



# The Commission proposal for **A European Foundation Statute**

## **European Parliament Public Hearing**

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# 1. Background

## **Importance of foundations:**

- around 110,000 foundations, with estimated assets between €350-1000 bn and annual expenditures between €83 bn-153 bn, employing between 750 000-1mil. people

## **The proposal is based on:**

- A feasibility study, a specific public consultation, a broader consultation within the SMA I
- Contacts with the foundation sector and national authorities

## Problems faced by foundations

- Different legal/administrative requirements across the EU and uncertainty regarding recognition as a public benefit purpose foundation abroad
- Costs and uncertainty involved as regards tax treatment in other EU countries
- Difficulty to raise funds from donors in other EU countries

## **2. Proposal for a European Foundation Statute**

# What is a European Foundation?

- A single European legal form, fundamentally the same in all Member States
- It would exist in parallel with domestic foundations
- Using it would be entirely voluntary

# The main requirements to become an FE

- Promoting public benefit purposes only
- Activities in at least 2 Member States or intention of those (stated in the statutes)
- Founding assets equivalent to at least 25 000 euro

# Who can set up an FE and how?

An FE can be set up by:

- will of any natural person
- notarial deed or written declaration of any natural/legal person or public body
- merger of public benefit purpose entities from one or more Member States
- conversion of a national public benefit purpose entity



## What benefits would the Statute offer?

- Reducing costs and uncertainty
- European image
- Automatic non-discriminatory tax treatment

As a consequence, foundations should be able to channel more resources into public benefit purpose activities and further expand those

## How would FEs and their donors be taxed?

- European Foundations would receive the same tax treatment as applicable to domestic public benefit purpose entities/foundations
- Donors to FEs would be subject to the same treatment as if they donated to a public benefit purpose entity/foundation in their Member State

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- Member States would need to regard FEs as "equivalent" to national public benefit purpose entities/foundations

## 3. State of play

- 2 meetings of the Council Working Party under DK presidency
- 1 meeting under CY presidency
- 1 additional meeting under CY in December

- MS have been more reserved or more positive according to the issue discussed (e.g. list of public benefit purposes, activities allowed, methods of formation, internal governance, etc)*
- MS more reserved on tax elements*
- However, discussions have been very constructive*

## For more information...

Link to the website of DG Internal Market and Services:

[http://ec.europa.eu/internal\\_market/comp any/eufoundation/index en.htm](http://ec.europa.eu/internal_market/comp any/eufoundation/index en.htm)