium-sized charitable organizations to meet the strict entry threshold in the short term, and it is impossible to meet the social needs in a timely manner through public fundraising. In the face of this dilemma, some organizations have to rely on charitable organizations with cooperative fundraising qualifications to carry out public charitable fundraising activities. However, in practice, there are often problems such as unclear rights and responsibilities between the affiliated party and the affiliated party, and chaotic management of fundraising assets. This not only weakens the standardization of the public fundraising process, but also lays a hidden danger for the safety management of charitable funds. Some organizations even conduct public fundraising on the Internet in the form of personal help in order to avoid the threshold of fundraising. This avoidance behavior not only blurs the boundary between public fundraising and personal assistance, but also brings greater obstacles to the supervision of charitable fundraising. As a result, although the strict entry threshold ensures the reliability of the subject to a certain extent and guarantees the credibility of philanthropy, it also causes de facto exclusion of emerging small and medium-sized charitable organizations, and thus leads to the chaos of cooperative fund-raising and individual help-seeking. Many chain problems, such as chaos, need to be solved through system optimization.

2.2 Appointment of Internet Fundraising Platform Access Audit Issues

Since public charitable fundraising involves a wide range of social interests, at the same time, with the rapid development of Internet technology, online public charitable fundraising has risen rapidly, and fundraising activities have shifted from offline fundraising to online fundraising. Traditional regulatory methods are difficult to deal with. In order to better protect the legitimacy of public charitable fundraising, China's "Charity Law of the People's Republic of China" and "Measures for the Administration of Public Fundraising of Charitable Organizations" clearly stipulate that public fundraising through the Internet should be carried out. The Internet public fundraising

service platform designated by the civil affairs department of the State Council publishes fundraising information. The provisions of this system constitute China's fundraising platform system. The original intention of this system is to make up for the shortcomings of China's current public charitable fundraising and better develop public charitable fundraising. However, the "double audit" access pattern formed in the actual operation of this system hinders the access of public charitable fundraising [8].

The implementation of this system means that China's Internet public charitable fundraising not only needs to obtain administrative licenses offline, but also needs to pass the platform's review online, which constitutes a dual review access pattern in the practical sense. The first problem of this system is the nature of the designated platform. Throughout the designated Internet fundraising service platform, most of them have commercial attributes. In essence, they are still market entities, not administrative entities, and their exercise of rights is not public power. This nature makes it difficult for the designated platform to exclude the consideration of commercial nature in the audit process. Once the commercial nature is added in the audit process, the public welfare of public charitable fundraising itself will be weakened. Secondly, the designated platform audit currently lacks unified and clear normative constraints. At present, there is no normative legal document on the audit of each platform. As a result, the audit standards, audit forms and audit contents of each platform are different due to their own commercial nature, resulting in different audit results of the same charity project on different platforms. This inconsistency not only undermines the compliance expectations of charitable organizations, but also increases the difficulty and cost of charitable organizations to carry out Internet public fundraising.

2.3 Insufficient Reserve Access Mechanism for Public Charity Fundraising in Emergency Charity

In the face of major emergencies, it is difficult to meet a large number of social needs in a short period of time by relying solely on government departments. The unique advantages of emergency charity in quickly gathering social resources and broadening relief channels make it a key force in solving emergencies. Therefore, in order to more effectively reduce the adverse

effects of major emergencies on our society, and based on the background of the rapid and steady development of charitable organizations in China, a special chapter of emergency charity is added to the Charity Law of the People's Republic of China [9].

In the whole emergency charity, public charity fundraising plays an irreplaceable role. On the one hand, public charity fundraising can quickly raise resources with its extensive mobilization ability. On the other hand, it can break the restrictions of regions and subjects and broaden the channels of relief. Therefore, China has specially stipulated the exception of emergency access for public charitable fundraising, that is, in the face of major emergencies, public charitable fundraising can be raised first and then recorded. However, there are some shortcomings in the practical operation of this system. The most important thing is that the criteria for the identification of major emergencies are vague. What scale and what level of major emergencies can apply this exception? The law has not yet made clear provisions. At the same time, it is extremely difficult for charitable organizations to determine whether they meet the criteria for emergency exception access. In addition, there are legal risks for charitable organizations to raise donations before filing if they are wrongly identified. Charitable organizations may be subject to administrative penalties for violating routine procedures. For the above reasons, charitable organizations often fall into a dilemma in the face of emergencies. It is difficult to make a clear judgment, and the exception system of emergency access is difficult to play its due role.

3. The Path Choice of Perfecting the Legal System of Public Charity Fundraising Access in China

3.1 Establish a Flexible Access System

The current access system of public charitable fundraising constitutes an institutional exclusion of small and medium-sized emerging charitable organizations. To solve this problem, we must grasp the 'degree' of the access threshold, neither reduce the access threshold across the board, nor stick to the current standards. Letting go of the exclusion of small and medium-sized emerging organizations, we should build a flexible access system. First of all, in view of the emerging small and medium-sized charitable organizations on the specific social urgent needs

and alone to carry out public charitable fund-raising applications can draw lessons from Zhejiang Province to deepen the reform of "run once at most" measures, the existing 3A evaluation results and other conditions allow the vacancy, namely in the charitable organizations basically meet the requirements, only individual secondary requirements not up to the standard can be first accepted, after the supplementary material [10]. Secondly, when charitable organizations choose to cooperate in fund-raising, they should further standardize the cooperative fund-raising system, clarify the asset management responsibility and information disclosure responsibility of cooperative fund-raising, and build a more specific cooperative fund-raising power and responsibility distribution system.

3.2 Clarify the Audit Status and Audit Standards of the Internet Fundraising Platform

In view of the problems existing in the audit of Internet fundraising platform, it can be improved from the aspects of clear audit status, unified audit standards and protection of rights relief. First of all, in view of the audit status of the Internet fundraising platform, China's law should clearly stipulate that its audit status should be the facilitator of the Internet public fundraising audit, and its audit should be a formal audit, that is, whether the charitable organization has the qualification of public fundraising. The formal elements such as the audit can not be based on their own commercial nature or the commercial interests involved in the commercial considerations of the public fundraising project [11]. Secondly, for the audit standards, the discretionary space of the platform should be limited to the maximum extent by uniformly stipulating the core elements such as the content, form and standard of the audit. In this regard, we can learn from the measures taken by Jiangsu Province in promoting the digital supervision of charity, explore the construction of a provincial-level charity comprehensive information platform, and connect the qualification of charitable organizations, fundraising and filing information with the designated Internet platform, so as to realize the one-time verification of qualification information and platform sharing, so as to unify the granularity of the audit, which not only

reduces the burden of repeated audit, but also guarantees the consistency and authority of the audit standards.

3.3 Clarify the Standards of Major Emergencies and Establish a Fault-Tolerant Mechanism

In view of the problems existing in emergency charity, we can start from two aspects: clearly identifying standards and establishing fault tolerance mechanism. First of all, it is necessary to clarify the criteria for the identification of major emergencies. In addition to the enumeration provisions in the law, the criteria for major emergencies can be linked to the emergency response of our government. On the basis of the local government's disclosure of major emergency information, charitable organizations do not need to make self-judgment. They can judge whether they can adopt the public fundraising method of raising first and then filing through the government's emergency response to reduce unnecessary waste of resources [12]. Secondly, fault-tolerant mechanism should be established. For charitable organizations based on the government's emergency response, even if there are slight flaws in the subsequent filing or other procedures, we should judge whether it is illegal and whether it is necessary to impose administrative penalties from the perspectives of subjective goodwill and objective disclosure of funds, so as to eliminate the concerns of charitable organizations to the greatest extent and better play the good role of emergency charity.

4. Conclusion

The access system of public charitable fundraising is the key to the legal and smooth operation of public charitable fundraising projects. Therefore, it is necessary to optimize the existing access system more elaborately and systematically, solve the problems of access threshold, Internet fundraising platform and emergency charity, and better stimulate the vitality of philanthropy. There are still many imperfections in the discussion of this paper, and the improvement of relevant systems also needs to be further tested in practice. It is expected that more in-depth research will be supplemented and promoted in the future.

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