

On the Legitimacy of Non-profit Organizations Operating Community Enterprise

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Abstract

Under the strong advocacy by government officials and scholars and the guidance of policies, non-profit organization operating community enterprise is deemed as a means that serves dual purposes by simultaneously solving the problem of financial autonomy of organization and furthering the community vitalization and local industry transformation. However, when non-profit organizations operate community enterprises, in addition to the issues of human resource management, marketing campaign and organizational operation, the most important issue they face is the legitimacy of operation.

This article intends to discuss two major issues concerning the legitimacy of non-profit organization operating community enterprise. The first is the legalization of the organization. Starting from the definition of non-profit organization, it discusses the legality procedure of non-profit organizations operating a profitable business activity, and under certain law regulations, the norms or restrictions that community enterprises may be subjected to during their development. The second is the legalization of taxation, which includes the business tax and income tax issues faced by non-profit organizations operating community enterprises.

To give advice on practice, after sorting out relevant laws and regulations governing the legalization of "organization" and "taxation" for non-profit organizations operating community enterprises, this paper proposes four steps as follows. First, establishing the legality of the organizational operations. Second,

doing tax registration at tax offices and paying taxes on time. Third, keeping a detailed record of operating income and expenses. Fourth, reporting the organizational operations and financial status to the stakeholders on a regular basis. With the above-mentioned procedure, this paper aims to sort out a direction to examine and to follow that provides the definition of practical working for those non-profit organizations intending to the operation of community enterprises.

Keywords: Community enterprise, Non-profit organization, Legitimacy