Charity with Chinese Characteristics

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When China opened up its economy to private enterprise, it simultaneously enacted an income tax. Despite the lack of a functioning civil society or non-profit sector, the income tax contained a deduction for charitable giving. The Chinese government has largely been hostile to the private, non-profit sector, thus calling into question why it would include the deduction, which could provide the funds necessary to make it flourish. This article examines the theories advanced in the West in support of the charitable deduction to determine whether they make sense in the China context and considers whether additional, Chinese justifications can be adduced. The hope is to build a Chinese normative foundation for the deduction, which is one small step towards creating a robust civil society.