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Relevant taxation frameworks for Social Economy Entities

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1. INTRODUCTION

On 9 December 2021, the Commission adopted the Communication on “Building an economy that works for people: an action plan for the social economy” – the Social Economy Action Plan (SEAP).¹ In this Communication, the Commission committed to encourage mutual learning and provide guidance and support to Member States, inter alia, by publishing guidance on relevant taxation frameworks for social economy entities, based on available analysis and input provided by Member States’ authorities and social economy stakeholders.

This document follows up on that commitment and is linked to the proposal for a Council Recommendation on developing social framework conditions² as well as the Commission Staff Working Document on “Non-discriminatory taxation of charitable organisations and their donors: principles drawn from EU case-law”.³ It provides a comparative overview of the tax framework in which social economy entities⁴ operate in each Member State. It also provides an overview of the tax framework applicable to public benefit organisations, given that social economy entities can respond to public benefit criteria in the legal frameworks of many Member States and therefore subject to their specific tax regime accordingly. This is complemented by country fiches highlighting the relevant features for each Member State, which can be found in Annex I of this document.

The present document is not intended to provide an exhaustive description of the tax framework applicable to social economy entities in each Member State, but it is rather a comparative overview of key features. As a consequence, particularities and exceptions are not reflected in this overview and the annexed country fiches.⁵

Furthermore, this document only provides a description of the tax frameworks applicable to social economy entities in Member States. It does not presuppose the compatibility of these tax frameworks with European Union (EU) law. When designing tax frameworks applicable to social economy entities, Member State should ensure that they fully comply with EU law.

The taxation frameworks for social economy entities also contribute to the green and digital transition. In particular, the objective of “environmental protection” is recognized in the large

¹ European Commission, Building an economy that works for people: an action plan for the social economy, COM(2021)778 final.

² COM(2023) 316 final

³ SWD(2023) 212 final

⁴ The term “Social Enterprise” is also used in this context; however, according to the European Commission’s Social Business Initiative (SEC(2011)1278), a social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. In this document the terms “Social economy entity” and “Social Enterprise” are largely overlapping. See under chapter 2 for further clarification.

⁵ The report is a compilation based on various documents which are publicly available. These documents focus on associations and foundations, in particular the publication of Philea, Comparative Highlights of Foundation Laws, and the Study on Comparative Legal Analysis for Associations Laws and Regimes in the EU – Final Report, mandated by the European Commission. Despite the best efforts to rely on recent information and verification by many Member States, it cannot be excluded that the description does not fully reflect the current state of legislation in the Member States.

majority of Member States as one of the “worthy purposes” (see the table in Annex II), which is a prerequisite for being considered a public benefit organisation and the possible tax benefits linked to this status.⁶

2. SOCIAL ECONOMY - SETTING THE SCENE

2.1. What is the social economy?

As recalled in the Social Economy Action Plan, “the social economy encompasses a range of entities with different business and organisational models.” They can be active in areas as diverse as education, human health, culture, or waste management to cite just a few examples.⁷

In the context of Social Economy Action Plan, the focus is put on entities that share a number of common principles and features: “the primacy of people as well as social and/or environmental purpose over profit, the reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users (“collective interest”) or society at large (“general interest”) and democratic and/ or participatory governance.”

In order to understand the tax treatment applicable to social economy entities, it is important to clarify that social economy is composed of a variety of entities.⁸ The Action Plan highlights that Member States have heterogenous traditions and employ a variety of terms in relation to the social economy. Traditionally, the term social economy refers to four main types of entities providing goods and services to their members or society at large (the social economy entities): cooperatives, mutual benefit societies, associations (including charities) and foundations.

Social enterprises are now generally understood as part of the social economy. Most social enterprises have their roots in one of the above-mentioned social economy forms. Social enterprises operate by providing goods and services for the market in an entrepreneurial way, having social and/or environmental objectives as the reason for their commercial activity.

The main difference between the concept of a social economy entity from a social enterprise is that the former promote the interests of their members (as traditional cooperatives do), thereby having only an indirect impact on the community at large. Conversely, social enterprises pursue an explicit social aim in the interests of the community (provision of general interest services or facilitation of work integration of disadvantaged persons).⁹

⁶ As an example, Section 52 para 2 Nr. 8 of the German Fiscal Code (Abgabenordnung), stipulates as a public benefit purpose: “...8. *the advancement of nature conservation and of Landscape management within the meaning of the Federal Nature Conservation Act and the nature conservation acts of the Länder, of environmental protection, of coastal defence and of flood defence; ...*”

⁷ For a Mapping of the Social Economy please see European Commission, Social Enterprise and their ecosystems in Europe – Comparative synthesis report, 2020; OECD (2022), Designing Legal Frameworks for Social Enterprises: Practical Guidance for Policy Makers, Local Economic and Employment Development (LEED), OECD Publishing, Paris, <https://doi.org/10.1787/172b60b2-en> and European Commission, A map of social enterprises and their eco-systems in Europe, 2015, <https://ec.europa.eu/social/BlobServlet?docId=12987&langId=en>.

⁸ See the Social Economy Action Plan (COM(2021)788 final) on page 3 and the accompanying Staff Working Document (SWD(2021) 373) on page 4 f.

⁹ European Commission, Social Enterprise and their ecosystems in Europe – Comparative synthesis report, 2020, p. 32.

2.2. Legal Statuses and Legal Forms adopted by Social Economy Entities

A growing number of EU Member States have recently adopted national strategies, policy schemes and legal acts that define social economy at the national level or a subset, such as social enterprises.¹⁰ The country fiches in chapter 4 provide references to the law and national schemes per Member State.

Two groups of Member States can be identified: those that have introduced legislation designed specifically for social economy entities with a view to furthering their development and those in which entities are not specifically regulated. Among Member States that have introduced specific rules and thus have framed the concept of social economy and/or social enterprise, some Member States have created tailor-made legal forms and/or a transversal legal status⁽¹¹⁾. Besides, Member States have long-standing policies supporting the social economy through the four traditional legal forms used by social economy entities.

Depending on the national legal system and other contextual characteristics, social enterprises may take a variety of legal forms, statuses and organisational models in each Member State, as illustrated by Table 1.

Social enterprises can be classified into five distinct groups. The first group refers to social enterprises that have been institutionalised through ad hoc legal forms enabling the conduct of a broad (e.g., general interest) or (second group) narrow (work integration) set of activities. The third group refers to social enterprises that have been awarded a legal status allowing for the carrying out of diverse activities or (fourth group) work integration specifically. In several countries, social enterprises can be awarded a public benefit status (fifth group) that existed before the emergence of social enterprise and is not exclusively for social enterprise. Indeed, while the Work Integrated Social Enterprise (WISE) status is attached to a specific type of social enterprise, the public benefit status can be awarded to a variety of organisations. That said, the majority of social enterprises continue to use legal forms that are notably also used by organisations that are not conceived as social enterprises (sixth group).

¹⁰ A more detailed overview for the EU can be found in the Staff Working Document SWD(2021) 373 final accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on “Building an economy that works for people: an action plan for the social economy”.

¹¹ Qualification provided by law to certain entities meeting given requirements.

Table 1: Legal statuses and legal forms adopted by social enterprises (SE)

	Description	Legal form/ status exclusively for SE	Member States
Institutionalised ¹² Social Enterprises	Through a legal form designed specifically for SEs with a broad focus (different fields of activity of general interest)	Yes	BE, DE, ES, FR, EL, IT, LV
Institutionalised Social Enterprises	Through a legal form designed specifically for SEs with a specific focus on work integration	Yes	CZ, EL, HU, PL, PT
Institutionalised Social Enterprises	Through an SE status (different fields of activity of general interest)	Yes	BG, DK, HR, FR, EL, IT, LU, PT, RO, SK, SI
Institutionalised Social Enterprises	Through a WISE ¹³ status	Yes	BE, BG, DE, ES, FR, HR, LT, LU, AT, PL, RO, SI, SK, FI,
Organisation with a public benefit status	Status that relates to a tax-privileged organisation that exists for public benefit	No	BG, CZ, DE, EE, FR, HU, LV, MT, NL, AT, PL, RO, FI, SE
<i>De facto</i> Social Enterprises	Organisation that fulfils the criteria set by the EU operational definition of SE, but uses a legal form not specific to social enterprises (e.g., association, cooperative, conventional enterprise)	No	All Member States

Source: Social enterprises and their ecosystems in Europe – Comparative Synthesis Report, p. 109.

2.3. Tax Treatment of Social Economy in the various Member States – an Overview

In the case of non-profit organisations (using mostly the legal form of a foundation and association) , tax advantages are aimed at reducing the cost of production (and consequently the prices) of the services provided and at favouring their capitalisation. **Tax measures for the benefit of social economy entities are found in all of the Member States, although they vary from state to state.** Given their nature, social economy entities enjoy in most Member States all tax benefits (or at least many of them) available to for example non-profit organisations, social economy organisations (especially for cooperatives) and mainstream business.¹⁴ In some Member States, some tax benefits depend on the legal forms adopted by social economy entities instead of their activity; e.g. in Italy and in Ireland: cooperatives in Italy and organisations with charitable status (in Ireland) are exempt from taxation on non-distributed profits. In other Member States, social enterprises may enjoy tax benefits on the basis of their activities rather than on the basis of their organisational nature.

¹² “Institutionalised” means that Member States set up ad hoc legal forms, statuses and accreditation schemes designed specifically for social enterprises.

¹³ A WISE is a Work Integrated Social Enterprise with its main priority to provide employment or a specific group of people, often hard-to employ or vulnerable.

¹⁴ European Commission, Social Enterprise and their ecosystems in Europe – Comparative synthesis report, 2020, p. 92.

Table 2: Main tax benefits granted to social enterprises

Type of tax benefits	Yes, without limitations	Yes, with limitations	Not available
Corporate tax exemption on retained profits	DE, IE, EL, FR, IT, LV, LU, HU, MT, AT, PL	BE, BG, CZ, ES, HR, LT, NL, PL, RO, SE, SI, SK	DK, EE, CY, FI
VAT exemption or reduced rate	BE, DE, FR, IT, HU, AT, PL, PT	LU, SK	BG, CZ, DK, EE, IE, EL, ES, HR, CY, LV, LT, MT, NL, RO, SI, FI, SE
Tax reductions granted to private and/or institutional donors	–	BE, BG, CZ, DE, EE, IE, ES, FR, HR, IT, LV, LT, LU, HU, NL, AT, PL, PT, SI	DK, EL, CY, MT, RO, SK, FI, SE

Source: Social enterprises and their ecosystems in Europe – Comparative Synthesis Report, p. 93.¹⁵

Tax benefits granted to social economy entities can benefit either the entity itself or its donors.

The most widespread tax benefit is a corporate tax exemption on the retained profits. The exemption in some Member States is full and applies to all retained profits, while in others it is subject to various limitations.

Another type of tax incentive, albeit less widespread (found in only eight Member States), consists in the exemption from or reduced rate of VAT. This can be granted not only on the basis of the services provided but also on the basis of legal status and/or legal form. For example, Italian social cooperatives of A-type (with an activity of general interest) have a VAT rate of 5% and, in Belgium, under certain conditions, WISEs benefit from a reduced VAT rate.

A third important type of tax benefit is the income tax reductions granted to private (both individuals and companies) and/or institutional donors of social enterprises. Two thirds of the Member States apply this benefit, though to a different extent and with different rules.

Some Member States provide also for other tax benefits, albeit less common. For example, tax advantages are given to citizens and companies that buy shares issued by (new) social enterprises (also through crowdfunding platforms) or bonds issued by banks or social enterprises themselves to finance the development of social projects. This allows social enterprises to create a bottom-up supply of financial resources.

The fact that tax benefits are often linked to specific legal forms, while social enterprise can use different legal forms (e.g. cooperative or association), creates an uneven landscape. For example, social enterprises organised through a limited liability company do not always benefit from the tax advantages that are awarded to non-profit organisations. In some Member States, social enterprise legislation defining new legal status/qualifications has not introduced an advantageous tax treatment for all entitled entities and their respective legal form used.

¹⁵ For a detailed overview of the main benefits granted by Member State to social enterprises please refer to the overview on page 177 ff of the publication Social enterprises and their ecosystems in Europe – Comparative Synthesis Report.

Overall, although social economy entities benefit from several tax advantages, the tax framework within which social enterprises operate is rather complex and fragmented in most Member States. Few Member States have developed a clear policy providing specific and consistent tax incentives for social economic entities or a subset such as the social enterprise (i.e., tax benefits designed to address the specific needs of social enterprises and to help them grow).

3. THE TAXATION OF SOCIAL ECONOMIC ENTITIES WITHIN THE FRAMEWORK OF NORMAL PUBLIC BENEFIT ORGANISATIONS

Many Member States legally recognise “public benefit organisations”. This legal status is not a distinct legal form but, rather, relates to organisations that fulfil certain criteria. To adopt this status, legal forms are required to pursue a prescribed social purpose for the public interest or benefit, the organisations are not allowed to distribute profits and are often subject to heavier reporting requirements than conventional for-profit organisations. The public benefit status enables organisations to benefit from tax relief and other incentives. The public benefit status is particularly important for the eligibility of tax deductions for donations to such social enterprises fulfilling the criteria of public benefit organisations (PBO).

In case of a social or societal mission, social economy entities often operate as “non-profit” organisations and they often benefit from the tax privileges available to PBOs¹⁶. Tax regimes of PBOs vary across Member States, which reflects in part the different approaches to the economic or entrepreneurial activity of PBOs.

The following sections provide a brief outline on the tax treatment of PBOs. The taxes covered are mainly income taxation (personal income taxation for individuals and corporate income tax for corporate entities), gift and inheritance taxes as well as Value Added Tax (VAT).

Furthermore, the individual features discussed in this chapter also reflect the features presented in the country fiches in Annex I.

3.1. The Rationale of Tax Concessions for Public Benefit Organisations

Member States grant PBO tax concessions at two levels: at the level of the PBO itself and at the level of the donors to the PBO. There is no single generally accepted rationale for preferential tax treatment of PBOs. (17) Tax concessions could be justified if they result in a larger increase in social welfare than that which government could have otherwise achieved through direct spending. Another argument is that the surplus of a public benefit organisation is different in nature to income and therefore beyond the scope of the income tax base. Additional arguments include that charitable giving, as well as the institutions it develops, strengthen civil society and decentralise decision-making and are thus an important feature of a democratic society and worth supporting. On the other hand, the cost of providing concessions is often highlighted as a concern. By reducing government revenue, tax concessions for public benefit organisations require other taxpayers to bear an increase tax

¹⁶ The term “public benefit” has a number of corresponding terms, as for example non-profit, charitable, philanthropic, altruistic, public-benefit activities, activities in the general interest. These terms are not always fully identical in detail, but largely overlapping. The term “public benefit” had been chosen to cover all the corresponding terms applied in Member States.

¹⁷ See for further discussion OECD Tax Policy Studies No. 27, Taxation and Philanthropy, 2020, p. 22 ff.

burden (or alternatively result in less government expenditure on other policy priorities). A concern regarding the exemption of income from economic activities of PBO is that this may create an unfair competitive advantage for PBO over for-profit businesses.¹⁸

3.2. The Concept of “Public Benefit”

The notion of “public benefit organisation” for the purposes of this document is used to cover activities in form of “worthy purposes”¹⁹ with the aim to benefit the entire community (public benefit).²⁰ This notion is therefore a legal status or qualification that entities established in certain form (mainly an association or a foundation) may acquire, provided they satisfy the legal requirements for qualification.

A number of factors could be applied across jurisdictions for the purpose of carrying out comparisons of the ‘non-profit sector’.²¹ These factors would be:

- voluntary : the voluntariness of those participating and of the entity acting is one of the factors that sets these activities apart from government;
- self-governing : not directed by government or others as to how to act;
- private : that is, not part of government;
- non-profit distributing : although these entities may make profits or generate a surplus, they are not formed for the purpose of profit making. The non-distribution requirement distinguishes these entities from for-profit entities;
- formal, that is institutionalised to some extent.

From a legal perspective, the non-profit sector and the public benefit sector do not coincide and do not fully overlap. **The notion of public benefit is explicitly mentioned in the tax law of all Member States. However, which “worthy purposes” give access to a tax benefit differs across Member States.** Table 3 below and the table in Annex II provide an overview of the notion of public benefit and of worthy purposes in the Member States.

¹⁸ PBOs that engage in economic activities qualify as undertakings in the meaning of EU competition law and are subject to Article 107(1) TFEU, which prohibits State aid (see Judgement of the Court 6 November 2018 in Joined Cases C-622/16 P to C-624/16 P, Scuola Elementare Maria Montessori, ECLI:EU:C:2018:873, para 103-109 and case law mentioned therein). In case PBOs exercise economic activities, a tax advantage that also applies to revenues from these economic activities may constitute State aid, if i) those PBOs are in a similar legal and factual situation as other taxpayers in light of the objectives pursued by the tax system of reference, and ii) this difference of treatment is not justified by the nature or the general scheme of the reference system (see Commission Notice on the notion of State aid, OJ C 262, 19.7.2016, p. 1–50). In such case, Member States should ensure that they fully comply with procedural and substantial State aid rules.

¹⁹ Such “worthy purposes” could be for example: charitable activities, protection of fundamental rights and human rights, development of civil society, education, science, culture, promotion of health, support for sports, environmental protection, provision of assistance in cases of catastrophes and extraordinary situations, raising the social welfare standards of society (especially for low-income and socially disadvantaged person groups). See for example Art. 5 - Public benefit purpose of the Proposal for a Council Regulation on the Statute for a European Foundation (FE), COM(2012) 35 final and the definition for charitable bodies in Art. 16 of the Proposal for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB), COM(2011) 121 final/2. See also the definition of a charitable entity under Annex I Section VIII Nr. 8 h) Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation; OJ L 359, 16.12.2014, p. 1.

²⁰ European Commission, Comparative Legal Analysis for Associations Laws and Regimes in the EU – Final Report, RAS Institute, 2022, p. 9.

²¹ See for example OECD Taxation Policy Studies no. 27, Taxation and Philanthropy, 2020, p. 14.

Table 3: Overview on the notion of “public benefit” in the EU

MS	Notion of “public benefit” in tax law
BE	Accredited Associations of Article 154/33 of the Income Tax Code of 1992.
BG	Non-Profit Associations Pursuing Activities for Public Benefit of Article 37 ff. of the Law on Non-Profit Legal Entities of 2000.
CZ	Public Benefit Associations of Section 146 of the Civil Code of 2012 and Associations of Sections 15(1) and 20(8) of Income Tax Law no. 586/1992.
DK	Public Benefit Associations of Section 8A of Law no. 1735 of 17/8/2021 (Income Tax Law).
DE	Associations pursuing public benefit, charitable or religious purposes of Section 51 ff. of the Tax Code of 1976.
EE	Public Benefit Associations of Section 11 of the Income Tax Act of 1999.
IE	Charitable Associations according to the Charities Act of 2009.
EL	Civil Society Associations of Law no. 4873/2021.
ES	Public Benefit Associations of Article 32 ff. of Law no. 1/2002.
FR	Public Benefit Associations of Article 11 of Law 1 July 1901.
HR	Associations Pursuing Activities for Public Benefit of Article 32 ff. of the Law on Associations of 2014.
IT	Associations with the Status of Third Sector Organizations according to the Code of the Third Sector (Legislative Decree no. 117/2017).
CY	Charitable Associations of Article 9(1)(f) of Income Tax Law no. 118(I)/2002.
LV	Public Benefit Associations of Law no. 106/2004.
LT	Public Benefit Non-Governmental Associations of Law no. XII-717 of 19 December 2013.
LU	Public Benefit Associations of Article 26-2 of Law on Associations of 21 April 1928.
HU	Public Benefit Associations of Section 32 of Law no. CLXXV of 2011 on the right of association, the public benefit legal status, and the operation and support of civil society organizations.
MT	Associations Recognized as Voluntary Organizations according to Act no. XXII of 2007.
NL	Associations with the Status of Public Benefit Institutions.
AT	Associations with Public Benefit, Charitable and Religious Purposes of Section 34 ff. of the Federal Tax Code.
PL	Public Benefit Association of Act of 24 April 2003 on Public Benefit Activity and Volunteerism.
PT	Associations with the Public Benefit Status according to Law no. 36/2021.
RO	Public Benefit Association of Art. 38 of Governmental Ordinance no. 26/2000.
SI	Associations with the Status of Non-Governmental Organizations in the Public Interest of Law of 2018.
SK	Associations Recognized as Non-Profit Organizations according to Act no. 213/1997.
FI	Public Benefit Associations of Section 22 of Income Tax Act no. 1535/1992.
SE	Public Benefit Association of Chap. 7, Section 3 ff., of Income Tax Act no. 1999:1229.

Source: European Commission, Comparative Legal Analysis for Associations Laws and Regimes in the EU – Final Report, RAS Institute, 2022, p. 10 ff.; European Commission, Impact Assessment Study on Cross-border Activities of Associations, 2023.

3.3. Economic activities

PBOs may engage in economic activities in almost all of the Member States, although the majority of these Member States do impose some limitations on the nature and magnitude of activities permitted.

For the purposes of this document, economic activity is understood as trade or business activity involving the sale of goods and services.

The most common limitation imposed on economic activities is the requirement that they be related to/facilitate the public-benefit purpose and/or that they remain ancillary to the public benefit organisation’s activities (Austria, Belgium, Czech Republic, France, Ireland, Italy, Latvia, Luxembourg, Poland, Portugal and Romania). In a handful of Member States, a limit or ceiling on economic activities is specified in the law.

Table 4: Economic Activities performed by Public Benefit Organisations.

MS	Are economic activities (related /unrelated to the public-benefit purpose) permitted?	Is there a ceiling / limit ? If yes, what are these ?
BE	Yes. Related and unrelated.	Yes. Must be ancillary.
BG	Yes. Related.	No.
CZ	Yes. Related and unrelated.	Yes. Must be ancillary.
DK	Yes. Related and unrelated.	For enterprise foundations there is no limit; but for non-enterprise foundations, the economic activities must be ancillary.
DE	Yes. Related and unrelated.	If the annual income from unrelated economic activity does not exceed EUR 45,000, it is not taxed.
EE	Economic activities are not regulated by law, but a public benefit organisation may use its income only to achieve the objectives specified in its articles of association.	No.
IE	Yes. Related and unrelated.	Yes. Must be ancillary.
EL	Yes. Related. It is possible to set up a corporate foundation which is linked to a corporation with regard to finance and administration.	No.
ES	Yes. Related.	Yes. Must be ancillary.
FR	Yes. Related.	Yes. Must be ancillary.
HR	Yes. Related and unrelated.	Yes. In tax law, taxing the income.
IT	Yes. Related.	Yes. Must be ancillary.
CY	Yes. Related and unrelated, depending on the type of organisation.	No.
LV	Yes. Related and unrelated.	Yes. Must be ancillary.
LT	Yes. Related and unrelated.	No.
LU	Yes. Related and unrelated.	Yes. Must be ancillary.
HU	Yes. Related.	No.
MT	Related and unrelated economic activities are permitted, but Maltese law has very strict rules regarding the way in which such activities may be conducted.	No.
NL	Yes. Related and unrelated.	No.
AT	Yes. Related.	Yes. Must be ancillary.
PL	Yes. Related and unrelated.	Yes. Must be ancillary.
PT	Yes. Related.	Yes. Must be ancillary.
RO	Yes. Related.	Yes. Must be ancillary.
SI	Yes. Related and unrelated.	Yes. Income generated must amount to less than 30% of the public benefit organisation's total income.
SK	No. But with certain exceptions.	n/a
FI	Yes. Related always, and unrelated only if stated in the statutes.	No.
SE	Yes. Related.	No.

Source: Philea, Comparative Highlights of Foundation Laws, p. 59 f.

European Commission, Comparative Legal Analysis for Associations Laws and Regimes in the EU – Final Report, RAS Institute, 2022, p. 29.

3.4. Tax treatment of income from asset administration and economic activities

In the majority of Member States, tax exemptions exist for PBOs's income from both asset administration and, to some extent, economic activities.

According to the data collected, normal asset administration by public benefit organisations (including investment in bonds, shares, real estate) would not be considered as economic activity. In a number of Member States, income from asset administration may be selectively taxed, according to the type of investment or the type of organisation.

Income from economic activities is in the majority of Member States at least partially tax exempt. Most Member States differentiate between income that stems from “related economic activity”, i.e. activity that supports the pursuit of the public benefit purpose, and income from “unrelated activity”. They tax income from unrelated activity but exempt income from related activity (e.g. France, Hungary, Ireland, Luxembourg and Portugal). In some Member States, income from economic activities is tax exempt up to a certain ceiling while other Member States also exempt unrelated economic activity, but only if this is conducted on a small scale. A handful of Member States do however tax all business income in full whether from related activity or unrelated activity. In the Czech Republic, PBOs are generally not allowed to undertake economic activities.

Table 5: Tax Treatment of income from asset administration and economic activities

	Is Income from asset administration taxed ?	Is income from economic activities taxed ?
BE	Yes. Tax on legal entities	No. If remains ancillary
BG	Yes. Except for income from sale of shares on a regulated Bulgarian market.	Yes.
CZ	No. Income from the registered endowment of a foundation is exempt from income tax. Tax exempt endowments are limited to certain kinds of investments	n/a. Economic activities not permitted.
DK	Yes. But dividends received from companies in which the foundation holds at least 10% of the shares are exempt from tax	Yes.
DE	No. For tax-exempt public-benefit organisations.	No. If related or the income does not amount to more than EUR 45,000.
EE	Yes.	No.
IE	No.	No. If related.
EL	Yes.	No.
ES	No.	No. Provided the activities are purpose related, ancillary or complementary
FR	No.	No. If related.
HR	No.	No. Unless a tax exemption would lead to unfair competition.
IT	Yes.	Yes.
CY	No. Public-benefit organisations are exempt from income tax.	No. Public-benefit organisations are exempt from income tax.
LV	No.	No.
LT	No.	Yes. Within a specified threshold.
LU	No.	No. If related.
HU	No.	No. If related.
MT	No Specified exemptions apply.	No Specified exemptions apply.
NL	No. Provided that the activities do not entail more than regular asset management as performed by individuals.	No. Provided that the profit in a year is less than EUR 15,000 or the profit in the year and the 4 preceding years was less than EUR 75,000.
AT	No	Yes
PL	No.	No.

PT	Yes. Investment income is subject to tax except if the foundation has tax-exempt status specifically for this type of income.	No If related.
RO	Yes. If profits are EUR 15,000 or more	No. If profits are less than EUR 15,000.
SI	No.	Yes.
SK	No. Except for income from the sale of investments	No. If related.
FI	No. With some exceptions.	No. Not regarded as business income.
SE	No. Except for income from leasing of a property that belongs to the foundation.	Yes. But if a foundation is running a hospital there will be no taxation.

Source: PHILEA, Comparative Highlights of Foundation Laws, p. 36 f.;

European Commission, Comparative Legal Analysis for Associations Laws and Regimes in the EU – Final Report, RAS Institute, 2022, p. 29.

3.5. Gift and inheritance tax

PBO are, in almost all of the Member States surveyed, exempt from gift and inheritance tax.

In Member States with an inheritance tax, the PBO receiving the bequest is liable for the tax and thus entitled to receive any tax relief. In some Member States, the living donor (in the case of a gift) or heir (in the case of a legacy) may be jointly liable for the inheritance/gift tax. In a handful of Member States, foundations are not subject to gift/inheritance tax since these taxes are levied only on natural persons. In Member States with an estate tax, on the other hand, the tax liability as well as the corresponding tax relief is with the estate of the deceased.

Table 6: Gift and Inheritance Taxes in the European Union

	Does gift/ inheritance tax exist?	Are there exemptions from gift / inheritance tax for gifts / legacies to public-benefit organisations ?
BE	Yes.	Yes.
BG	Yes.	Yes.
CZ	No.	Not applicable.
DK	Yes.	Yes.
DE	Yes.	Yes.
EE	No.	Not applicable.
IE	Yes.	Yes.
EL	Yes.	Yes Taxed at a lower rate of 0.5%.
ES	Yes.	Not applicable. Since levied on natural persons only.
FR	Yes.	Yes.
HR	Yes.	No. Only humanitarian associations and the Red Cross are exempt. Financial and in-kind donations below EUR 6,600 are tax exempt.
IT	Yes.	Yes.
CY	No.	Not applicable.
LV	No.	Not applicable.
LT	Yes.	Yes.
LU	Yes.	Yes.

HU	Yes. For a gift tax. No. For an inheritance tax.	Yes.
MT	Yes. Stamp duty on immovable property and securities.	No.
NL	Yes.	Yes.
AT	Yes.	Not applicable.
PL	Yes.	Not applicable. Since levied on natural persons only.
PT	Yes. Stamp duty.	Yes.
RO	No.	Not applicable.
SI	No.	Not applicable.
SK	Yes.	Yes.
FI	Yes.	Yes.
SE	No.	Not applicable.

Source: Philea, Comparative Highlights of Foundation Laws, p. 95 f., own compilation.

3.6. Tax Treatment of Income from grants and donations to a PBO

In general, grants and donations to PBOs do not trigger any consequence for the PBO with regard to income taxation. Only two Member States, Denmark and Malta, deviate from this principle.²²

3.7. Income Tax Treatment of Donors

One way to support PBOs is to grant tax benefits to donors. **For donors to be eligible for tax incentives, the recipient of the donation must be a recognised public-benefit organisation.** No Member State offers tax subsidies for gifts made directly to individuals in need.

Most of the Member States use a system of tax deduction as a reduction in the gross amount on which tax is calculated. A minority use a system of tax credit, which determines an amount that can be deducted from the actual tax to be paid (Cyprus, France, Hungary for individual donors, and Spain). Some of the Member States differentiate between individual and corporate donors for the purposes of determining the appropriate tax mechanism (Belgium, Estonia, Latvia, Lithuania and Romania).

In some cases, donations are matched or facilitated through an allocation scheme.²³ Deductions are widespread, slightly more common for corporate tax incentives than personal income tax incentives.

²² Based on: PHILEA, Comparative Highlights of Foundation Law, own compilation.

²³ Romania, Slovenia, Portugal, Hungary, Lithuania, and the Slovak Republic use a tax allocation scheme to support public benefit organisations. In Member States with an allocation scheme, the tax administration allows taxpayers to designate a fixed percentage or amount of their income tax to a fund or PBO directly through their tax return. In itself, such a scheme is neither a tax incentive nor an act of giving. See OECD Tax Policy Study No. 27, Taxation and Philanthropy, p. 79 f.

With regard to the treatment of cross-border cases please refer to the annexed Commission staff working document on guidance clarifying the existing rules on the tax treatment of cross-border public benefit donations.

3.7.1. Tax treatment of individual donors

In a small number of the Member States individual donors do not receive tax incentives for donations in the form of either a tax credit or tax deduction.

For other Member States, the levels of the incentives offered vary and may depend on the type and/or level of the donation (e.g. only monetary donations above a certain amount), and the value of the tax credit/deduction can usually not exceed a specific threshold, most commonly expressed as a percentage of the donor's total annual taxable income.

Member States that incentivise cash donations from individuals also incentivise non-monetary donations. Member States differ in their approaches, with some requiring appraisals if the value of a non-monetary donation exceeds a threshold; some using different valuation rules for different types of assets; some not requiring valuations; or some reviewing valuations through audits.

3.7.2. Tax treatment of corporate donors

Almost all Member States provide for tax incentives for corporate donors giving to PBOs. Examples of Member States that do not have these kinds of tax incentives include Slovakia and Sweden. However, in Sweden, while there is no deduction for corporate donors in general, some donations can be deducted as business expenses.

In general, across the Member States, tax deductions and credits for corporate donations are tied to the corporate income tax and may be limited to a share of total revenue; a share of total taxable income; a share of the sum of total turnover, and wages and salaries paid; a share of the corporate income tax liability; a share of the gift itself; a monetary value; or a combination of these tax relief ceilings. Furthermore, unlike individuals, corporations can deduct business expenses, and thus the sponsoring of public benefit entities, as well as donating, may partly be encouraged through normal business expensing rules.

In the majority of the Member States where incentives exist, these are applied equally for corporate donations to domestic and comparable foreign EU-based public-benefit organisations.

Table 7: Tax Treatment of individual donors and corporate donors

	Are there tax incentives for individual donors giving to a public benefit organisation?	Are there tax incentives for corporate donors giving to a public benefit organisation?
BE	45% of the amount of cash donations of EUR 40 or more are deductible with the ceiling up to 10% of the taxable income, and an absolute maximum of EUR 392,200 for the total of the gifts (tax year 2020 income 2019).	Only cash donations (of more than EUR40), the exception being works of art donated to museums: Up to 5% of the taxable income, with a maximum of EUR500,000 in 2020.
BG	Donations are deductible at rates of 5, 15, or 50% of the income depending on the recipient. Total deduction cannot exceed 65% of the total income.	Donations are not levied with a tax withheld at the source, and they are tax deductible if they amount to 10%, 15% or 50% of the positive financial result. The total amount of the deduction cannot exceed 65% of the total income.
CZ	Deductions up to 15% of taxable income, provided at least 2% of taxable base is donated, but not less than approx. EUR 35. For 2020 and 2021, this is limited to 30% due to the pandemic situation.	The donation can be a movable asset or real estate. The donation is deductible up to 10% of the tax base provided that at least 2% of the tax base is donated.
DK	Donations up to approx. EUR 2,250, the limit for the 2021 tax year, are deductible. The limit is adjusted annually.	Gifts to qualifying charitable organisations up to EUR2,250 are deductible each year. The limit is adjusted annually and was approx. EUR2,250 for the tax year 2021.
DE	Tax deduction up to 20% of the yearly taxable income, or donations of individual donors to the endowment of a foundation can be deducted for amounts of up to EUR 1 million for an assessment period of up to 10 years.	A tax deduction on the income up to 20% of yearly taxable income (or 0.4% of the sum of the turnover and salaries).
EE	The ceiling is up to EUR 1200, and not over 50% of annual taxable income after other deductions such as training costs for oneself or one's children, or home loan interest.	Total of donations deducted from taxable income may not exceed 3% of the sum of the labour costs made during the year, or exceed 10% of the calculated profit of the latest tax year.
IE	Minimum donation of EUR 250 and a maximum of EUR1 million but in all cases the tax relief goes to the charity, not the individual donor: Charities are able to claim the tax back from all donations over EUR 250, the percentage which can be claimed by the charity is 31%.	The company simply claims a tax deduction on the donation as if it were a trading expense. The same minimum and maximum thresholds apply in that the donation must beat least EUR250 and not more than EUR1 million per annum.
EL	Individual donors may deduct from their taxpayer's gross income, up to 20%. The value of gifts and donations is deductible only if over EUR 100. The deduction will apply only if the total amount of donations exceed 5% of the donor's total taxable income	The deductibility of charitable contributions shall be examined in light of the generally applicable deductibility criteria, focusing on the productivity of such expenses on a case- by-case basis.
ES	If donations have been made in the 2 previous immediate tax periods in favour of the same entity for an amount equal to or greater, in each of them, than the previous year, the deduction percentage applicable to the base of the deduction in favour of that same entity that exceeds EUR150, will be 40%. There is a limit of 10% of the total taxable income in the form of a tax credit. In Spain, taxpayers can transfer 7% of their income tax to Church or to "other social purposes"	Corporations can deduct 35% of all donations up to a limit of 10% of their taxable income if donations or contributions with the right to deduction have been made in the 2 previous immediate tax periods in favour of the same entity for an amount equal to or greater, in each of them, than the previous tax period. The percentage of deduction applicable to the base of the deduction in favour of that same entity will be 40%.
FR	Income tax reduction at 66% of the value of the gift, up to 20% of the donor's taxable income. Alternatively wealth tax reduction of 75% of the value of the gift, but limited to EUR50,000.	Tax reduction equal to 60% of the donations to public-utility organisations and to endowment funds up to EUR10,000 or up to 0.5% of their annual turnover if this amount is higher than EUR10,000. Should there be no profits in the following years, the deduction can be carried forward over the next 5 years. The deduction may also be carried forward over the following 5 years, if the donations are beyond the 0.5% limit.

HR	Donations are deductible up to 2% of taxable income.	In-kind and monetary donations can be included in business expenses (which will decrease the tax base) up to 2% of the total revenue generated in the previous calendar year.
IT	Only for cash donations made to legally recognised non-profit associations and foundations that carry out activities of cultural, artistic, social and educational interest. The maximum amount of the deduction is 19% of the charge supported. Deduction is equal to 30% of the value disbursed in favour of the Third Sector Entity (ETS), for a total amount not exceeding EUR30,000 in each tax period. Furthermore, there are three similar percentage systems in operation within the income declaration. The taxpayer can designate 8 per thousand i.e. 8/1000 to the State and some religious entities and 5 per thousand i.e. 5/1000 to non-profit organisation.	There are various options. Up to 2% of declared corporate income for donations to ONLUS and other NGOs. Donations to ONLUS can be deducted from income tax up to an amount not exceeding 10% of the total declared income. The Third Sector Code provides a tax credit equal to 50% of the amount disbursed by entities or companies, within the limits of 5 per thousand of annual revenues. Furthermore, The Third Sector Code provides a deduction of 10% of the total declared income for money and in-kind donations made to support Third Sector non-commercial entities.
CY	The full value of donations is tax deductible with no limits.	The full value of donations is tax deductible with no limits.
LV	Annual taxable income is reduced by the amount of donations. There is no minimum, but there is a maximum: The total sum of all deductions may not exceed EUR600 per year.	There are various options, but in all cases there is no minimum limit. Since there is no corporate income tax on re-invested amounts, companies are not too interested in tax deductions on donations.
LT	No tax incentives for individual donors, but they can allocate 2% of their income tax to an approved PBO.	Deductible up to EUR9,500 in respect of a single recipient of sponsorship or charity during the tax period. In some cases, double the amount of the donation may be deducted up to 40% of taxable income.
LU	Tax deduction up to an annual aggregate maximum limit of 20% of the taxable income of the donor or EUR1 million provided the donations have an aggregate value in excess of EUR120.	Tax deduction up to an annual aggregate maximum limit of 20% of the taxable income of the donor or EUR1 million, provided the donations have value in excess of EUR120.
HU	No. However, Hungarian taxpayers can designate 1% of their paid personal income tax to a chosen, not-for-profit organisation	Up to 20% of the value of the donation, and 50% of the value if provided to certain national funds. An additional 20% of the value of the donation if provided under a long-term donation contract, up to the amount of the pre-tax profit on the aggregate.
MT	Cash donations made to certain organisations can be deducted with different caps of EUR50,000 or EUR60,000 or in some cases EUR100,000.	Cash donations made to certain organisations can be deducted with different caps of EUR50,000 or EUR60,000, or in some cases EUR100,000.
NL	Donations can be deducted up to 10% of the donor's gross income. No deduction is possible for donations below 1% of the gross income or EUR60.	Gifts are deductible up to a maximum of 50% of the profit with a maximum of EUR100,000. Gifts to cultural entities can be taken into account for 150%. The maximum additional deduction is EUR2,500.
AT	Donations are deductible up to 10% of taxable income.	Deductions up to 10% of taxable income.
PL	Donations of cash, shares, securities, real estate and in-kind donations are deductible up to 6% of the taxable base. Furthermore, taxpayer can direct 1% of their personal income tax to NGOs that have obtained the status of PBOs.	Donations up to 10% of the taxable base are deductible.
PT	Cash donations: Income tax deduction up to 25% of the amount donated in cases when there is no limit for corporate donors. When there is a limit on deduction for corporate donors, the amount deducted by individuals should not exceed 15% of the value of the donor's total income tax. An amount of 5/1000 of the personal income tax can be directed to the public benefit sector, but taxpayers cannot choose a concrete beneficiary entity.	No limits on tax deduction when donations benefit state-supported PBO or represent endowment of private origin foundations pursuing social or cultural aims. Donations are calculated as a cost to the donor and rates range from 120-140% of the monetary value of the donation.

RO	No tax incentives, but donors can direct 3.5% of their income tax to non-profit-organisations. Contributions (sponsorship) are deductible up to 5% of total income.	Donations can be deducted up to 20% of the income tax, but not more than 0.75% of the turnover.
SI	Donors can direct up to 0.5% of their income tax to non-profit organisations.	Corporate donors may claim a tax relief whereby 20% of their investments in research and development (R&D), in the form of commissioned R&D services carried out by a PBO which is at the same time a private research organisation, can be deducted from the tax base. In addition, a general tax deduction for cash donations to a PBO, which accounts for 0.3% of the entity's taxable income in a business year, but may not exceed the tax base in a given tax period.
SK	No tax incentives for individual donors. However, sole entrepreneurs (not incorporated) have a possibility of a tax credit regime for cash contributions that relate to research and development. A taxpayer may claim 200% of its investment into the R&D sector as tax deductible. Also, outside of giving, individual taxpayers may re-direct up to 3% of their paid income tax to non-profit organisations registered as tax designation recipients.	Corporations as donors have a possibility of a tax credit regime for cash contributions that relate to research and development, but not necessarily only to foundations because R&D is primarily in the public and private business sector. A taxpayer may use 200% of its investment into the R&D sector as tax deductible. The reporting practice for corporate donors is unclear and ambiguous. Also, outside of giving, corporate taxpayers may re-direct 1% or 2% of their paid income tax to non-profit organisations registered as tax designation recipients.
FI	No. Tax incentives for individual donors, but an individual donor may deduct donations of not less than EUR 850 and not more than EUR 500,000 to a publicly funded university or college for the purpose of promoting science or art.	Cash donations with a minimum amount of EUR850, are eligible for a tax deduction. Maximum amount depends on the recipient, divided in 2 categories. Maximum amount of a donation given to a public-benefit organisation is EUR50,000.
SE	25% of a donation approx. EUR 25 - 170 is deductible and total gifts amounting to at least EUR 193	No deductions in general. However, some donations can be deducted as business expenses.

Source: Philea, Comparative Highlights of Foundation Laws, p. 108 f., own compilation.

3.8. Tax treatment of beneficiaries of public benefit organisations

Some Member States provide tax exemptions for beneficiaries of PBOs. These exemptions may be granted in specific cases or with specific conditions. For example, in Poland or Finland, there is a ceiling. In some other Member States, grants provided by a PBO in accordance with its statutory purposes to any legal or natural person are tax exempt (Czech Republic, Luxembourg, the Netherlands, Portugal, Romania, Slovakia, Slovenia and Sweden).

However, several Member States regard gifts or grants by PBO as income for the recipient, and tax accordingly the beneficiary of the gift or grant (e.g. Austria, Lithuania and Spain).

Table 8: Tax Treatment of beneficiaries

	Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?
BE	The provision of grants, subsidies, prizes or other benefits by national or international institutions, including non-profit organisations (i.e. foundations or associations), to individuals can sometimes be connected to a professional or occasional activity of the beneficiary, for instance prizes awarded to musicians or to authors, and subsidies granted to scientists. In such cases the grants, subsidies or prizes are subject to individual tax if they exceed EUR 3,200 per year. Foundations which are recognised by the tax authorities can benefit from a total exemption.
BG	There is a list of exemptions from donation tax.
CZ	Grants provided by a foundation in accordance with its statutory purposes to any legal or natural person are tax exempt.
DK	Gifts or grants by foundations are regarded as income for the recipient and taxed at the normal income tax rate.
DE	Income tax will only be levied if the grant or benefit exceeds what is considered to be an adequate cost of living.
EE	When distributing property to private individuals, the foundation must know and monitor its limits or pay income tax in excess of them. Some grants for educational, creative or scientific purposes are tax exempt.
EI	Donations received by persons other than charities may be subject to income tax or inheritance tax where applicable.
EL	Neither donation tax nor income tax is applicable to the beneficiary, provided that the donation from a foundation is fulfilling a statutory obligation.
ES	Individuals and legal entities are not entitled to special benefits if they are the beneficiaries of a grant or a donation from a foundation.
FR	Individuals receiving funds from a foundation are exempt from paying tax on them if such funds are granted as assistance of an exceptional nature. However, if such funds are granted in exchange for compensation, they are subject to individual income tax at standard rates. Prizes granted by a public benefit organisation are normally taxable.
HR	n/a
IT	The tax treatment depends on the nature of the grant provided by the public benefit organisation. Some types of grants could be subject to a withholding tax with reference to income tax purposes.
CY	In principle, if individuals or legal entities satisfy the requirements provided by the law regarding the tax treatment of the public benefit organisation, then there will be exemption from tax.
LV	Individuals do not pay income tax on financial and material aid received from public-benefit organisations up to EUR 1,000 per year. An exception is aid for medical treatment: This is fully tax exempt if proofs of payments are held with the organisation
LT	Individuals are subject to tax on grants received from foundations, as stated in the Charity and Sponsorship Law.
LU	If the benefit qualifies as a donation, no other taxes are due.
HU	Income received from a public-benefit organisation provided in accordance with the public-benefit purpose of the foundation is tax exempt, if provided for one of the listed purposes.

MT	It is arguable that grants should not be taxable since such receipts are not of an income but of a capital nature.
NL	Gifts received from an ANBI (public-benefit organisation) registered in the Netherlands are exempt from gift and inheritance tax. Gifts received from SBBIs (social interest promoting institution) or other foundations are not exempt.
AT	When a private foundation under PSC (Private Foundation Act) gives grants, a capital gains tax of 27,5% is levied on the beneficiaries, on both individuals and legal entities.
PL	If the value of grants or in-kind donations from the public-benefit organisation does not exceed EUR 1,200 over the course of 5 years, the recipient is not required to pay tax on the gifts received. Scholarship grants made by foundations are tax free up to EUR 900 yearly.
PT	Tax exempted if the benefit is considered a scholarship or a prize.
RO	No taxes are levied.
SI	Beneficiaries of public benefit organisations are exempt from income tax on grants received from foundations established and operating in accordance with the law governing foundations.
SK	Receiving a grant/benefit/ scholarship from a foundation is normally not subject to tax.
FI	Grants awarded by foundations for university studies, scientific research and artistic work, as well as prizes awarded for scientific, artistic and other non-profit activity are tax free up to EUR 23,270 (in 2020). The amount includes all grants and prizes received by an individual in any! year after deduction of costs necessary to acquire and maintain the income.
SE	The individual receiving a grant from a tax-exempt public benefit organisation is also exempt from tax on the grant.

Source: Philea, Comparative Highlights of Foundation Laws, p. 95 f., own compilation.

ANNEX I
Country Fiches

BELGIUM

1. Denomination of organisations for social economy entities	<p>Association sans but lucratif(ASBL) / Vereniging zonder winstoogmerk (VZW) Association internationale sans but lucratif (AISBL) / Internationale vereniging zonder winstoogmerk (IVSW) Fondation Privée(FP) / Private stichting Fondation d’Utilité Publique(FUP) / Stichting van openbare nut (SON) Société coopérative agréée comme entreprise sociale” (SC agréée comme ES)/ Erkenning of CV als sociale onderneming Mutualités / Mutualiteiten</p> <p>Institutionalised forms of SEs : Different legal forms accredited as work integration social enterprises (WISE) / Cooperatives accredited as social enterprises</p>
2. Sources of law	<p>Code des Sociétés et des Associations (CSA) Loi du 6 août 1990 relative aux mutualités et aux unions nationales de mutualités. Code sur l’impôt sur le revenu 1992</p>
3. Definitions of public Interest	<p>The Belgian legislation does not provide for any legal definition of public interest. However, a special form of certification exists and offers tax reduction to donors.</p> <p>With regard to foundations, Art 11.1 of the CSA states that a foundation can be recognised as a public-benefit foundation (FUP/SON) if it pursues “philanthropic, philosophic, educational, cultural, religious, social or other public benefit purposes”.</p> <p>In the Belgian tax law there is no other definition of public-benefit purpose as such.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	<p>Under Belgian law, economic activities are optional and permitted, however, the profit may not be distributed among members for associations and foundations. The law does not restrict any field or type of economic activity, but it needs to comply with the objectives of the statutes.</p>
5. Reporting and transparency	<p>For large public benefit organisations, the annual report must be disclosed. The income tax return needs to be filed online with the tax authorities.</p>
6. Taxation regimes	<p>There are two main tax benefits for public purpose organisations working for the public benefit:</p> <ul style="list-style-type: none"> - Exemptions, e.g. for corporate income tax. - a tax deduction option for donations and endowments from the taxable income of donors. <p>The conditions for accessing tax benefits depending on the type of tax benefit: The criteria for corporate income tax exemption are not the same as the criteria for being eligible to receive income tax deductible gifts. The latter are more strict. The main criterion for the exemption from corporate tax is the fact of carrying out or not for-profit operations. Foundations and associations may however carry out for-profit operations if these operations remain purely ancillary to the principal not-for profit activity.</p> <p>Articles 181 and 182 of the Income Tax Code (on corporate tax exemption) deals with foundations, associations and organisations that do not pursue a profit-making purpose. This wording has to be understood as a prerequisite. Even if the other conditions of art 181 or 182 are met, the organisation would not benefit from the corporate tax exemption if the organisation does not satisfy the prerequisite.</p> <p>If exempt from Belgian corporate income tax, Associations are subject to an annual tax the “taxe patrimoniale”, which is levied on all assets at a rate of 0,17 %.</p> <p>If the assets are valued at less than EUR 25,000, the association is exempt.</p>

	With regard to institutionalised forms of SEs: Two measures are focused on specific WISEs. They can benefit from a reduced VAT rate (6% instead of 21%) when they sell recycled or re-used goods that have been collected freely (for example garments or electronic devices). These WISEs can benefit from tax reductions when they put part of their profits into an asset lock scheme.
7. Gift and inheritance tax	Gifts and inheritance tax are organised respectively by the code of registration duties and by the code of inheritance tax. The tax rates are determined by the region of which the donor/testator is domiciled/had his last domicile. As far as inheritance tax is concerned, the heirs and the legatees should pay the tax, each of them for the portion of the estate he has received. Reduced rates apply for donations to public benefit organisations. The applicable gift and inheritance rates depend from the region.
8. Income taxation of grants:	Public-benefit organisations do not pay income tax on grants and donations.
9. Taxation on income from asset administration and from economic activities	Income from asset administration is normally subject to tax on legal entities (impôt sur les personnes morales) (in form of withholding tax). Income from economic activities is normally not taxed if it remains ancillary.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Yes, without limitations.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Only donations which are made to organisations which are either explicitly mentioned in Art. 145/33 CIR 1992 or which had been approved by the Minister of Finance are eligible for the personal income tax reduction. See for the list: https://finances.belgium.be/sites/default/files/downloads/116-liste-institutions-20221219.pdf There is a minimum of EUR 40 per gift. The aggregate value of the gifts cannot exceed 10% of the taxable income, with an absolute maximum of EUR 392,200 for the total of the gifts (tax year 2020 for income 2019). The tax benefit in form of an income tax reduction amounts to 45% of the value of the gift, which means that the net value paid by the donor is 55%.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	Only donations which are made to organisations which are either explicitly mentioned in Art. 145/33 CIR 1992 or which had been approved by the Minister of Finance are eligible for the corporate income tax deduction. See for the list: https://finances.belgium.be/sites/default/files/downloads/116-liste-institutions-20221219.pdf Only cash donations of more than EUR 40 and up to 5 % of the taxable income with a maximum of EUR 500,000 in 2020.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	If the grants or subsidies are connected to a professional occasional activity of the beneficiary, they are subject to the personal income tax if they exceed EUR 3,200.

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BULGARIA

1. Denomination of organisations for social economy entities	Associations including Community Centres - Asotsiatsiya including chitalishta / Foundations - Fondatsiya / Cooperatives Institutionalised forms of SEs: Cooperatives and conventions enterprises registered as enterprises of PWDs / Different legal forms with social enterprise status
2. Sources of law	Act on Enterprises of Social and Solidarity Economy (240/2018). Act on Public Cultural Associations (chitalishta) (No.89/1996, last amended 2018). Act on Non-Profit Legal Entities – NPLEA (No.81/2000, last amended 2018). Act on Cooperatives (No. 113/1999, last amended 2018). Act on People with Disabilities (No. 105/2018, last amended 2023). Law for Local Taxes and Fees (LLTF). Law on Corporate Income Tax (LCIT).
3. Definitions of public Interest	The NPLEA exhaustively defines public-benefit purposes as (Article 38): 1. The development and promotion of civil society, civic participation and good governance; 2. The development and the affirmation of spiritual values, healthcare, education, science, culture, technique, technologies or physical culture; 3. Support for children, for people with disabilities and for persons and communities at risk of social exclusion; 4. The protection of human rights or the environment; 5. Other purposes determined by law.
4. Are economic activities (related/unrelated to the public-benefit purpose) per-mitted? Is there a ceiling / limit? If yes: what are these?	Yes, related activities are permitted. There is no ceiling.
5. Reporting and transparency	The annual activity report and the financial report of the non-profit legal entity for carrying out public benefit activities should be presented for publication in the register of non-profit legal entities kept by the Registry Agency by September 30 of the following year. The reports are publicly available.
6. Taxation regimes	The social enterprises in Bulgaria are not supported through significant tax exemptions. Bulgarian legislation does provide some fiscal advantages that are particularly relevant to the activities of social enterprises. However, they do not target them specifically. These include tax incentives provided by the Corporate Income Tax Act for donors of certain vulnerable groups (people with disabilities, socially disadvantaged, etc.). Benefits for employers of long-term unemployed people or people with disabilities are also available. Associations can request tax exemptions if they employ people with disabilities. Specialized enterprises and cooperatives of people with disabilities are allowed to request an exemption for the full amount of the annual corporate tax (if the legal entity employs 20 to 50 % of people with different sort of disabilities - the different types of disabilities that could be considered are listed in the Corporate Income Tax Act). Specialized enterprises and cooperatives for people with disabilities could be reimbursed for up to 30% of the insurance contributions for the total number of employees. The Value Added Tax Act allows some legal entities to get an exemption from VAT on certain goods and services, which can also benefit associations. With regard to institutionalised SEs: the legislation provides some fiscal advantages that are particularly relevant to the activities of social enterprises, but which are not specific to social enterprises. According to the Corporate Income Tax Act, specialised enterprises and cooperatives of people with disabilities may request the retainment of the annual corporate tax due from them and use it fully to integrate people with disabilities or to maintain and open jobs for employed persons in the next two year.

7. Gift and inheritance tax	<p>There is an inheritance tax and a gift tax in Bulgaria. According to Article 36 of the act on local taxes and charges, the inheritance tax rates are fixed by a resolution of the municipal council for each group of heirs. The act prescribes the following rates:</p> <ul style="list-style-type: none"> • Brothers, sisters and their children: from 0.4 to 0.8 % for a succession over BGN 250,000 (~ EUR 125,000); • For persons other than those under point 1: from 3.3 to 6.6 % for a succession over BGN 250,000 (~ EUR 125,000). <p>The inheritance tax is determined for each heir individually and must be paid within two months after the notification. According to Article 47 of the same Act the gift tax rates are fixed by a resolution of the municipal council as follows:</p> <ul style="list-style-type: none"> • Brothers, sisters and their children: from 0.4 to 0.8 % of the gift value; • For persons other than those under point 1: from 3.3 to 6.6 % of the gift value.
8. Income taxation of grants:	<p>According to the Law for Local Taxes and Fees (LLTF), donations made and received by public benefit organisations are exempt from tax.</p>
9. Taxation on income from asset administration and from economic activities	<p>According to the Law on Corporate Income Tax (LCIT), legal entities with non-profit purposes are taxable if they perform an economic activity. If non-profit legal entities carry out business activities, they shall pay corporate income tax at the same rate as commercial organisations (10%). There is no differentiation with regard to taxation based on whether the economic activity is related or not. Under the law, NGOs are allowed to carry out related economic activity only. Cooperatives of and for people with disabilities: After reduction for cooperative funds, the profit is distributed to members' dividends and other purposes related to the activity of the cooperative; Specialised enterprises for people with disabilities: The corporate tax can be entirely retained (i.e. not paid) by enterprises where: 20% of the total staff are blind and low-visibility people, or 30% of the total staff are hearing impaired or 50% of the total staff with other disabilities, and in compliance with some specific conditions.</p>
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	<p>Not available.</p>
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	<p>Donations are deductible at rates of 5 % for charitable purposes, 15 % for cultural purposes or 50 % for medical treatment of children and for assisted reproduction of the taxable income. Total deduction cannot exceed 65% of the taxable income.</p>
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	<p>Donations are not levied with a tax withheld at the source, and they are tax deductible if they amount to 10% for charitable purposes, 15% for assistance under the Financial Support for Culture Act or 50% for medical treatment of children and assisted reproduction of the accounting profit. The total amount of the deduction cannot exceed 65% of the accounting profit.</p>
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	<p>In LLTF there is a list of exemptions from donations tax. Individuals are exempt from tax on the income from donations (Personal Income Tax Act).</p>

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CZECH REPUBLIC

1. Denomination of organisations for social economy entities	Association – Asociácie or Spolky / Registered Institute – Zapsaný ústav / Foundation – Nadace a neinvestiční fondy / Limited Liability Company / Cooperatives Institutionalised forms of SEs: social cooperatives
2. Sources of law	Part of the legal base of associations is stipulated in § 20 of Civil Code 89/2012 (came into force on 01.01.2014). § 20 covers the liability of the associations (§20-1 of Civil Code). Moreover, the Czech Civil code regulates in detail the legal status of all existing forms of associations: - Corporates/associations § 210-302 - Foundations - § 306-393 - Endowment Funds - § 394-401 - Social corporations - Law on Commercial Companies n. 90/2012 Others (special) laws: - Law of Income Tax n. 586/1992 - Volunteer Service Act n. 198/2002 - The Accountancy Act n.563/1991 - Law on the Public Registry of Natural and Legal persons n.304/2013 - Public Collections (Regulation) Act n. 117/2001
3. Definitions of public Interest	According to the Civil Code, a public benefit association is a legal entity which contributes to the general welfare of the society by performing its activities. The Non-Profit Legal Entities Act lists a number of categories of social services which are considered as public benefit purpose.
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	Yes. Public benefit organisations can carry out supplementary economic activities if they are related to the subject of their main activity. Yes. Must be ancillary.
5. Reporting and transparency	Once a year all registered associations are required to perform an audit and publish their annual report concerning their activities and their final accounts. These obligations are stipulated in the Civil Code and in the Accounting Law n. 341/2005. Associations are obliged to submit their annual activity report and their financial statement to the Registration Court electronically until 30th of July of every year. The report must contain the activities undertaken during the year, their relevance concerning the strategic priorities of the organisation, the amount of donations received, information about the rest of the income obtained, the overall balance of the association, and others. No requirement for publication.
6. Taxation regimes	The taxation regimes in the Czech Republic concerning the associations are governed by the following laws: Law on Income Tax n. 586/1992 (amended in 2006); Law on Immovable Property tax n.338/1992; Law on Value Added Tax n.235/2004; The Income Tax Act exempts public benefit organisations from taxation, which concerns their non-business activities. If the statutory requirements are met, reductions of the tax base of the associations are also possible based on this legal act. Public benefit organisations are exempt from all tax obligations related to contributions received in the areas defined by their statute as their main purpose. With regard to institutionalised forms of SEs: No special fiscal arrangements for social enterprises apply in the Czech Republic
7. Gift and inheritance tax	Public-benefit organisations are exempted from tax on gifts and legacies. The exemptions also apply to comparable foreign EU-based public -benefit organisations.

8. Income taxation of grants:	Grants and donations are not subject to income taxation at the level of the public benefit organisation.
9. Taxation on income from asset administration and from economic activities	The income from asset administration normally is tax exempt. However, income from advertising, from a membership fee, in the form of interest and from a lease (except for the lease of State property), is always subject to tax. Income from entrepreneurial activities is always subject to tax.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Deductions up to 15% of taxable income, provided at least 2% of taxable base is donated, but not less than approx. EUR 35. For 2020 and 2021, due to the pandemic, this was increased to 30%.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	The donation is deductible up to 10% of the tax base provided the value of the gratuitous performance amounts to at least CZK 2,000. For tax years ending between 1 March 2020 and 28 February 2022, up to 30 % of the tax base may be deducted in the aggregate.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Grants provided by a public benefit organisation in accordance with its statutory purposes to any legal or natural person are tax exempt.

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DENMARK

1. Denomination of organisations for social economy entities	Association – Foreninger / Foundation – Fondsloven / Limited Liability Company - Selskab med begrænset ansvar Institutionalised Forms of SEs: Associations, foundations and limited liability companies with social enterprise status
2. Sources of law	There is no actual single act relevant to the principles of governance or functioning of associations. There are legal acts and case law that provide guidance about the competence of the court concerning associations: <ul style="list-style-type: none"> - The Law on Registered Socio-Economic Enterprises; - Charitable and non-profit associations must according to the Danish Tax Assessment Act; - Approved associations are able to apply for VAT refunds and tax relief, according to the Value Added Tax Act; - The employment legislation is always crucial when paid employees offer services to the association. - Foundation Act
3. Definitions of public Interest	There is no definition in Danish civil law of the term “public-benefit purpose” (“almennyttig”). There is no statutory definition of the term “public-benefit purpose” in Danish tax law. Public benefit purposes are provided by tax legislation and indicatively may include: disease control; preventive child and youth work; development aid; church work; amateur sports work. The same criteria apply for non-profit purposes that underlies the rules of associations that hold stand-alone events or collect and sell second-hand goods.
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If Yes: what are these?	Purpose related activities are accepted in practice. Unrelated economic activities are only accepted if in line with the statutes of the entity. Ordinary associations cannot promote business interests of its members. It follows from case-law that secondary activities are permitted to the association.
5. Reporting and transparency	Public benefit organisations have to file income tax declarations with the tax authorities. If an association has employees, it must deduct taxes and contributions just like other employers. The association is required to report the payments, to the Tax Agency, as well as to submit reports about its salaries and fees. Public benefit foundations must file their annual report with tax authorities.
6. Taxation regimes	An association is tax-exempt if it is exclusively non-profit or charitable, or if it has no business income. A tax-free association does not have to submit a tax return. For a non-profit association to be tax-exempted, the fulfilment of the following elements should be proved: 1. the statutory purpose of a charitable or non-profit nature; 2. if the CVR number is established as a charity / non-profit association; 3. the statutory resolution where values are transferred to a non-profit recipient; 4. that sales may only be performed in connection with the charitable aim of the association; 5. that profits may only be used for charitable or non-profit purposes; 6. that there must be no distortion of competition. Foundations are for tax purposes generally treated as joint-stock companies according to section 3 of the special Taxation Act for Foundations (Fondsbeskatningsloven, FBL). They are taxed on the income derived from economic activities. Other income is also taxed at a rate of 22%, but only if it exceeds 25,000 DKK (~EUR 3,400). Gifts and donations received by foundations are treated as other income, according to FBL section 3(3). Dividends received from companies in which the foundation holds at least 10% of the shares are exempt from tax (FBL section 10 referring to section 13 of the Corporate Income Tax Law (Selskabsskatteloven, SEL)). Foundations can deduct the amounts they spend on donations made during the fiscal year for the charitable or public-benefit purposes specified in their statutes (FBL section 4). VAT for associations is regulated in the Value Added Tax Act (Bekendtgørelse af lov om merværdiafgift). A non-profit association is exempted from VAT. When the association sells goods or has income from events that are open to public, the association may be liable for VAT if the annual income from such activities

	<p>exceeds DKK 50,000. Delivery of goods and services in connection with charitable events as well as associations and others. collection and sale of second-hand goods of little value are, under certain conditions, exempt from VAT.</p> <p>With regard to institutionalised forms of SEs: The fiscal framework for social enterprise in Denmark consists partly of rules and benefits that apply only to organisations that have adopted one of the legal models used by social enterprises, and partly of rules that any organisation that chooses to establish itself as a social enterprise can use. Only few fiscal incentives exist for social enterprise. Usually conventional enterprises operating with the same stakeholders and in the same markets as social enterprises can also use these fiscal incentives. As a main rule, associations are exempt from taxation. Foundations can postpone tax payments up to five years if they are distributing donations. There are no particular taxation benefits for social enterprises adopting this model. Secondly, there are few fiscal exemptions or advantages for social enterprises that are not also granted to conventional enterprises. Fiscal incentives are mainly indirect in the sense that social enterprises may benefit from being visible and easy to recognise if they are registered with the RSV (Registered Social Enterprise) tool.</p>
7. Gift and inheritance tax	Denmark has a gift and inheritance tax in place which applies exemptions for gifts / legacies to public benefit organisations. These exemptions also apply to comparable foreign EU-based public-benefit organisations. But the recipient organisation must be included in a list.
8. Income taxation of grants:	Yes, but in case of foundations no taxation if given for the purpose of building up a foundation's endowment.
9. Taxation on income from asset administration and from economic activities	Income from asset administration is taxed; if the PBO holds at least 10 % of the shares, then the dividends are exempt. Income from economic activities is also taxed.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Only donations to recognised public-benefit foundations are tax-deductible for the donor. The special approval of the Ministry of Taxation is needed before a Danish foundation can receive tax-deductible donations. By 1 October each year, the foundation has to ask for this approval by sending its statutes and annual accounts to a special department of the tax authority. The list of qualifying institutions is published annually. Foundations that wish to be included have to spend their income on a public-benefit purpose. Donations up to approx. EUR 2,250, the limit for the 2021 fiscal year, are deductible. The limit is adjusted annually.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	Gifts to qualifying charitable organisations up to EUR 2,250 are deductible each year. The limit is adjusted annually and was approx. EUR 2,250 for the fiscal year 2021.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Gifts or grants by foundations are regarded as income for the recipient and taxed at the normal income tax rate.

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GERMANY

1. Denomination of organisations for social economy entities	Stiftung – Foundation / Verein – association / gemeinnützige GmbH – Public benefit limited liability / Genossenschaft – Cooperative Institutionalised forms of SE: Social and Cultural cooperatives / Entities for the inclusion of PWSD and enterprises for the integration of persons with other permanent labour market disadvantages.
2. Sources of law	Foundations and associations: Civil Code of 1896 Public benefit Limited liability corporation: Commercial Code Cooperative: Cooperatives Act Criteria for public benefit purposes: Art. 51 ff of the Fiscal Code (Abgabenordnung) define the criteria for the status of public benefit. The respective Tax Codes then grant the tax benefits to the public benefit organisations, e.g.: <ul style="list-style-type: none"> - Section 5(1) Nr.9 of the Corporate Income Tax Act (Körperschaftsteuergesetz, KStG) - Section 13(1) Nr. 16b of the Inheritance and Gift Tax Act (Erbchaft- und Schenkungsteuergesetz) (ErbStG). - Exempt from VAT: Section 4 Nr. 22 UStG or reduced VAT rate: Section 12(2) Nr. 8a Value Added Tax Act (Umsatzsteuergesetz) - Section 3(1) Nr. 3 and 4 Real Property Tax Act (Grundsteuergesetz)
3. Definitions of public Interest	In Germany, the tax-privileged “public benefit” concept is described in the Fiscal Code (Abgabenordnung, AO). According to the Fiscal Code, there are three types of tax-exemptions: <ol style="list-style-type: none"> 1. Public benefit purposes (gemeinnützige Zwecke § 52): an organisation pursues public benefit purposes (gemeinnützige Zwecke) if “its activity is dedicated to the altruistic advancement of the general public in material, spiritual or moral respects.” § 52(2) AO lists 26 different items recognised as advancement of the general public. 2. charitable purposes (Mildtätige Zwecke § 53). An organisation shall be deemed to serve “charitable purposes” (mildtätige Zwecke) if its activity is aimed to altruistic support for persons in need (to improve their economic situation, physical, psychological, or mental condition) 3. religious purposes (Kirchliche Zwecke § 54). These cover the altruistic advancement of a religious community which is a public-law entity.
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	Yes. According to Section 21 of the German Civil Code, non-profit associations may never pursue an economic activity as their main purpose. Nonetheless, some auxiliary commercial activities in support of the non-profit purpose which only play a subordinate role may be performed and do not harm. These activities may be related and unrelated. If the annual revenue from unrelated economic activity does not exceed EUR 45,000, it is not taxed.
5. Reporting and transparency	The organisations benefiting from tax-exempted status, are obliged to file a report on their accounts, the use of funds (activity report) as well as the accumulation of reserves with the tax authorities. The organisations can submit a cash-flow accounting report with an inventory, or a commercial annual financial statement with a balance sheet and profit and loss account. There is no obligation for the reports to be published.

6. Taxation regimes	<p>There are two main tax benefits for public benefit organisations working for the public benefit:</p> <ul style="list-style-type: none"> - Exemptions or discounts, e.g. for gift and inheritance tax, real property tax and corporate income tax. - a tax deduction option for donations and endowments from the taxable income of donors. <p>Revenue from related economic activities normally is subject to income taxation, if it exceeds EUR 45,000. The organisation may carry out economic activities in form of tax-privileged dedicated activities (Zweckbetrieb), if the overall design of the economic activity is directed towards achieving the tax-privileged purposes of the corporation as set out in the statutes, if such purposes can be achieved only by way of such activities.</p> <p>With regard to institutionalised forms of SEs: no special tax measures in place.</p>
7. Gift and inheritance tax	<p>Gift and inheritance taxes exist. Exemptions from gift and inheritance tax for gifts and legacies to public benefit organisations are available. Donations to foreign public-benefit organisation may be exempt from inheritance and gift tax if the recipient's country has entered into a reciprocity agreement with Germany.</p>
8. Income taxation of grants:	<p>Public-benefit organisations do not pay income tax on grants and donations.</p>
9. Taxation on income from asset administration and from economic activities	<p>Income from asset administration is not taxed. Income from economic activities is taxed only if the revenue exceeds EUR 45,000.</p>
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	<p>Yes, without limitations.</p>
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	<p>Tax deduction up to 20% of the yearly taxable income, or donations of individual donors to the endowment of a foundation can be deducted for amounts of up to EUR 1 million for an assessment period of up to 10 years.</p>
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	<p>A tax deduction on the income up to 20% of yearly taxable income (or 0.4% of the sum of the turnover and salaries).</p>
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	<p>Income tax will only be levied if the grant or benefit exceeds what is considered to be an adequate cost of living.</p>

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ESTONIA

1. Denomination of organisations for social economy entities	Association – Assotsiatsioon / non-profit Association – mittetulundusühing / Foundation – sitasutus / public limited company – osauhing No institutionalised forms of SE.
2. Sources of law	Foundations : Foundations Act 1995 Non-profit association: Non-Profit Associations Act Private Limited Companies: Commercial Code
3. Definitions of public Interest	Among Estonian laws, public interest is referred to, inter alia, in the Civil Service Act and the Income Tax Act, but the term itself is not unambiguously defined by any law and belongs to an undefined legal concept. It refers to organisations having broad societal goals, being transparent and acting in the benefit of groups that would not cope on their own. Regarding associations, the notion is apprehended via the notion of “public interest associations”. These associations are to be included in the list of public interest associations approved by the Government of the Republic. Although many NPAs operate in the public interest in practice, only a small minority of them have been included in the list. Donations made to the associations mentioned there can be deducted by the donor from his/her taxable income. NPA may not distribute the economic benefits of their activities for purposes other than those of the public interest which is not used for private consumption, but is accessible to all, such as nature, security, culture, etc.
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	Economic activities are not regulated by law. However, a public benefit organisation may use its income only to achieve the objectives specified in its articles of association. A public benefit organisation cannot distribute profits to its members.
5. Reporting and transparency	Annual Financial report, annual activity report, public benefit / activity report, tax return. The government publishes all annual reports in business register as well as the tax form for charities.
6. Taxation regimes	The Estonian tax system is not as complex as in other Member States. There are no gift and inheritance taxes. Also, the corporate income tax is levied on profit distributions – public benefit organisations normally do not distribute profits. The foundation must only submit descriptions of planned activities and a vision for the future, including an explanation of how the public interest is served. All other information is already available to the Tax and Customs Board from databases.
7. Gift and inheritance tax	Estonia does not apply any Gift and inheritance taxes.
8. Income taxation of grants:	Estonian Public-benefit organisations do not pay income tax on grants and donations.
9. Taxation on income from asset administration and from economic activities	Any income is tax exempt from corporate income tax.

10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	<p>Not available.</p>
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	<p>Donations are tax deductible from personal income tax up to EUR 1,200 and not over 50% of annual taxable income after other deductions such as training costs for oneself or one's children, or home loan interest. See for the conditions also the answer under point 3.</p>
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	<p>Corporate donors can choose between two ceilings:</p> <ul style="list-style-type: none"> • 3% of the amount of the payments subject to social tax (salary fund) made by the taxpayer during the same calendar year • 10% of the profits for the last financial year <p>See for the conditions also the answer under point 3.</p>
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	<p>When distributing property to private individuals, the foundation must know and monitor its limits or pay income tax if the amounts are in excess of those limits. For example, material assistance granted to a natural person for subsistence, including financial assistance to the extent of the amount of average monthly expenses of a member of a household per calendar month according to the latest information disseminated by the Statistical Office.</p>

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IRELAND

1. Denomination of organisations for social economy entities	Companies limited by guarantee (CLG) / Companies limited by share (CLS) / Charities / Associations / Foundations No institutionalised forms of SEs.
2. Sources of law	Charities (established in any legal form, including that of a company): Charities Act of 2009 Associations and Foundations: Civil Code of 1942 Taxes Consolidation Act 1997
3. Definitions of public Interest	The concept of “public benefit” in Ireland is embodied in the charitable status which is granted when the organisation is formed for a purpose that serves the public benefit. For an organisation to be eligible for registration as a charitable organisation in Ireland, it must consequently meet the following three conditions: (i) to operate in the Republic of Ireland, (ii) to have exclusively charitable purposes and (iii) to provide a clear public benefit, in the country or elsewhere. The Charities Act 2009 defines “charitable purpose” as follows: <ul style="list-style-type: none"> • the prevention or relief of poverty or economic hardship; • the advancement of education; • the advancement of religion; • any other purpose that is of benefit to the community.
4. Are economic activities (related/unrelated to the public-benefit purpose) per-mitted? Is there a ceiling / limit? If yes: what are these?	The Irish tax law allows a charity to conduct certain economic activities, or “trading”, with profits exempt from tax under a “trading exemption”. Section 3(1) Taxes Consolidation Act 1997 describes “trade” as including “every trade, manufacture, adventure or concern in the nature of trade”. As the word “trade” is not specifically defined, the term takes on the generally accepted meaning. In order to qualify for a trading exemption, a body established only for charitable purposes must apply the income derived from its trading solely to advancing those purposes. In addition, the organisation ordinarily must satisfy one of the following two conditions: 1. The trade must occur in the course of carrying out a primary purpose of the charity (Taxes Consolidation Act 1997 Section 208(2)(b)(i)). Economic activities that would not otherwise qualify may nonetheless fall under the trading exemption if they are ancillary to pursuing the charity's primary purpose. 2. The work in connection with the trade must be carried on mainly by beneficiaries of the charity (Taxes Consolidation Act 1997 Section 208(2)(b)(ii)).
5. Reporting and transparency	According to Article 52 of the Charities Act (Article 52) the charity trustees of a charitable organisation shall, not later than 10 months or longer period as the Authority may specify, after the end of each financial year, prepare and submit to the Authority an annual report in respect of its activities in that financial year. The following shall be attached to the annual report: a copy of the annual statement of accounts or the income and expenditure account and the statement of assets and liabilities, as the case may be, in respect of the financial year concerned. All charities with turnover above EUR 100,000 must prepare audited statements of account for Revenue. Reports filed by companies are publicly available on the online Companies Register.
6. Taxation regimes	Being registered with the Charities Regulator is separate from being granted a charitable tax exemption. The Revenue Commissioners decide if an organisation is a charity for tax purposes and whether it qualifies for a tax exemption. The tax regime in Ireland with relevance to the activities of the charities includes several types of tax reductions affecting: income tax, corporation tax (in the case of companies), capital gains tax, Deposit Interest Retention Tax (DIRT), capital acquisitions tax, stamp duty, and dividend withholding tax. The charitable entities are not exempt from VAT. Despite this, the income that a Not for Profit Organisation generates may indeed be exempt or outside the scope of VAT. Charities, which are trading (such as for example selling publications or operating a restaurant) are obliged to register for VAT if they exceed the threshold for registration (EUR 37,500 for the supply of services or EUR 75,000 for the sale of goods). With regard to SEs: there is no tailored legal form for social enterprises. The overwhelming majority of SEs are structures as companies limited by guarantee (CLGs), often combined with the charitable status.

7. Gift and inheritance tax	There is a gift tax and an inheritance tax in Ireland. Where any person takes a gift or inheritance for public or charitable purposes, the gift or inheritance will be exempt from gift tax or inheritance tax to the extent that the Revenue Commissioners are satisfied that it is used, or will be used, for public or charitable purposes in accordance with the law of Ireland. The public or charitable purposes may be either inside or outside of the State.
8. Income taxation of grants:	No income taxation on grants and donations.
9. Taxation on income from asset administration and from economic activities	There is no income tax on the income from asset administration and also not from economic activities, provided they are related to the charitable purpose.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Tax relief is available for donations to "approved bodies", including "eligible charities". An eligible charity is a charity which is authorised in writing by Revenue. If an Irish taxpayer donates EUR 250 or more up to a maximum of EUR 1 million to a registered charity in any year, the charity can claim tax relief under the Charitable Donation Scheme. The tax relief goes to the charity, not the individual donor. Relief will be restricted to 10% of the donor's annual income if there is a connection between the donor and the approved body (which includes the eligible charities). An approved body may claim 31% tax relief on the grossed up amount of the donation. For example, a donation of EUR 690 by an individual becomes a grossed up amount of EUR 1,000 when it is regrossed at the specified rate, i.e. $(EUR\ 690 / 69 \times 100 = EUR\ 1,000\ (the\ grossed-up\ amount) - EUR\ 690\ (the\ donation) = EUR\ 310\ (the\ amount\ of\ the\ refund\ claim).$
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	The company simply claims a tax deduction on the donation as if it were a trading expense. There is no grossing up arrangement in this case. The same minimum and maximum thresholds apply in that the donation must be at least EUR 250 and not more than EUR 1 million per annum.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Grants received by persons other than charities may be subject to income tax or gift tax where applicable.

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GREECE

1. Denomination of organisations for social economy entities	<p>Traditional forms: Agricultural cooperatives with/without social and solidarity economy status / Civil cooperatives with/without social and solidarity economy status / Limited liability companies / general partnerships and private companies with/without social and solidarity economy status</p> <p>Institutionalised forms of SE: Women’s (agri-tourist) cooperatives (921/1979) / Limited liability social cooperatives (KoiSPE) (2716/1999, 4430/2016) / social cooperative enterprise (KoinSEp) (4430/2016) for work integration and for collective and social benefit purposes</p>
2. Sources of law	<ul style="list-style-type: none"> • The Greek Constitution, the right to form an association is established by article 12 of the Greek Constitution. • Greek Civil Code • Law N° 4172/2013
3. Definitions of public Interest	<p>Civil law: No specific status. There is no general and clear definition of public interest in Greece, except in the financial/ banking or account field where public interest refers to the legitimate need for investors to have access to reliable financial information, financial data, audit reports, balance sheets, and others.</p> <p>Tax Law: According to Article 1 of Law 4873/2021, a public purpose is any national, religious, charitable, educational, cultural or other purpose beneficial to the community.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	<p>Additional economic activities are allowed in the public interest, provided that they do not go against any principles of ethics and public morality and as long as they are within the objectives of the public benefit organisation or are a part of its everyday functioning. They should not contravene the law, undermine the public order or put in danger national interests or national security. The entity’s Board is fully accountable and liable for all decisions taken. The members are not entitled to receive any profit which is expected to be re-invested in the social activities of the association (in public interest) losses.</p> <p>Associations are not considered as social enterprises, as the Civil Code excludes associations explicitly from commercial law. Any economic activity that they may develop can only support the implementation of their aims and profit making is prohibited.</p>
5. Reporting and transparency	<p>All types of associations with additional revenues are obligated to keep accounting records (if generating revenues from business activities) and submit the documentation to the Ministry of Economy and Competitiveness.</p> <p>Associations without additional revenues are not required to keep accounting records. However, they must have regular record-keeping books, as stipulated by the Greek Civil Code and their statute. The reports are publicly available.</p>
6. Taxation regimes	<p>The pursuit of public-benefit purposes is the main requirement for receiving tax exemptions. According to Article 1 of Law 4182/2013, a public-benefit purpose is any national, religious, charitable, educational, cultural or other purpose beneficial to the community. The competent tax authority can make a determination whether the purpose of a public-benefit organisation qualifies for tax exemption. In general the public benefit organisation must have been established on the grounds of the Greek law and have its seat in Greece. However, the Greek law also provides for certain tax exemptions, under certain conditions, for legal persons pursuing public-benefit purposes in Greece, wherever domiciled (Art. 15 of law 3091/2002).</p> <p>The tax obligations of the associations in Greece are regulated by the Law 4873/2021. All associations are obliged to request and obtain a Tax Registry Number (TRN). If public benefit organisations have additional business activities, the tax rate for this income is 29%, like companies. These provisions apply for tax income which is not generated during the exercise of their non-profit activities.</p> <p>Public benefit organisations are VAT-exempt for the events that they organise for their financial support. However, these events should not be organised more than twice a year.</p> <p>With regard to institutionalised forms of SE: KoiSPEs were exempt from paying corporate taxes until 2013, but are currently being taxed as regular civil cooperatives. SCEs, according to Tax Laws 3986/2011 and 4172/2013, are exempt from paying business tax. Furthermore, SCEs are exempt from the taxation of profits distributed to employees. Business tax exemption is valid also for agricultural cooperatives that are not regarded as ex lege but de facto social enterprises in Greece if they fulfil the operational criteria of Law 4430/2016. None of the other legal forms identified in the previous section enjoy tax</p>

	exemptions, advantages or benefits. No tax exemption is foreseen in relation to non-distributed profits (social enterprises pay the same taxes on profits as all other enterprises).
7. Gift and inheritance tax	There is a gift and inheritance tax in Greece. Gifts and legacies to public benefit organisations are taxed a lower rate of 0,5 %. The same treatment applies to comparable foreign EU-based public benefit organisations.
8. Income taxation of grants:	No income taxation on grants and donations.
9. Taxation on income from asset administration and from economic activities	In Greece, the income from asset administration is taxable, but not the income from economic activities.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Individual donors may deduct from their taxpayer's gross income, up to 20%. The value of gifts and donations is deductible only if over EUR 100. The deduction will apply only if the total amount of donations exceed 5% of the donor's total taxable income. No tax or fiscal benefit is granted for donations made specifically to social enterprises. If social enterprises accept donations, they have to follow all of the provisions that exist for other companies.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	The deductibility of charitable contributions shall be examined in light of the generally applicable deductibility criteria, focusing on the productivity of such expenses on a case by-case basis. No tax or fiscal benefit is granted for donations made specifically to social enterprises. If social enterprises accept donations, they have to follow all of the provisions that exist for other companies.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Neither donation tax nor income tax is applicable to the beneficiary, provided that the donation from a foundation is fulfilling a statutory obligation.

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SPAIN

1. Denomination of organisations for social economy entities	Association – Asociación / Conventional Enterprise / Cooperative – Cooperativa / Foundation – Fundación Institutionalised forms of SEs: Social initiative Cooperative / Social integration enterprises / Special employment centres
2. Sources of law	<p>The Spanish Constitution of 1978 (BOE of 29 December 1978) recognises the right of association (Article 22) and the right to set up foundations for purposes of public interest (Article 34).</p> <p>Article 5.1. of Organic Law 1/2002, of 22 March 2002, Regulating the Right of Association (hereafter “LODA”), and the Ministry of the Interior's Annual Report indicate that "associations are non-profit entities that are formed by agreement of three or more individuals or legal entities that undertake to pool knowledge, means and activities in order to achieve lawful, common purposes of general or particular interest".</p> <p>The Code of Associations (2022) completes this definition and states that: "associations may be formed by individuals aged fourteen or over, private legal persons and public legal persons, provided that in the latter case it does not imply a position of dominance within the association. Associations are legal persons which, although defined as non-profit entities, may carry out economic activities and possess assets for the fulfilment of their objectives, which is why they are subject to the corresponding taxes".</p> <p>Foundations: Foundation Act 50/2002. Foundation Act 50/2002 defines foundations in Article 2.1 as non-profit organisations, whose assets are, according to the wishes of the founders, allocated permanently to the fulfilment of general-interest purposes.</p> <p>Law 49/2002, of 23 December 2002, on the tax regime for non-profit organisations and tax incentives for patronage. In accordance with this law, also associations with social interests and non-profit entities are regulated by the Foundation Act. and</p> <p>Finally, it is important to point out that associations form part of the social economy sector regulated by Law 5/2011 on Social Economy (Article 5).</p>
3. Definitions of public Interest	<p>The definition of general interest is very similar both in Article 32 of Law 1/2002 on the Right of Association and in Law 49/2002, of 23 December 2002, on the tax regime for non-profit organisations and tax incentives for patronage. It would be appropriate to clarify that the Spanish regulation establishes an exemplary and open list of public interest purposes (Article 32 of Law 1/2002, Article 3 of Law 50/2002 or Article 3 of Law 49/2002) but there is no legal definition of public interest.</p> <p>Article 32 of Law 1/2002 Organic Law on the Right of Association identifies the following areas as being of general interest: “Civic, educational, scientific, cultural, sporting, health, promotion of constitutional values, promotion of human rights, social assistance, cooperation for development, promotion of women, protection of children, promotion of equal opportunities and tolerance, defence of the environment, promotion of the social economy or research, promotion of social volunteering, defence of consumers and users, promotion and care for people at risk of exclusion for physical, social, economic or cultural reasons, and any others of a similar nature.”</p> <p>Article 3.1 of Law 49/2002, of 23 December 2002, on the tax regime for non-profit organisations and tax incentives for patronage Article 3. 1 refers to “the defence of human rights, victims of terrorism and acts of violence, social assistance and social inclusion, civic, educational, cultural, scientific, sporting, health, employment, institutional strengthening, cooperation for development, promotion of voluntary work, promotion of social action, defence of the environment, promotion and care for people at risk of exclusion for physical, economic or cultural reasons, promotion of constitutional values and defence of democratic principles, promotion of tolerance, promotion of the social economy, development of the information society, scientific research, development or technological innovation and its transfer to the productive fabric as a driving force for business productivity and competitiveness.”</p> <p>For Foundations, the public interest is defined in the Art. 3.1 of the Foundation Act which is comparable to the provisions here above.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted?	<p>Article 13 LODA refers to the economic activities carried out by the associations and specifically indicates that:</p> <ol style="list-style-type: none"> 1. Associations shall carry out the activities necessary for the fulfilment of their purposes, but shall comply with the specific legislation governing such activities. 2. The profits obtained by the associations, derived from the exercise of economic activities, including the provision of services, must be used exclusively for the fulfilment of their purposes, and may under no circumstances be distributed among the members or among their spouses or persons living with them in an

<p>Is there a ceiling / limit? If Yes: what are these?</p>	<p>analogous relationship of affectivity, or among their relatives, nor may they be transferred free of charge to natural or legal persons with a lucrative interest. In principle, there is no limitation on the economic activities that can be carried out. In fact, Article 5 of Law 5/2011 on the Social Economy, which lists the entities that form part of the social economy, refers to "associations that carry out economic activities". <u>Art. 24 Foundation Act 50/2002 permits economic activities as long as they are related to the aim of the foundation or are complementary to it.</u></p>
<p>5. Reporting and transparency</p>	<p>Public benefit organisations must submit the annual accounts for the previous year within six months of the end of the year and present a descriptive report on the activities. These annual accounts must give a true and fair view of the assets, results and financial situation, as well as the origin, amount, destination and application of the public income received. Also, Public Benefit Organisations (PBOs) must provide the public administrations with the reports that may be requested, in relation to the activities carried out in fulfilment of their purposes. The accounts are publicly available.</p> <p>According to Law 1/2002, March 22, that regulates the right of association (BOE, 26 march 2002), the right to associate includes the right to register. The National Registry of Associations will register associations operating at national level or not primarily developing their activities in a particular Autonomous Region and foreign associations. In addition, each Autonomous Region will hold a registry of associations in which associations conducting activities mainly in their territory will be registered.</p> <p>According to Article 4 of Law 50/2002 on Foundations (BOE, 27 December 2002), foundations acquire legal personality upon registration of the public deed of its incorporation in the Register of Foundations. There are regional registers in the Autonomous Regions and a National Register of Foundations at a national level. Foundations must register in the Autonomous Region where their main activity is developed but if they operate in more than one Region, they should register in the National Register.</p>
<p>6. Taxation regimes</p>	<p>First, it should be noted that the tax treatment of social economy entities depends on their legal form.</p> <p>Certain non-profit organisations may benefit from a special tax regimen established by Law 49/2002, of 23 December, on the tax regimen for non-profit organisations and tax incentives for patronage, hereinafter Law 49/2002 (BOE, 24 December 2002). In order to qualify for this specific tax treatment, entities listed in Article 2 of Law 49/2002 (associations declared of public utility, foundations and NGO's, among others) have (Article 3):</p> <ul style="list-style-type: none"> • To pursue goals of public interest. • To allocate at least 70 percent of their net income in conducting activities of public interest. The deadline for complying with this requirement shall be the period between the beginning of the fiscal year in which the income has been obtained and the four years following the end of that year. • They cannot perform economic activities beyond their statutory purpose of public interest. This requirement is met if the net income for the year corresponding to all economic activities which are not tax exempt does not exceed 40 percent of the entity's total income. • Their principal beneficiaries cannot be the founders, associates, statutory representatives or members of their governing bodies (or their spouses or relatives up to the fourth degree). • Members of their governing bodies and representatives cannot receive a salary but they may be reimbursed for expenses they incur for the performance of their functions. Nevertheless, they may be remunerated for any other professional services provided to the entity. • In the event of dissolution, the remaining assets of the entity must be allocate to another entity benefiting from patronage as defined in Law 49/2002, or a public entity of a non-foundational nature which also pursues the public interest. • To be duly registered. • To comply with their accounting obligations. • To submit their accounts within six months of the end of the financial year to the public body in charge of the register in which they must be registered. • To submit an annual economic report specifying income and expenses of the tax year by categories and projects as well as the percentage of capital held in commercial companies. <p>If the requirements above mentioned are met, the entity may apply the special tax regimen regulated in Law 49/2002. This regimen is optional and applicable after a formal communication to the Spanish Tax Administration.</p> <p><u>Corporate tax treatment</u></p> <p>Under this tax regimen, the following income is exempt from Corporate Income Tax:</p>

- Donations, gifts, fees paid by associates, members or benefactors and subsidies;
- Income from movable and immovable property of the entity (dividends, interest, royalties or rental income);
- Income from acquisitions or transfers, by whatever title, of assets or rights, included capital gains generated by dissolution or liquidation;
- Income from qualifying economic activities provided they are carried out in pursuit of the entity's purpose (activities from the closed list of Article 7);
- Attributed income.

According to Article 10, other income derived from non-tax-exempt activities will be taxed at a tax rate of 10%.

Non-profit entities that do not qualify for the special tax regime established in Law 49/2002 may benefit from a partial exemption system regulated by Law 27/2014, november 27, on Corporate Income Tax (BOE, november 2014), hereinafter Law 27/2014. Under this regime the following income is exempt:

- Income from activities included in the object of the entity. However, income from business activities is not exempt.
- Capital gains derived from gratuitous acquisitions or transfers carried out in pursuit of the entity's object.
- Income from transfers of assets used for the performance of the object of the entity if the total amount is reinvested in the acquisition of assets related to such object.

In addition, in order to determine the composition of the tax base, under this regime expenses connected with exempt income are not deductible. These taxpayers are taxed at a rate of 25%.

Cooperatives

Law 20/1990, of 19 December, on the Tax Regimen for Cooperatives (BOE, 20 december 1990) makes a distinction between protected cooperatives and specially protected cooperatives. Thus, for tax purposes, there are non-protected cooperatives, protected cooperatives and specially protected cooperatives. In order to determine the taxable base, cooperative results (transactions with its members) and non-cooperative results (transactions with non-members or third parties) are assessed separately so a lower rate (20%) applies to the taxable amount for cooperative results and the general rate (25%) is applied to the taxable amount for extra-cooperative results.

Non-protected cooperatives will be taxed at the general rate of 25% for both kind of results.

In addition to the allowances and deductions provided for in the general corporate tax regimen, cooperatives can apply other allowances and deductions in accordance with their special tax regimen.

Social initiative cooperatives (cooperativas de iniciativa social): Law 27/1999, of 16 July, on Cooperatives (BOE of 17 July 1999) recognises twelve different types of cooperatives (Article 6). Cooperatives can be granted the status of non-profit cooperatives if they meet the requirements of the first additional provision of Law 27/1999. In addition, cooperatives of any kind can be classified as social initiative cooperatives if they meet the requirements regulated in Article 106 of Law 27/1999 (the cooperative must be non-profit and its purpose must be to provide welfare services in health, educational, cultural or other activities of a social nature; or to develop any economic activity whose object is the work integration of people suffering from any kind of social exclusion; or to satisfy social needs which are not covered by the market).

Non-profit cooperatives and social initiative cooperatives apply the tax regimen provided for in Law 20/1990, as described above.

Employment integration enterprises (empresas de inserción): these entities are regulated by Law 44/2007, of 13 December (BOE of 14 December 2007).

Employment integration enterprises can be set up as trading companies or cooperatives and their main objective must be the integration and socio-occupational training of people at risk of social exclusion. The tax treatment depends on its legal form.

Special employment centres (centros especiales de empleo), regulated by Royal Decree 2273/1985, of 4 December (BOE of 9 December 1985), are companies whose main objective is to provide workers with disabilities a productive and gainful employment. They can adopt any legal form, their owners can be any natural or legal (private or public) person and they can be for-profit or not-for-profit centres. The tax treatment depends on its legal form.

Associations and foundations engaged in economic activities: the fiscal framework is regulated by Law 49/2002 or Law 27/2014 in the terms above mentioned.

Personal Income Taxation

	<p>Personal income taxpayers shall be entitled to deduct from their gross tax liability the result of applying 80% of the first EUR 150 of the deduction base and 35% of the excess over this amount to the deduction base corresponding to all donations, gifts and contributions with the right to deduction, made to non-profit organisations referred to in Law 49/2002.</p> <p><u>VAT</u></p> <p>Some economic activities carried out by public benefit organisations, due to their nature, are invoiced as VAT exempt. However, practically all associations and foundations should be registered under some heading depending on their economic activity, therefore, the Entities can and must charge VAT on their invoices.</p> <p><u>Other taxes</u></p> <p>Public benefit organisations will be exempt from Real Estate Tax on all assets subject to this tax that are owned by non-profit organisations, with the exception of those used for economic activities that are not exempt from Corporate Income Tax.</p> <p>Likewise, the economic activities carried out by these entities will be exempt from Business Tax when they have been qualified as exempt by the Law itself.</p> <p>Exemption from the Tax on the Increase in Value of Urban Land when the legal obligation to pay the tax falls on a non-profit entity, as well as donations made in favour of entities benefiting from patronage.</p> <p>With regard to institutionalised Social Enterprises (SEs): In Spain, there is no formal definition of what constitutes a social enterprise, and this concept has scarcely been used in public discourse, policy and society in general. Spain does not have a formal certification scheme, mark or label for social enterprises.</p> <p>Social initiative cooperatives (Cooperativas de iniciativa social, CIS): CISs are regulated, like other cooperatives, by national Law 20/1990 on the fiscal regime of cooperatives. According to this Law, CISs can obtain a reduction in the general tax for businesses under some specific conditions related to the demonstration of the general interest of their economic activities.</p> <p>Employment integration enterprises (Empresas de inserción, EI): This model of social enterprise is based on the general legislation of limited liability companies.</p> <p>Special employment centres for social initiative (non-profit qualification) (Centros especiales de empleo, CEE): CEEs are based on the general legislation of limited liability companies. The focus on hiring people with disabilities leads to, inter alia, reduction in the annual business tax for each new worker hired, as well as a direct subsidies.</p> <p>Associations and foundations engaged in economic activities: The fiscal framework for foundations and associations performing economic activity is similar to that of commercial businesses, but can obtain fiscal exemptions as discussed hereabove. In contrast to other legal forms, these entities also benefit from tax exemptions for the donors.</p> <p>Cooperatives pursuing general interest goals: The fiscal framework is the fiscal regime of cooperatives. This law applies some tax exemptions in the annual business tax in specific conditions. Likewise, when the cooperatives are qualified as "non-profit organisations", the same tax regime as for associations and foundations applies.</p>
<p>7. Gift and inheritance tax</p>	<p>Spain has gift and inheritance taxes in place, but levies them only on individuals. Therefore, there are no exemptions for gifts / legacies to public benefit organisations. Gifts made to legal entities are subject to Corporate Income Tax. Consequently, legacies and gifts made to non-profit entities are not subject to inheritance and gift taxation.</p> <p>In Spain, Inheritance Tax is levied on capital gains obtained by natural persons.</p> <p>Donations made to non-profit organisations that qualify for the special tax regimen established in Law 49/2002 are tax-exempt, according to previous paragraphs.</p>

8. Income taxation of grants:	<p>As noted in subparagraph 6. Taxation regimes, the tax treatment of grants depends on the legal form of the entity. For instance, according to Article 6 of Law 49/2002, grants are exempt from Corporate Income Tax, except for those intended to finance non-exempt economic activities. Therefore, if an association or a foundation that qualifies for the special tax regimen established in Law 49/2002 receives a grant, such income is exempt according to Article 6 of such said Law.</p> <p>However, non-profit entities to which the benefits contained in Law 49/2002 are not applicable may benefit from a partial exemption system regulated by Law 27/2014. Under this special regimen, grants are exempted, provided that the social object of the non-profit entity does not consist in the development of an economic activity.</p>
9. Taxation on income from asset administration and from economic activities	<p>An entity listed in Article 2 of Law 49/2002 that meets the requirements of Article 3, may apply the special tax regimen regulated by Law 49/2002. Under this special regimen, the income from asset administration is tax exempt. The income from economic activities is also tax exempt as long as those activities are included in the closed list of Article 7 of Law 49/2002 and carried out in pursuit of the entity's purpose. Economic activities that are complementary to tax-exempt economic activities or to activities carried out to fulfil the purpose of the entity and minor economic activities (those that generate revenues that do not exceed EUR 20,000) are also exempt. Economic activities will not be considered complementary if their net income for the tax year exceed 20% of the total income of the entity.</p> <p>A non-profit organisation that does not have any of the forms listed in Article 2 of Law 49/2002 or does not comply with the requirements of Article 3, will be taxed under the special regimen of Law 27/2014 and the performance of economic activities will not be exempted.</p>
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	<p>Not available.</p>
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	<p>Donations made in favour of certain entities (entities listed in Article 16 and additional provisions 5-10, 18 and 19 of Law 49/2002) give rise to a deduction for de donor.</p> <p>Taxpayers subject to personal income tax may deduct an 80% of the first EUR 150 donated and 35% of additional amounts.</p> <p>If donations or contributions with the right to deduction have been made in the two previous immediate tax periods in favour of the same entity for an amount equal to or greater, in each of them, than the previous year, the deduction percentage applicable to the base of deduction in favour of that same entity that exceeds EUR 150, will be 40%.</p> <p>The amount of the donation cannot exceed 10% of the total tax base of the taxpayer.</p> <p>In addition, Article 23 of Law 49/2002 states that capital gains arising from gifts or donations with the right of deduction are exempt from personal income tax of the donor.</p>

<p>12. Are there tax incentives for corporate donors giving to a public-benefit organisation?</p>	<p>Donations made in favour of certain entities (entities listed in Article 16 and additional provisions 5-10, 18 and 19 of Law 49/2002) give rise to a deduction for the donor.</p> <p>Corporate taxpayers are entitled to deduct from the amount of tax due (after deductions and allowances provided for in Chapters II, III and IV of Title VI of Law 27/2014) an amount equivalent to 35% of the base of deduction. The amounts corresponding to the tax period not deducted may be applied in the tax returns of the following tax periods ending in the immediate and subsequent 10 years.</p> <p>If donations or contributions with the right to deduction have been made in the two previous immediate tax periods in favour of the same entity for an amount equal to or greater, in each of them, than the previous year, the percentage of deduction applicable to the base of deduction in favour of the same entity will be 40 per cent.</p> <p>The base for this deduction cannot exceed 10 per cent of the total tax base for the tax period. Amounts which exceed this limit may be carried forward to tax periods ending in the immediate and subsequent 10 years.</p> <p>In addition, Article 23 of Law 49/2002 states that capital gains arising from gifts or donations with the right to deduction are exempt from corporate income tax of the donor.</p>
<p>13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?</p>	<p>Individuals and legal entities are not entitled to special benefits if they are the beneficiaries of a grant or a donation from a foundation.</p>

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FRANCE

1. Denomination of organisations for social economy entities	<p>Association – Association / Association reconnue d'utilité publique (ARUP) –Public utility associations / Fondation reconnues d'utilité publique (FRUP) – Public utility foundation / Fondation d'entreprise – Business foundation / Fondation abritée –Sheltered foundation / le fonds de dotation – Endowment fund / Mutualité – Mutual / D'oeuvres ou d'organismes d'intérêt général – General interest organisations</p> <p>Institutionalised forms of SEs: SCIC – Société coopérative d'intérêt collectif – Collective interest cooperative societies (SCIC)/ Entité de l'économie sociale et solidaire – Social and solidarity economy enterprise (SSEE) / Entreprise solidaire d'utilité sociale (ESUS) –Social enterprise of social utility (ESUS) / Cooperatives d'activité et emploi (CAE) – Cooperative of activity and employment</p>
2. Sources of law	<p>Association / Association reconnue d'utilité publique (ARUP) – Loi du 1^{er} juillet 1901 Fondation reconnue d'utilité publique (FRUP) / Fondation d'entreprise / Fondation abritée – Loi no. 87/571 du 23 juillet 1987 Le fonds de dotation – Loi no. 2008-776 (Art. 140) Mutual : Mutualité – Code des Mutualités Collective interest cooperative societies (SCIC – Société coopérative d'intérêt collectif) – Loi no 47/1175 (Art. 19 quinquies ff.) Social and solidarity economy enterprises (SSEE – Entités de l'économie sociale et solidaire) – Loi No 2014-856 du 31 juillet 2014 Social Enterprises of social utility (ESUS – Entreprises solidaires d'utilité sociale) – Code du Travail (Art. L3332-7-1)</p> <p>Tax Provisions: Code General des Impôts</p>
3. Definitions of public Interest	<p>French legislation does not define the notion of public interest, or utilité publique, for “public utility associations” (associations reconnues d'utilité publique).</p> <p>There are five conditions when applying for this additional status. These conditions are a mix of definition and criteria. The association must:</p> <ul style="list-style-type: none"> • have a general interest purpose; • have an influence and reputation larger than on a local scale; • have at least 200 members and “an effective and real association life (that is to say an unquestionable participation of to association’s activities)”; • have a democratic governance recognised and ensured by the statute; • have “serious financial soundness” understood as yearly resources of EUR 46,000 minimum, public subsidies weighing less than half of its budget and a positive balance over the last three financial years. <p>The definition of public interest is therefore based on the general definition of general interest, or intérêt general.</p> <p>The general interest status is defined by public authorities as follows:</p> <ul style="list-style-type: none"> • the organisation is not-for-profit; • the organisation has a selfless management; • the organisation does not work for the good of a limited circle of people. <p>The following range of activities qualify for this status: “philanthropy, education, science, social aid, humanitarian aid, sports, family, culture or promotion of art heritage”.</p>

<p>4. Are economic activities (related/unrelated to the public benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?</p>	<p>Public benefit organisations in principle can engage in economic activities within the framework of the Public benefit organisation, provided they support the public-benefit purpose of the organisation. The distribution of profits is prohibited.</p>
<p>5. Reporting and transparency</p>	<p>Reporting is mandatory for associations:</p> <ul style="list-style-type: none"> • receiving more than EUR 153,000 of public subsidies, as filing of accounts is a mandatory operation; • conducting economic activities; • holding the public interest status. <p>An auditor must certify annual reports in one of the following general cases:</p> <ul style="list-style-type: none"> • associations getting more than EUR 153,000 of public subsidies; • associations of common interest getting more than EUR 153,000 of donations eligible for tax reduction; • associations having economic activities (meeting 2 out of these 3 criteria: at least 50 employees, turnover or resources of EUR 3,1 million excluding tax, at least EUR 1,55 million in balance sheet); • associations with financial resources of more than EUR 200,000 and employing one to three executive officers. <p>Regarding transparency, anybody can have access to the statute, decisions related to management and mandatory documents of any association at the préfecture, on request on site or by mail.</p> <p>Finally, associations getting more than EUR 153,000 of public subsidies or more than EUR 153,000 of donations which are eligible for tax reduction must submit their annual report for publishing in the Government gazette.</p>
<p>6. Taxation regimes</p>	<p>The fiscal framework concerning the social and solidarity economy (SSE) is rather complex and diversified. Public benefit organisations are generally subject neither to VAT nor to corporate income tax for activities directly related to their purpose. Nevertheless, public benefit organisations pay taxes on income from their investments at rates according to their type of assets.</p> <p>Associations loi 1901 are exempted from corporate income tax if:</p> <ul style="list-style-type: none"> • the management is selfless; • non-profit activities are predominant and revenue from lucrative activities is under EUR 76,679 (threshold for the tax year 2023). <p>Associations of general interest are exempted of VAT in the cases of:</p> <ul style="list-style-type: none"> • sales to their members, limited to 10% of revenue from the sale in question; • revenue from lucrative activities are below EUR 76,679; • sales in charity fairs, maximum six times a year. <p>With regard to institutionalised SEs: SCICs' revenue that is allocated to the asset lock is deductible from the Corporate income tax base. VAT rate depends upon the activity run.</p>

7. Gift and inheritance tax	<p>Gift and inheritance taxes exist in France, and are to be paid by the recipient organisation.</p> <p>Gifts and legacies to public benefit organisations are subject to gift/inheritance tax at the following rates: 35% for that part of the gift/legacy between 0 and EUR 24,430, 45% over EUR 24,430. Gifts and legacies made to other foundations are taxed at 60%.</p> <p>However, public benefit organisations whose resources are exclusively spent for specific general interest activities, such as assistance, environment, animal protection, scientific, cultural or artistic purposes are exempt from inheritance and gift tax. Special donations such as goods of historical value, books, and paintings are also exempt from this tax.</p>
8. Income taxation of grants:	<p>Public benefit organisations do not pay income tax on grants and donations.</p>
9. Taxation on income from asset administration and from economic activities	<p>Ancillary economic activities of public benefit organisations that are directly linked to the public-benefit purpose of the organisation are exempt from corporate tax up to a ceiling of EUR 72,000 exclusive of VAT.</p>
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	<p>Yes, without limitations.</p>
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	<p>Individuals making gifts to public benefit organisations benefit from a tax reduction equal to 66% of the value of their gift (75% for gifts made to foundations and other organisations which supply free meals to persons in difficult situations), up to 20% of the donor's taxable income, according to Art. 200-1 CGI.</p>
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	<p>Under Article 238a of the General Tax Code (CGI), payments made by undertakings subject to income tax or corporation income tax public benefit organisations having certain characteristics are entitled to a tax reduction of 60 % of their amount, up to a maximum of EUR 20,000 or 0.5 % of turnover if the latter amount is higher. The rate of the tax reduction is 40 % for payments in excess of EUR 2 million, other than payments made to organisations providing assistance to persons in difficulty (for which the rate of 60 % is applicable without a ceiling on payments).</p>
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	<p>Individuals receiving funds from a foundation granted in exchange for compensation (such as the provision of certain services), are subject to individual income tax at standard rates. Prizes granted by a foundation are normally taxable. However, literary, artistic and scientific prizes are tax exempt provided they are allocated by an independent jury and have been granted for at least 3 years.</p> <p>In addition, in the absence of remuneration, sums received by individuals from foundations which may be classified as manual donations which they disclose to the administration (in particular at their request or following a tax inspection procedure) are declared in the month in which they are disclosed and are liable to transfer duties on donations.</p>

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CROATIA

1. Denomination of organisations for social economy entities	<p>Association – Udruga / Conventional company / Limited Liability company funded / owned by associations / Private foundations – Zaklada / Social cooperatives, veteran social working cooperatives, cooperatives</p> <p>Institutionalised forms of SEs: Companies, cooperatives and institutions with status of sheltered workshop or integrative workshop / different legal forms with social enterprise status</p>
2. Sources of law	<p>Associations: Law on Associations of 2014</p> <p>Foundations: Law on Foundations</p> <p>Furthermore: Law on Institutions</p> <p>Law on Volunteering</p> <p>Law on Financial Operations and Accounting of Non-Profit Organizations.</p>
3. Definitions of public Interest	<p>No specific status. However, many areas are considered to be of public interest, see Art. 32 ff of the Law on Associations of 2014.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If Yes: what are these?	<p>Public Benefit organisations may engage directly in both related and unrelated economic activities. There is no particular statutory limit with respect to the scope of those activities. However, such a limit is set out in tax law, for the purpose of taxing income generated from economic activities which are deemed to amount to unfair competition in the market. This deliberation is made by tax authorities on a case-by-case basis.</p>
5. Reporting and transparency	<p>In order to claim tax exemptions, a public benefit organisation must file its annual financial report to the tax/audit authorities. The statutory requirements with respect to the content of the annual financial report do not include disclosure of specific information on donors and beneficiaries. However, for the purpose of financial oversight, a public benefit organisation must keep a record of donors and beneficiaries.</p> <p>As a norm, public-benefit organisations that have received public grants, in addition to an annual financial report, must submit to its donors and make public on its website a report on supported project activities. The precise format of that report is set out in the grant agreement.</p> <p>Financial reports are publicly available on the Register of Non-for-Profit Organisations (RNO) managed by the Ministry of Finance and the annual activity reports need to be made publicly available on the public benefit organisations website.</p>
6. Taxation regimes	<p>The association can perform economic activities for which it generates income. However, it is not authorized to gain profit for its members or third parties. When the association makes profit from economic activities, it must be used exclusively for the purposes stated in the statute.</p> <p>Profit tax: An association that is a taxpayer of profit tax is obliged to pay it only for the profit it realizes by performing economic activities.</p> <p>VAT: An association that independently performs economic activity regardless of the purpose and result of performing that activity is considered a taxpayer. On that basis, the association is obliged to register in the register of VAT payers if the value of deliveries of goods and services made in the previous calendar year was more than 230,000.00 kuna. Such an association must be registered in the competent regional unit of the Tax Administration according to the headquarters no later than January 15 of the year concerned, in order to be registered in the register of taxpayers.</p> <p>An association whose value of deliveries of goods or services made in the previous calendar year did not exceed 300,000.00 kunas (small taxpayer) can join the register of VAT payers voluntarily.</p> <p>An association does not pay VAT and is not entitled to deduct tax on the following:</p> <ul style="list-style-type: none"> • services and closely related supplies of goods for the benefit of its members for membership fees determined in accordance with the statutes or other rules, provided that such exemption will not distort competition

	<ul style="list-style-type: none"> membership fees collected from its members in order to fulfil the tasks determined by the statute, when the membership fee is determined according to a certain criterion equally for all members. If the association makes certain deliveries of goods or services for the collected membership fee, then the membership fee is a fee for those deliveries and VAT is calculated and paid on them if the association is in the VAT system. The exemption applies to all associations: the entities paying membership fees in accordance with their statute or the entities operating with donations and voluntary contributions donations, voluntary contributions and gifts for the purpose of performing the activities for which the association was founded, grants from the State Budget, budgets of local and regional self-government units, as well as other funds acquired in accordance with the law for performing activities for which the association was established. <p>With regard to institutionalised forms of SEs: no special tax measures for SEs.</p>
7. Gift and inheritance tax	<p>Croatia has a gift and inheritance tax. A general tax rate of 4% applies.</p> <p>There are no exemptions in Croatia, with the exception of humanitarian associations and the Red Cross. Financial and in-kind donations below EUR 6.600 are tax-exempt.</p>
8. Income taxation of grants:	<p>There is no income tax on grants and donations.</p>
9. Taxation on income from asset administration and from economic activities	<p>There is no income tax on income from asset administration. The economic activity is tax-exempt, unless this would lead to unfair taxation.</p>
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	<p>Not available.</p>
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	<p>Croatia grants a tax deduction on donations of up to 2 % of taxable income.</p>
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	<p>In-kind and cash donations can be included in the business expenses and deducted from the tax base up to 2 % of the total revenue generated in the previous calendar year.</p>
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	<p>n/a</p>

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ITALY

1. Denomination of organisations for social economy entities	<p>Association – Associazione/ Foundation – Fondazione / third sector organisations including: Voluntary association – Associazione di volontariato, Association of social promotion – Associazione di promozione sociale, Philanthropic association and foundation – Associazione e Fondazione filantropiche, Mutual aid society – Società di mutuo soccorso</p> <p>Institutionalised forms of SEs: Social cooperative (A-Type with an activity of general interest or B-Type on work integration of disadvantaged persons) – Cooperative sociali / Social enterprise (established in any legal form, including that of a company) – Imprese sociali</p>
2. Sources of law	<p>Associations and Foundations: Civil Code of 1942 Code of the Third Sector of 2017</p>
3. Definitions of public Interest	<p>Associations can choose to pursue a public or mutual benefit aim. When they decide to pursue a public interest purpose, they must be engaged in one of the activities identified in the Law.</p> <p>There is a specific legislative definition of "public utility" for some types of non-profit entities, which can benefit from particular tax relief.</p> <p>For entities with the qualification of ONLUS (Organizzazione Non Lucrativa di Utilità Sociale), there is a specific definition of "social solidarity purpose", related to the performance of the activity in particular sectors (social assistance, protection of historical heritage, charities, scientific research of particular social interest) or to the condition of need or disadvantage which must characterise the beneficiaries of the statutory mission.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) per-mitted? Is there a ceiling / limit? If yes: what are these?	<p>Public benefit organisations can carry out business activities which leads to the applicability of the business income tax legislation. For example, the legal form of associations alone is insufficient to qualify these entities as non-commercial for tax purposes since associations can carry out any economic activity.</p>
5. Reporting and transparency	<p>The primary accountability obligation of public benefit organisations is the preparation and approval of the annual financial statements. Tax statements must be filed with the Italian Tax Authority (Agenzia delle Entrate), which carries out all the related checks. For Third Sector organisations only, financial statements must be filed to the RUNTS (single national register for the third sector). Third sector organisations must publish their report on their website, if revenues exceed EUR 1 million. The report that Third Sector entities must publish on their website if revenues or income, however denominated, exceeds 1 million euros is to be understood as a social balance sheet prepared according to guidelines adopted by the Ministry of Labour and Social Policy.</p> <p>The financial statements may also be in surplus, and in this case, it is not a profit but a positive item to be carried forward in the financial statements for the following year. In addition, if the association also carries out commercial activities, the related accounting items must be strictly separated from those relating to the institutional activity of the entity, that is, the non-commercial activity carried out with the members of the organisation.</p>
6. Taxation regimes	<p>The Italian tax law for entities other than companies differentiates whether the entity performs commercial or non-commercial activities. Non-commercial entities are not tax exempt in any event, but certain provisions may fully or partially lead to this result. Non-commercial entities lose their fiscal status if they mainly carry out commercial activity for an entire tax period. Associations and foundations with non-profit status (ONLUS) are considered to have only non-commercial activities.</p> <p>Italy recently introduced the status of a “third sector organisation” TSO, which will replace the status of an ONLUS. The tax treatment of a TSO depends on the size of the commercial activities.</p> <p>With regard to institutionalised forms of SEs: Social cooperatives enjoy more favourable and consistent fiscal treatment. They are exempted from payment of corporate tax (IRES) on retained profits. When compared with the standard VAT rate charged to conventional enterprises (22%), A-type social cooperatives</p>

	<p>charge a nil or 5% VAT rate. Furthermore, B-type social cooperatives are exempted from the payment of national insurance contributions for the disadvantaged workers they have integrated, and since they are ONLUS by law, donations made to them are tax-deductible.</p> <p>Conversely, social enterprises (which - as a result of the reform of the Third Sector - are regulated by Legislative Decree n° 112 of 2017, which repealed the previous legislation set forth in Legislative Decree n° 155 of 2006) other than social cooperatives do not enjoy any of the above-mentioned fiscal advantages: they are subject to the payment of corporate tax, VAT, IRAP and social security costs (if they engage in work integration activities) just as any other enterprise.</p>
7. Gift and inheritance tax	Italy has both gift and inheritance taxes which provide for an exemption for public benefit organisations. Equal exemptions also apply to non-resident public-benefit organisations, subject to the reciprocity principle (i.e. when the tax law of the state in which the organisation is established is fulfilled).
8. Income taxation of grants:	No income taxation on grants and donations.
9. Taxation on income from asset administration and from economic activities	Italy taxes both income from asset administration and economic activities as already pointed out hereabove. Profits from financial activities are considered as part of the income of non-commercial entities, such as capital gains or other financial income
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Yes, without limitations.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Only for cash donations made to legally recognised non-profit associations and foundations that carry out activities of cultural, artistic, social and educational interest. The maximum amount of the deduction is 19% of the charge supported. Deduction is equal to 30% of the value disbursed in favour of the Third Sector Entity (ETS), for a total amount not exceeding EUR 30,000 in each tax period.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	There are various options. Up to 2% of declared corporate income for donations to ONLUS and other NGOs. Donations to ONLUS can be deducted from income tax up to an amount not exceeding 10% of the total declared income. The Third Sector Code provides a tax credit equal to 50% of the amount disbursed by entities or companies, within the limits of 5 per thousand of annual revenues. The tax credit equal to 50% of the amount disbursed by entities or companies, within the limit of 5 per thousand of annual revenues, provided by the Code of the Third Sector (so-called "Social bonus") is specifically referred only to liberal cash disbursements aimed at supporting the recovery of unused public buildings and movable and immovable property confiscated from organised crime. Furthermore, The Third Sector Code provides a deduction of 10% of the total declared income for money and in-kind donations made to support Third Sector non-commercial entities.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	The tax treatment depends on the nature of the grant provided by the foundation. Some types of grants could be subject to a withholding tax with reference to income tax purposes.

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CYPRUS

1. Denomination of organisations for social economy entities	Association – Ενώσεις / Foundation – Ιδρύματα / Cooperative – Συνεταιρισμοί / Private Company by Shares or by Guarantee – Ιδιωτικές εταιρείες με μετοχές ή με εγγυήσεις No institutionalised form of SEs
2. Sources of law	Companies Law Cap. 103 Law on Associations and Foundation no. 104(I)/2017 Law for the development and maintenance of a Registry for Social Enterprises
3. Definitions of public Interest	No specific status. Art. 9(1)(f) of the Income Tax Law defines that charitable institutions are approved as such by the Council of Ministers / Minister of Finance. The “Law for the development and maintenance of a Registry for Social Enterprises” no. 207(I)/2020 aims at defining the mechanisms for the registration of businesses in a Social Enterprises Registry. It specifies the criteria that a natural or legal person must meet in order to register as a social enterprise. At the same time, it aims to regulate the obligations of these social enterprises. It stipulates that a business can be defined as a “social enterprise serving a public interest”, if it falls under one of the following two categories: (a) social enterprise of general scope (b) social integration” enterprise
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	Charitable institutions approved by the Minister of Finance are not allowed to have economic/trading activities. Social entities may have economic activities, depending on the type of organisation. There is no ceiling to the economic activities that organisations can pursue (without profit distribution). However, they should be of public interest and they should not be contrary to Public Order principles, national interests and national security.
5. Reporting and transparency	Associations/Societies are committed to accountability, transparency and integrity. Annual balance sheets and internal or external reporting should reflect these principles. There is no requirement for publication. Approved charitable institutions and social enterprise must submit audited financial statements to the respective competent authority.
6. Taxation regimes	The income of a public benefit organisation which was incorporated exclusively and solely for the promotion of the arts, the sciences or sports from which it does not seek to gain profits for itself or its members, and whose activities are limited only to such causes – shall be exempt from income tax, if approved by the Council of Ministers/Minister of Finance. Approved charitable institutions are not subject to income tax. Social entities are subject to income tax. Under the VAT national legislation, all types of Associations (including societies) are considered to be a taxable person when carrying out economic activities. Different provisions apply for non-profit making organisations. With regard to SEs: Currently, Cyprus does not have a specific legal framework for social enterprises; no minimum requirements or threshold criteria define and distinguish social enterprises from other types of entities. De facto social enterprises operate under existing legal forms without receiving any legal recognition or acknowledgement from the state. No fiscal measures currently exist that benefit social enterprises.
7. Gift and inheritance tax	There is no gift and inheritance tax in Cyprus.
8. Income taxation of grants:	Grants and donations are not subject to income taxation.
9. Taxation on income from asset administration	Public benefit organisations are exempt from income tax for both asset administration and also economic activities.

and from economic activities	
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Donations to approved charitable institutions are fully deductible without any limitation.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	Donations to approved charitable institutions are deductible, but any tax loss, incurred because of such donation, is not carried forward to be set off against the taxable profits of subsequent years.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	In principle, grants that do not relate with compensation for lost income, are exempt from tax.

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LATVIA

1. Denomination of organisations for social economy entities	Associations with/without public benefit status – Biedribu / Foundations with/without public benefit status – Fond Institutionalised forms of SEs: Limited Liability Company with social enterprise status
2. Sources of law	Associations and Foundations Law no. 161/2004 Limited Liability Company with social enterprise status: Commercial Law, Social Enterprise Law. Public Benefit Organizations Law (2003)
3. Definitions of public Interest	Associations could be of mutual or public benefit. In order to obtain a public benefit status, an association must operate in one of the following areas: charitable activities, protection of civil rights and human rights, development of civil society, education, science, culture and promotion of health and disease prophylaxis, support for sports, environmental protection, provision of assistance in cases of catastrophes and extraordinary situations, and raising the social welfare of society, especially for low-income and socially disadvantaged persons groups.
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	Associations in Latvia are allowed to conduct economic activities as a complementary activity in order to achieve their goals”. The Associations and Foundations Law states the following, an association has the right to perform economic activity in the form of complementary activity, relevant to the maintenance and utilisation of its own property. In addition to that, it can perform other economic activity aiming to achieve the goals of the association.
5. Reporting and transparency	In accordance with the Associations and Foundations Law: The board must prepare an association's annual statement on income and expenditure and statement on donations and gifts. In accordance with the Law on Accounting, it must be done after the end of the reporting year. The association's annual statements must be examined by an economic and financial activities audit institution or by a sworn auditor. As already mentioned, the association must submit the annual statements on income and expenditure and statement on donations every year not later than by 31 March. Annual reports (financial and narrative) and public-benefit reports are submitted to the State Revenue Service (tax authority). Annual reports are published on the website of the State Register of Enterprises, but public-benefit reports are published by the State Revenue Service.
6. Taxation regimes	In accordance with the tax model introduced on 1 January 2018 (Enterprise Income Tax Law), the payment of Corporate Income Tax (CIT) is deferred until the profits are distributed or otherwise redirected to such expenses that are not related to economic activity. The associations in Latvia are exempt from income tax even for additional economic activities if they are in line with the aims of the association. However, if the association has employees, it pays personal income tax and social security contributions. Legal persons and individuals who make donations to associations, foundations and religious organisations (that have acquired the public benefit organisation status) as per the Public Benefit Organization Law, are entitled to receive tax reliefs specified by laws, except in the cases if they recall their donation. According to the Value Added Tax Law, value added tax (VAT) does not apply to services provided by persons who are registered in the Register of Social Service Providers. This means that if an association which is registered in the Register of Social Service Providers and provides social care, professional and social rehabilitation, social assistance and social work services, then VAT is not applicable. With regard to institutionalised forms of SEs: Social Status Enterprise are not entitled to distribute profits in dividends. Thus, the CIT liability may only arise when the profits are directed to expenses not related to economic activity, which does not ensure the achievement of the goals set in that Social Status Enterprise statutes.
7. Gift and inheritance tax	There are no gift and inheritance taxes in Latvia.

8. Income taxation of grants:	No income taxation on grants and donations.
9. Taxation on income from asset administration and from economic activities	There is no income taxation of the income from asset administration and from economic activities. There is no taxation of the income from asset administration and from economic activities, if profits are directed to expenses which does ensure the achievement of the goals set in Social Status enterprise statutes.”
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Annual taxable income is reduced by the amount of donations. There is no minimum limit, but there is a maximum limit: The total sum of all eligible expenditure for acquisition of education, health and medical treatment services, donations and gifts, as well as donations and gifts to political parties, may not exceed 50 per cent of the amount of taxable income of the payer for the taxation year, but not more than EUR 600 per year.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	A taxpayer who has donated to a public benefit organisation (which has been granted such status in accordance with the Public Benefit Organisation Law), a budget institution, State museum - a derived public person -, or a State capital company which performs the State culture functions delegated by the Ministry of Culture, is entitled to choose one of the following tax reliefs during the reporting year: 1. not to include the donated amount in the CIT base in the taxation period but not more than five per cent of the net profit after tax from the previous reporting year; 2. not to include the donated amount in the CIT base in the taxation period but not more than two per cent of the total amount of gross remunerations calculated for employees in the previous reporting year from which State Social Insurance Contributions have been made; to reduce the CIT on dividend distribution calculated for the reporting year by 85 per cent of the donated amount but not exceeding 30 per cent of the mentioned amount of CIT.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Individuals do not pay personal income tax on financial and material aid received from public benefit organisations (except for a religious organisation) up to EUR 1,000 per year. Person who has been continuously ill for more than three months, or a person with disability, or a family member of such persons do not pay personal income tax on financial aid received from public benefit organisations up to EUR 2,000 per year. An exception is aid for medical treatment: This is fully exempt from personal income tax if proofs of payments are held with the organisation.

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LITHUANIA

1. Denomination of organisations for social economy entities	Association – Asociacija / Foundation / Public Enterprise Institutionalised forms of SE: different legal forms with status of social enterprise for work integration.
2. Sources of law	Law on Associations (2004 No IX-1969, modified 2021 XIV-684) Law on Development of Non-Governmental Organizations 19 December 2013 No XII-717 Vilnius (As last amended on 20 January 2022 – No XIV-916) 333; Law on Development of Community Organizations 21 December 2018 No XIII-1774 Vilnius (As last amended on 25 June 2020 – No XIII-3137) 334 The Civil code 18 July 2000 No. VIII-1864.
3. Definitions of public Interest	The notion of “public benefit” is defined in the Republic of Lithuania Law on Charity and Sponsorship and the following purposes are presumed to be for the public benefit: activities for the purpose of international cooperation, protection of human rights, integration of minorities, promotion of cultural, religious and ethical values, educational, scientific and vocational development, non-formal and civic education, sports, social security and labour, health care, national security and defence, law and order, crime prevention, adjustment of living environment and development of housing, protection of copyright and related rights, environmental protection as well as any activities in other fields recognised as selfless and beneficial to society.
4. Are economic activities (related/ unrelated to the public-benefit purpose) per-mitted? Is there a ceiling / limit? If Yes: what are these?	The associations in Lithuania enjoy the right to carry out economic and commercial activity, unless prohibited by law, and unless it contradicts its statutes and the purposes of activities, and is necessary to achieve its purposes.
5. Reporting and transparency	Annual financial statements, including a statement of financial position showing all the assets, equity, financing amounts and liabilities of the association on the last day of the reporting period, as well as an activity report, specifying the goals, objectives and activities performed by the association, as well as the goals, objectives and activities planned for the next financial year. Reports are publicly available. According to the Republic of Lithuania Law on Charity and Sponsorship, providers and recipients of sponsorship shall submit reports on the sponsorship received and submit them to the State Tax Inspectorate.
6. Taxation regimes	According to the current regulation non-profit organisations are included in the general corporate income tax (hereinafter – CIT) system of Lithuania. The rules for calculating taxable profits of such organisations do not differ from the rules applicable for commercial entities. Taxable profits may be taxed at a rate of 15% (standard CIT rate). A reduced 5% CIT rate applies to small entities whose annual income and average number of employees does not exceed accordingly EUR 300,000 and 10 employees. Newly established small entities may be subject to a 0% CIT rate for the first year of activity. It should be noted that according to the provisions of the Republic of Lithuania Law on Corporate Income Tax non-profit entities may reduce taxable profit with the funds directly allocated in the current tax period or with the funds that are intended to be directly allocated in subsequent two consecutive tax periods to finance public interest activities. The application of the VAT regime depends on the particular activity of associations - activities of associations could be entirely out of scope of VAT, exempt from VAT or taxable activities, standard rated, reduced rated and zero rated, or any combination of these. Companies donating to associations can consider such donations as expenses and reduce their taxable income. Charity and sponsorship funds, budgetary institutions, associations, public institutions, religious communities, associations and religious centres, divisions (units) of international public organisations, other legal entities (except for political organisations and analysis centres), that are not profit-seeking, and the profit obtained cannot be allocated to their participants, can receive up to 1.2 % (trade unions or trade union associations - up to 0.6 %) of the personal income tax, and if the annual income tax return is not filed - up to 1.2 % (trade unions or trade union associations - up to 0.6 %) of the personal income tax. Please note that on 1 January 2025, new provisions of the Law on Charity and Sponsorship will come into force, according to which only non-governmental organisations, trade unions or trade union associations can receive part of the personal income tax as sponsorship.

	With regard to institutionalised forms of SEs: no significant tax relief is available for social enterprises compared with conventional enterprises.
7. Gift and inheritance tax	There are gift and inheritance taxes in Lithuania, but only individuals are subject to inheritance tax according to the provisions of Republic of Lithuania Law on inheritance tax. Exemptions available for gifts and legacies to public benefit organisations. There are no equivalent exemptions for gifts / legacies to comparable foreign EU-based public-benefit organisations.
8. Income taxation of grants:	In principle, no income taxation on grants and donations. But an entity shall calculate and pay corporate income tax on sponsorship received which is used for purposes other than specified in the Law of the Republic of Lithuania on Charity and Sponsorship and on the part of sponsorship received in cash from a single provider of sponsorship during the tax period which exceeds the amount of 250 minimum living standards (hereinafter – MLS).
9. Taxation on income from asset administration and from economic activities	As regards corporate income tax according to the current regulation non-profit organisations are included in the general corporate income tax system of Lithuania. The rules for calculating taxable profits of such organisations do not differ from the rules applicable for commercial entities. See also the explanation under point 6.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	No tax incentives for individual donors, but they can allocate 1,2% of their income tax to an approved public benefit organisation (PBO).
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	According to the provisions of the Republic of Lithuania Law on Corporate Income Tax taxpayers who are entitled to provide charity and sponsorship under the Law of the Republic of Lithuania on Charity and Sponsorship shall be allowed to deduct from their income all of the payments made (except for cash payments which exceed the amount of 250 MLS in respect of a single recipient of sponsorship or charity during the tax period), including the assets transferred and services provided, which are intended for charity and sponsorship in accordance with the procedure laid down in the Law of the Republic of Lithuania on Charity and Sponsorship. Taxpayers who are entitled to provide only sponsorship under the Law of the Republic of Lithuania on Charity and Sponsorship, shall be allowed to deduct from their income two times the payments made (except for cash payments which exceed the amount of 250 MLS in respect of a single recipient of sponsorship during the tax period), including the assets transferred and services provided, which are intended for sponsorship in accordance with the procedure laid down in the Law of the Republic of Lithuania on Charity and Sponsorship, but not in excess of 40% of the taxpayer's income, calculated by deducting non-taxable income, allowable deductions and limited allowable deductions, except for sponsorship and losses from the previous tax periods.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Charity received by individuals that are entitled to support in accordance with the Law on Charity and Sponsorship is tax exempt under the provisions of Law on personal income tax (PIT). Moreover, there are other forms of grants received from non-profit organisations that are tax exempt if conditions set out in PIT are met, e.g. scholarships, awards that are given for merits in the fields of Lithuanian culture, society and science.

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LUXEMBOURG

1. Denomination of organisations for social economy entities	<p>Association - Association / Conventional enterprise / Cooperative – Coopérative / Foundation – Fondation / Mutual – Mutualité</p> <p>Institutionalised forms of SEs: different legal forms accredited as work integration organisations / limited liability companies and cooperatives with status of societal impact companies (SIS)</p>
2. Sources of law	<p>In Luxemburg, the main legislative acts regarding associations are:</p> <ul style="list-style-type: none"> - Law of 21 April 1928 on non-profit associations and public benefit entities (Associations et Fondations sans but lucratif) - Loi du 12 décembre 2016 portant création des sociétés d'impact sociétal with updates in Mémorial A - 569 du 28 juillet 2021,
3. Definitions of public Interest	<p>The following types of activities are defined by Law of 21 April 1928 as activities of public interest: philanthropy, religion, sciences, arts, education, social, sports, tourism.</p> <p>Sociétés et associations législation : Mémorial A - 569 du 28 juillet 2021, Associations et Fondations sans but lucratif : “Non-profit associations which pursue an aim of general interest of a philanthropic, religious, scientific, artistic, educational, social, sporting or touristic nature may be recognized as being of public utility by a Decree of Grand-Ducal.</p> <p>Tax law provides that foundations (as defined by the civil law on associations and foundations) which pursue "directly and exclusively cultural, charitable or public interest aims" are exempt from income tax, except income generated by a commercial or industrial activity.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	<p>Associations are allowed to perform economic activities which are complementary to their goals. Law of 12 December 2016 on Social enterprises provides for the legal framework of economic activities of the associations. Associations in can undertake social impact and profit actions defined as follows:</p> <ul style="list-style-type: none"> - social impact actions are those that do not give the right to any distribution of dividends; - profit shares are those which give right to dividends provided that the activities are in line with the social purpose of the association.
5. Reporting and transparency	<p>Public benefit organisations have to prepare annual accounts, tax return, reports on governance changes to the Ministry of Justice and to the tax authorities. The reports are publicly available in the Electronic Compendium of Companies and Associations.</p>
6. Taxation regimes	<p>Income tax</p> <p>According to Article 159 of the Income tax law, associations are considered corporate entities subject to corporate income tax (CIT) and municipal business tax (MBT). The corporate income tax maximum rate is 17% (in 2020),</p> <ul style="list-style-type: none"> • if the taxable profits do not exceed EUR 175,000 - 15%. • if the taxable income is between EUR 175,000 and EUR 200,001 – EUR 26,250 plus 31% of the income exceeding EUR 175,000. <p>The municipal business tax vary depending on the municipality in which the association is registered.</p> <p>Associations which do not pursue a commercial activity are beyond the scope of the Income Tax Law.</p> <p>According to article 161 (1) n° 1 L.I.R., organisations pursuing directly and exclusively purposes related to worship, charity or public benefit are exempt from corporate income tax. Industrial or commercial activities are not taxable as long as such activities remain only a means to fulfil the purposes defined in the statutes and if such activities exceed the scope of an asset management.</p> <p>VAT</p> <p>According to the VAT Law, if an association performs economic activities independently and on a continuing basis (even if they are non-profit), it can qualify as a taxable person for value added tax (VAT) purposes. However, an association benefits in principle from the right to recover input VAT on costs incurred in the context of taxable activities.</p>

	With regard to institutionalised forms of SEs: The SIS is generally a fully taxable company (like any other commercial company), unless its share capital is composed exclusively of impact shares. In this case, regardless of its legal form, the SIS is fully exempt from corporate income tax, municipal business tax and net wealth tax.
7. Gift and inheritance tax	There are gift and inheritance taxes in Luxembourg and exemptions available for gifts and legacies to public benefit organisations. There same exemptions apply for gifts / legacies to comparable foreign EU-based public-benefit organisations.
8. Income taxation of grants:	No income taxation on grants and donations.
9. Taxation on income from asset administration and from economic activities	There is no income taxation of the income from asset administration. Commercial and industrial activities are permitted but are subject to income taxation.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Yes, with limitations.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Luxembourg provides for a tax deduction up to an annual aggregate maximum limit of 20 % of the taxable income of the donor or EUR 1 million provided the donations have an aggregate value in excess of EUR 120.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	Luxembourg provides for a tax deduction up to an annual aggregate maximum limit of 20 % of the taxable income of the donor or EUR 1 million provided the donations have an aggregate value in excess of EUR 120.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	If the benefit qualifies as a donation, no other taxes are due.

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HUNGARY

1. Denomination of organisations for social economy entities	<p>Association with/without public benefit status – Egyesület / Cooperative with/without public benefit status / Conventional enterprise / Foundation with/without public benefit status – alapítvány / Non-profit company with/without public benefit status</p> <p>Institutionalised forms of SE: Social cooperative (work integration)</p>
2. Sources of law	<ul style="list-style-type: none"> • The Fundamental Law of Hungary • Act V/2013 on the Civil Code • Act CLXXV/2011 on the Freedom of Association, Public Benefit Status, and the Operation and Support of CSOs • Government Decree 350/2011 (XII.30) on covering CSO Financial Management, Fundraising, and Public Benefit Status.
3. Definitions of public Interest	<p>Civil Law: In Hungary, there is no exact definition of the term public interest. Nevertheless, it serves as a benchmark for legal interpretation (as laid down in the Constitution of Hungary) and as a basis for conferring a specific legal status for organisations pursuing activities of public interest. Therefore, organizations, which carry out such activities are labelled as public benefit organisations (PBOs), a status that entitles to many advantages. One of the most notable ones is that individuals are entitled to donate 1 % of their income tax to PBOs. Public benefit organisations qualify for public benefit status if they fulfil certain criteria. The most important one is that the organisation must pursue a public benefit activity. That is, an activity, which directly or indirectly contributes to the realization of a public task (at a state or local government level). Moreover, the organisation has to have adequate resources as well as social support.</p> <p>Tax Law: Public Benefit Associations of Section 32 of Law no. CLXXV of 2011 on the right of association, the public benefit legal status and the operation and support of civil society organisations. The section states: “Any activity which serves, directly or indirectly, the performing of the public task/duty specified in the organisation’s articles of association (statutes) thereby contributing to fulfilling the common needs of society and individuals.”</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) per-mitted? Is there a ceiling / limit? If yes: what are these?	<p>Yes, related. There is no ceiling.</p> <p>The Civil Code provides that public benefit associations cannot be founded for the purpose to carry out economic activities. However, it doesn’t mean that all economic activities are prohibited. Public benefit organisations are allowed to pursue economic activities but only if the economic activity is directly linked to those objectives of the public benefit organisation that are defined in its statute. Therefore, all those economic activities are allowed, which contribute to realizing the main objectives of the public benefit organisation. The profit gained from such activities cannot be distributed among the members since they must contribute to the main objectives of the public benefit organisation.</p>
5. Reporting and transparency	<p>Public benefit organisations must prepare their annual reports depending on the activity carried out by the organisation, the amount of revenue from its main purpose, and the method of accounting. The report must be prepared by the Management and verified by the Decision-Making Body of the public benefit organisation. In order to ensure transparency, the report may be reviewed by an auditor, who is authorized to inspect the association’s files, books, contracts, financial statements and documents, and may also request further clarification from the Management of the public benefit organisation, its employees or from the members of the Supervisory Board. The reports are publicly available.</p>

<p>6. Taxation regimes</p>	<p>Corporate income tax exemption (associations, foundations): The revenues generated from public benefit activities are exempt from corporate income tax. In particular, revenues stemming from donations, mission-related activities, deposits, security are not considered "entrepreneurial activities" and are exempt from corporate income tax. A public benefit organisation must not pay corporate income tax if the income of business operations is not more than 15% of the total revenue. As a tax incentive every public-benefit organisation can reduce its pre-tax profit by 20% from its business operations. This only applies to registered Public benefit organisations.</p> <p>VAT exemption: In Hungary, many activities of public interest are exempt from VAT. In order for an activity to be exempt from VAT, it usually has to be carried out by an entity designated for public service. Public benefit entities are not subject to VAT as long as they choose the „SME-exemption” scheme and its business income subject to VAT remains below HUF 12 million (~ EUR 34,300) based on Act No. CXXVII of 2007 on Value Added Tax.</p> <p>With regard to institutionalised forms of SEs: Social cooperatives are also subject to certain tax benefits and exemptions, but can achieve the public benefit status just as Associations, foundations, non-profit companies and the more wide tax benefits linked to the status.</p>
<p>7. Gift and inheritance tax</p>	<p>Hungary applies a gift tax, but there is no inheritance tax. Gifts to public benefit organisations benefit from an exemption. An equal exemption applies to comparable foreign EU-based public benefit organisations, provided the foreign public benefit organisation has no payable corporate income tax to the state budget of the Member State of its tax residence.</p>
<p>8. Income taxation of grants:</p>	<p>No income taxation on grants and donations.</p>
<p>9. Taxation on income from asset administration and from economic activities</p>	<p>The income from asset administration is not taxed as is the income from economic activities, provided the activity is related to public functions. Income from real estate administration is subject to corporate income tax.</p>
<p>10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?</p>	<p>Yes, without limitations.</p>
<p>11. Are there tax incentives for individual donors giving to a public-benefit organisation?</p>	<p>There are no tax incentives for individual donors. Private individuals can donate 1% of their annual personal income tax obligation to foundations pursuing public-benefit activities. This scheme however does not provide any incentive to the private individual (the payable tax is transferred to the foundation instead of to the state budget)</p>
<p>12. Are there tax incentives for corporate donors giving to a public-benefit organisation?</p>	<p>Donations made to associations with PBO (public benefit) status are tax-deductible for companies under certain conditions. Donations made to the National Cultural Fund, the National Relief Fund, the Damage Mitigation Fund, and higher education institutions are also subject to tax deductions. The following tax deductions are available:</p> <ul style="list-style-type: none"> • 20 % of the donation is tax-deductible if the donation supports the public benefit activity of a PBO • 40 % of the donation is tax-deductible if it is provided to a PBO under a long-term contract • up to 50 % of the donation is tax-deductible if it supports the Hungarian Relief Fund, National Cultural Fund, or the Damage Mitigation Fund • 50 % of the donation is tax-deductible if it supports a higher education institution as a part of a grant.

13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Income received from a public benefit foundation provided in accordance with the public-benefit purpose of the foundation is tax exempt, if provided for one of the listed purposes.
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MALTA

1. Denomination of organisations for social economy entities	Cooperatives / Voluntary organisations (i.e. Associations and foundations) No institutionalised forms of SEs.
2. Sources of law	The key national legal acts are the Civil code, Title III, Sub-Title I (from 26 to 28) and Sub-Title III (from 48 to 56) as well as the Voluntary Organizations Act XXII of 2007 (Chapter 492 of the Laws of Malta) for public benefit associations.
3. Definitions of public Interest	In terms of the Second Schedule to the Civil Code, "public purpose", "public benefit" and similar phrases mean a social purpose and any other purpose or benefit which promotes or serves the general public or general interest or a sector of the general public and does not promote or serve any private benefit except as permitted by the Voluntary Organisations Act and the Second Schedule to the Civil Code. The Voluntary Organisations Act establishes that "charitable purpose" means a social purpose. On the other hand, "social purpose" means any charitable or philanthropic purpose. The Act includes a list with worthy purposes.
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	According to the Civil Code, the assets of an association may originate from any lawful business or activity and may consist of present or future assets of any nature. Therefore public benefit organisations in Malta can still engage in business activities provided the proceeds of such trading activities are attributable to a social or public purpose (in which case there are particular rules which apply). The provisions of the Voluntary Organisations Act must also be taken into consideration as these apply to public benefit organisations which qualify as voluntary organisations in terms of such Act. Voluntary organisations must not be established principally for trading purposes nor may they regularly engage in acts of trade. However, they are permitted to carry out certain identified acts of trade if they are established for public purposes which can only be achieved through identified acts of trade: Voluntary organisations may regularly carry out such acts of trade which are considered to be related and ancillary to the principal purpose and objectives of the foundation in order to achieve their public purposes.
5. Reporting and transparency	The annual report and the accounts of organisations as approved by the administrators, as well as the report of the auditors or reviewers, should be presented and discussed at the general meeting of the organisations. All public benefit associations and public benefit foundations are obliged to submit an annual report to the Commissioner of Voluntary Organizations. They should make the statute, annual report and audited accounts available for inspection, free of charge, by any founder, administrator or member of a public benefit organisations as well as by any donor or beneficiary. The reports are publicly available.
6. Taxation regimes	Public benefit organisations in Malta are taxed at rates capped at 15-35% on profits, depending on the objectives of the association. Taxation of public benefit organisations is covered in the Income Tax Act. In 2021 the Income Tax Act was amended. In accordance with LN 39 of 2021, the Enrolled Voluntary Organizations (Tax Exemption) Rules (SL 123.190) have changed. The modifications apply as of year of assessment 2022. The voluntary organisation are exempt from taxes if its turnover for a given year does not exceed EUR 50,000. This amount was previously capped at EUR 10,000. With regard to institutionalised SEs: no specific fiscal framework currently exists for organisations registered under the VOs Act and the Cooperative Societies Act that could be considered de facto social enterprises according to the EU operational definition. The normal tax provisions for cooperatives and voluntary organisations apply to de facto social enterprises.
7. Gift and inheritance tax	Yes, but only Stamp duty on immovable property and securities.
8. Income taxation of grants:	No, in case the PBO qualifies for a tax exemption.
9. Taxation on income from asset administration and from economic activities	Specified exemptions apply for both the income form asset administration as from economic activities.

<p>10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?</p>	<p>Not available.</p>
<p>11. Are there tax incentives for individual donors giving to a public-benefit organisation?</p>	<p>Cash donations made to certain organisations can be deducted with different caps of EUR 50,000 or EUR 60,000 or in some cases EUR 100,000.</p>
<p>12. Are there tax incentives for corporate donors giving to a public-benefit organisation?</p>	<p>Cash donations made to certain organisations can be deducted with different caps of EUR 50,000 or EUR 60,000, or in some cases EUR 100,000.</p>
<p>13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?</p>	<p>It is arguable that grants should not be taxable since such receipts are not of an income but of a capital nature.</p>

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NETHERLANDS

1. Denomination of organisations for social economy entities	<p>Association with / without public benefit status – Vereniging / Cooperative with / without public benefit status – Cooperatie / Foundation with / without public benefit status – Stichting / Limited liability company with/ without public benefit status – Besloten Vennootschap BV</p> <p>No institutionalised forms of SEs. The Netherlands does not yet have a dedicated legal form for social enterprises, but is currently working on the development of a legal status for social enterprises (the BVm).</p>
2. Sources of law	<p>The rules governing associations are found in Book 2, title 2 of the Dutch Civil Code (articles 26 through 52).</p> <p>A new important piece of legislation relevant for the Dutch associations is the Legal Entities Governance and Supervision Act, which entered into force on 1 July 2021. This Act formalises the governance and supervision of associations, cooperatives, mutuals and foundations by aligning the governance structure of these organisations with existing rules for public limited companies (NVs) and private limited companies (BVs) in the Dutch Civil Code.</p>
3. Definitions of public Interest	<p>There is no such definition in the Dutch civil law. In the Netherlands, the interests of society only become public interests if the markets or the society are not able to provide for them. On some occasions, the government will opt to only legislate the market behavior to guarantee the public interest.</p> <p>There is no statutory definition of the term public-benefit purpose in tax law. The General Tax Act provides (in article 5b AWR) a definition of an organisation with public benefit status for tax purposes (ANBIs). This definition is not specific: the goal and the activities of the organisation are fully or almost fully oriented towards public benefit. There is for an exhaustive list of activities which are regarded to be of public benefit. Please note that even if the activity pursued by the entity is listed in this article, it still has to meet the quantitative public-benefit test. Furthermore, an organisation needs to meet a number of other requirements in order to be eligible for ANBI (Algemeen Nut Beogende Instellingen) status. The ANBI should be an organisation that is for the benefit of its members or shareholders only: a sport club, association of personnel, or a commercial institution. The ANBI does not have to have registered offices in the Netherlands nor in the EU.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If Yes: what are these?	<p>In the current normative legislation in the Netherlands it is stated that a public benefit association may not distribute profits among its members. Any profits must be allocated to the association’s objective of purpose. A public benefit organisation can have both related and unrelated commercial activities provided they are within the objectives of the organisation.</p>
5. Reporting and transparency	<p>There is no external or public reporting requirement for public benefit organisations. Organisations with public benefit status for tax purposes (ANBIs) must annually publish on their website an activity report and a financial report (this must be made public within 6 months after the end of the financial year).</p>
6. Taxation regimes	<p>Taxation regimes for public benefit organisations can be complex. Filing a corporate tax return is mandatory when the association has a business and no exemption applies.</p> <p>A public benefit organisation which operates as a business usually pays corporate income tax. On the other hand, whether a public benefit organisation is obliged to charge VAT or whether an exemption is applicable depends on its specific situation.</p> <p>Foundations, non-profit associations and similar organisations conducting a business are exempt from corporate income tax:</p> <ul style="list-style-type: none"> - if the taxable profit in any one year does not exceed EUR 15,000, or - if the taxable profit in any one year is higher than EUR 15,000, but together with the taxable profits in the 4 preceding years, does not exceed EUR 75,000. <p>An association can make use of tax deductions, such as the investment allowance. Any profits must be allocated to the association’s objective or purpose.</p> <p>Associations ‘for a good cause’ that acquire ANBI or organisations of social benefit (SBBI - Sociaal Belang Beogende Instellingen) status are subject to certain tax benefits. ANBI refers to organizations that have a goal of public interest or use. SBBI refers to organisations that have a goal of social interest. A request for ANBI or SBBI status is directed to the tax authorities.</p>

	With regard to SEs: Since there is no distinctive legal framework that applies to social enterprises, there are no particular tax treatments, exemptions or advantages that apply.
7. Gift and inheritance tax	The Netherlands have a gift and inheritance tax in place which applies exemptions for gifts / legacies to public benefit organisations (ANBI). These exemptions also apply to comparable foreign EU-based public-benefit organisations (ANBI); if the non-resident public-benefit organisation has ANBI (public-benefit) status, the gift or legacy is exempt. Otherwise the regular rates for third parties apply: In 2023, 30% for legacies up to EUR 130,425 and 40% for the remainder. A general exemption of EUR 2,274 (2023) applies.
8. Income taxation of grants:	No income taxation on grants.
9. Taxation on income from asset administration and from economic activities	No taxation of income from asset management, provided that the activities do not entail more than regular asset management as performed by individuals. No taxation of income from economic activities, provided that the profit in a year is less than EUR 15,000 or the profit in the year and the 4 preceding years was less than EUR 75,000.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	One-off donations can be deducted up to 10% of the donor's gross income income (verzamelinkomen van donor and partner). No deduction is possible for donations below 1% of the gross income or EUR 60. Periodic donations are fully deductible up to EUR 250,000 for the donor and partner. Gifts to cultural entities can be taken into account for 125%, but maximal or EUR 1,250.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	Gifts are deductible up to a maximum of 50% of the profit with a maximum of EUR 100,000. Gifts to cultural entities can be taken into account for 150%. The maximum additional deduction is EUR 2,500.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Gifts received from an ANBI (public-benefit organisation) registered in the Netherlands are exempt from gift and inheritance tax. Gifts received from SBBIs (social interest promoting institution) or other foundations are not exempt.

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AUSTRIA

1. Denomination of organisations for social economy entities	<p>Foundation - Stiftung / Private Foundation - Privatstiftung / Verein - association / Genossenschaft – cooperative / GmbH – limited liability company / Aktiengesellschaft – public limited company -> all corporations can have public benefit status</p> <p>Institutionalised forms of SE: Different legal forms with status of socio-economic enterprise (SÖB), non-profit employment project / company (GBP), integrative enterprise (IB) and non-profit building associations (GBV - gemeinnützige Bauvereinigungen)</p>
2. Sources of law	<p>Foundations: Public-benefit foundations under the Federal Foundations and Funds Act (BStFG 2015) (Bundes-Stiftungs- und Fondsgesetz 2015) as well as those governed by provincial legislation.</p> <p>Private Foundations: Private foundations are regulated by the Private Foundations Act 1993 (PSG) (Privatstiftungsgesetz).</p> <p>Associations: Association Act 2002 (Vereinsgesetz)</p> <p>Public benefit Limited liability corporation: Law on limited liability company (GmbH-Gesetz 2018)</p> <p>Cooperatives: Cooperatives Act (Genossenschaftsgesetz)</p> <p>Criteria for public benefit purposes: Art. 34 ff of the Federal Fiscal Code (Bundesabgabenordnung) define the criteria for the status of public benefit. The respective Tax Codes then grant the tax benefits to the public benefit organisations, e.g.:</p> <ul style="list-style-type: none"> - limited tax liability: Art. 5.6 Corporate Income Tax Act (Körperschaftsteuergesetz) - Reduced VAT rate: Section 10(2) Nr. 4 Value Added Tax Act (Umsatzsteuergesetz) - Art 2.3.b Real Property Tax Act (Grundsteuergesetz)
3. Definitions of public Interest	<p>In Austria, the tax-privileged “public benefit” concept is described in the Federal Fiscal Code (Bundesabgabenordnung, BAO). According to the Federal Fiscal Code, there are three types of privileged purposes:</p> <ol style="list-style-type: none"> 1. Public benefit purposes (Gemeinnützige Zwecke § 35) are those which are aimed at the altruistic advancement of the general public. § 35 (2) BAO lists a number of items recognised as advancement of the general public. According to para 2, an advancement of the general public is limited to material, spiritual or moral respects.” 2. charitable purposes (Mildtätige Zwecke § 37) are those which are aimed to altruistic support for persons in need. 3. religious purposes (Kirchliche Zwecke § 38) are those which are aimed to the altruistic advancement of legally recognized churches and religious communities.
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	<p>Yes. According to Section 39 BAO public benefit associations are not allowed to make profits. However, the pursuit of “secondary economic activities” is permitted, but they are taxed depending on the relation to the public benefit purpose. Activities that are indispensable to pursue the public benefit purpose are not taxed.</p> <p>There is a threshold for a turnover up to EUR 40,000 per year for “secondary services”. If the limit is exceeded, the organisation loses its privileged status for tax purposes, unless the taxpayer requires an exemption from the competent tax office.</p>
5. Reporting and transparency	<p>The general rules for financial reporting and transparency do not distinguish between public benefit organisations and non public benefit organisations. Reporting requirements also depend on the size of the organisation. The public-benefit organisations have to produce an annual financial report. There is no obligation for the reports to be published.</p>
6. Taxation regimes	<p>There are two main tax benefits in the context of public benefit organisations:</p> <ul style="list-style-type: none"> - for the organisation itself: Exemptions, e.g. from unlimited corporate income tax liability and from real estate tax ; - for donors: a tax deduction for donations and endowments from the taxable income of donors.

	With regard to institutionalised forms of SEs: no special tax measures in place (special tax rules for non-profits building associations - gemeinnützige Bauvereinigungen (GBV)).
7. Gift and inheritance tax	The Gift and Inheritance Tax Act (Erbschafts- und Vermögenssteuergesetz BGBl 141/1955) was abolished by the Constitutional Court in 2007 because of an infringement of the Constitutional principle of equal treatment. As of August 2008 lifetime and posthumous donations are subject to the donations reporting Act (Schenkungs- und Erbschaftssteuerreformgesetz BGBl 85/2008). Generally speaking no special tax on donations now exists, donations will be included in the general regulation of income tax, and therefore the recipients are obliged under the new law to report donations to the tax authority. Foundations are subject to the Foundation Receipt Tax Act (Stiftungseingangssteuergesetz). The Act provides that donations to national foundations are generally taxed at a flat rate of 2.5%. Donations to public benefit organisations are exempt. If immovable property is the subject of the donation there is an additional flat rate of 3.5%.
8. Income taxation of grants:	Public-benefit organisations do not pay income tax on grants and donations.
9. Taxation on income from asset administration and from economic activities	Income from asset administration is not taxed. Income from economic activities is taxed, but tax office to decide on exemption on request of taxpayer for a turnover of more than EUR 40.000 from "secondary economic activities".
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Yes, without limitations.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	A tax deduction up to 10% of the taxable income according to Art. 4a, 18 of the Personal Income Tax Act for donations to organisations that fulfil certain criteria. See the list of eligible entities for donations: https://service.bmf.gv.at/service/allg/spenden/show_mast.asp
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	A tax deduction up to 10% of the taxable income. The same rules as for individual donors apply. See the list of eligible entities for donations: https://service.bmf.gv.at/service/allg/spenden/show_mast.asp
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	If the grant or benefit has been paid by a public benefit organisation, in principle no Income tax will be levied.

References:

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POLAND

1. Denomination of organisations for social economy entities	Entrepreneurial non-profit organisation (association and foundation) (ENPOs) – Stowarzyszenia and Fundacja / conventional enterprises (non-profit companies) Institutionalised Forms of SEs: Professional activity establishment (ZAZ) / Social cooperatives
2. Sources of law	At a general level, the detailed rules of associations are, in turn, described by the Law on Associations of 7 April 1989, which provides for their definition, types and obligations. Associations are also subject to the Act on Public Benefit Activity and Volunteerism, the so-called constitution of the third sector. <ul style="list-style-type: none"> - Social cooperatives have been firstly recognised by the Act of 13 June 2003 on Social Employment - Entrepreneurial non-profit organisations (ENPOs) are regulated by the same legal framework that regulates the whole non-profit sector in Poland. Act of 7 April 1989 on Associations - Act of 6 April 1984 on Foundations Professional activity establishments (ZAZs) are regulated by the Act of 27 August 1997 on Vocational and Social Rehabilitation and Employment of Disabled Persons - Non-profit companies are regulated by the 15 September 2000 Act Code of Commercial Companies, which states that limited liabilities companies and joint-stock companies may pursue social aims. - Act of August 5, 2022 on Social Economy
3. Definitions of public Interest	In the Constitution of Poland, the concept of public interest is included in several provisions and is associated with the ‘common good’ of all citizens. Apart from the Constitution, the notion of public interest is mentioned in approximately other legal acts and is aimed at achieving certain pragmatic goals in constantly changing situations by providing flexibility. Article 4 of the Act on Public Benefit Activity and Voluntarism gives a catalogue of public-benefit activity areas. The activities of entities may also be considered in the context of public interest. According to the tax law (Article 17), tax exemptions are available for taxpayers whose activities (as shown in their statutes or articles of incorporation) and are included in a list. Article 20 of the Act on Public Benefit Activity and Voluntarism defines a public-benefit organisation as an organisation whose statutory activity includes public-benefit activity for the benefit of the entire society or of a disadvantaged group (provided that such a group can be distinguished from society due to its difficult living conditions or financial situation) and its status of public-benefit organisation is confirmed by the court
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	Economic activities are permitted in accordance with the following rules: <ul style="list-style-type: none"> - An ordinary association may neither carry out economic activities nor engage in paid public activities. However, this requirement does not apply to ordinary associations carrying out solely unpaid public benefit activities. - A registered association can carry out economic activities according to the general rules specified in separate regulations. However, the income from the economic activity of the association must serve to achieve the statutory goals and cannot be distributed among its members. Foundations may carry out both related and unrelated economic activities.
5. Reporting and transparency	The nature of reporting obligations depends on the legal form of the entity, not its size or scale of activities. In accordance with the provisions of the Accounting Act, NPOs are obliged to keep full accounting, covering all expenses. Therefore, associations also have an obligation to draw up and adopt an annual financial statement. However, they may keep simplified records of income and expenses under the terms and conditions set out in the Accounting Act. The reports are publicly available.

<p>6. Taxation regimes</p>	<p>The Polish legislator has not introduced any subjective income tax exemption for organisations, i.e. an exemption only because an entity is an association or a foundation. This does not mean, however, that all public benefit organisations earning income must pay income tax.</p> <p>Article 17 of CIT Act exempts specified categories of income from taxation:</p> <ul style="list-style-type: none"> - According to Article 17(1c) of CIT Act the income of foundations, associations and other organisational units that are not state enterprises, cooperatives and commercial law companies the exemption is exempted if their statutory purpose is one of the following: scientific, scientific and technical, educational activities, including those involving the education of students, cultural activities, in the field of physical culture and sports, environmental protection, support of social initiatives for the construction of roads and telecommunications networks in villages and water supply to villages, charity, health care and social welfare, professional and social rehabilitation of invalids and religious worship - in the part allocated to these purposes (Article 17(1) item 4); - income of public benefit organisations referred to in the regulations on public benefit activities and volunteerism - in the part allocated to statutory activities, excluding business activities (Article 17(1) item 6c); - membership fees of members of political, social and labour organisations - in the part not intended for economic activity (Article 17(1) item 40); - income of social enterprises operating for the purpose referred to in Article 4(1), item 1 of the Act of August 5, 2022 on Social Economy (Journal of Laws, item 1812 and 2140), spent in the tax year for purposes related to the social and professional reintegration of their employees in the portion not deductible (Article 17(1) item 43a); <p>With regard to institutionalised SEs: The Act on Social Economy introduces specific regulations on the operation of a social enterprise, such as the definition, organisation and rules of operation, etc. Accordingly, the law sets a comprehensive scope of tax exemption for taxpayers who are social enterprises</p>
<p>7. Gift and inheritance tax</p>	<p>Poland has gift and inheritance taxes in place, but levies them only on individuals. Therefore, there are no exemptions for gifts / legacies to public benefit organisations.</p>
<p>8. Income taxation of grants:</p>	<p>No income taxation on grants.</p>
<p>9. Taxation on income from asset administration and from economic activities</p>	<p>The income from asset administration is tax exempt. The same for income from economic activities.</p>
<p>10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?</p>	<p>Yes, without limitations.</p>
<p>11. Are there tax incentives for individual donors giving to a public-benefit organisation?</p>	<p>Donations of cash, shares, securities, real estate and in-kind donations are deductible up to 6% of the income.</p>

12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	Donations up to 10% of the taxable base are deductible.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	If the value of grants or in-kind donations from the public benefit organisation does not exceed EUR 1,200 over the course of 5 years, the recipient is not required to pay tax on the gifts received. Scholarship grants made by foundations are tax free up to EUR 900 yearly.

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PORTUGAL

1. Denomination of organisations for social economy entities	<p>Association without IPSS status – Associação sem estatuto de IPSS / Cooperative without IPPS status and with / without public utility status – Cooperativa sem estatuto de IPSS e com / ou sem estatuto de utilidade pública / Limited liability company and joint-stock company – Sociedade por quotas e sociedade anónima</p> <p>Institutionalised Forms of SEs: Social solidarity cooperatives / associations, mutual associations, mercy houses, foundations, social cooperatives with status of private institution of social solidarity (Instituições particulares de solidariedade social - IPSS)</p>
2. Sources of law	<p>Associations, foundations, and companies are the three entities governed by private law in Portugal. While Portuguese law does not define associations, doctrine considers them legal entities endowed with legal personality and constituted to realize common or collective interests that may be governed by public or private law.</p> <p>The other major source of law for associations in Portugal is the Portuguese Civil Code, which has a section dedicated to these legal entities ((all under chapter II – section I regulates the general terms - article 157 to 166 - and section II are dedicated specifically to associations – article 167 to 184).</p> <p>Framework Law for Foundations (FLF), approved by the Law n. 24/2012, of July 9 2012</p>
3. Definitions of public Interest	<p>According to Art. 4.1 of Decree 36/21, 14 June, legal entities of public utility pursue aims of a general interest or pursue the interest of the national community or of any region or district, cooperating with the central or local administration. Both Art. 4.2 of the above mentioned Law stipulate that private foundations may only be declared of public utility when they carry out their action in relevant favour of the community, with non-profit-making aims. The public-benefit status is granted by the Prime Minister and is a precondition for foundations to apply for or benefit from tax exemptions. Private social welfare institutions are governed by a specific legal regime (Decree 519-G2/79, 29 December, Decree 119/83, 25 February, with later amendments specifically Decree 172-A/2014.</p> <p>Associations in Portugal are deemed as private legal entities. Thus, it is not necessary that these entities pursue public interest goals. i.e. associations are allowed to pursue whatever goals they find suitable or necessary without interference from public powers, as long as the rule of law is fully observed. Notwithstanding, there is an exception to this rule for public associations. These are legal persons of an associative nature, created by the public authorities to ensure the pursuit of non-profit interests belonging to a group of people who gather themselves for their pursuit. For example, the Professional Associations and the Chambers of Solicitors, of Official Brokers and of Chartered Accountants are public associations, since they are associations of members of the respective professions that regulate and discipline the exercise of their activity. In this case, as public entities with an associative structure representing professions, they must be subject, cumulatively, to control of their respective access and exercise, to the elaboration of technical standards and specific deontological principles and rules, and to an autonomous disciplinary regime for the imperative protection of the public interest pursued. The notion of public interest in Portuguese law is therefore materialized by the concept of public associations.</p> <p>There is no definition of public benefit in tax law.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If Yes: what are these?	<p><u>Associations</u> in Portugal are generally allowed to engage in whatever economic activities they deem necessary to achieve the goals outlined by the bylaws; however, these activities must be related to the aims outlined by the bylaws; otherwise, these activities will fall outside the scope of the association and will be rejected. Further, because associations do not seek the economic profit of their associates, any profits on the balance sheet may not be distributed to members.</p> <p><u>Foundations</u> are allowed to pursue related economic activities (Art. 160.1 CC). However, public-utility status and its tax benefits do prevent the foundation from carrying out this economic activity as its principal activity: This provision aims to avoid giving foundations an unfair competitive edge with other entities not benefiting from the public-benefit status. (Art. 24.1 c) FLF.</p>
5. Reporting and transparency	<p>Most associations constituted in Portugal are obliged to submit a specific form on a state-owned platform, within 30 days of creation. Any association that fails to comply with this legal obligation shall be sentenced to the payment of an administrative fine. For Foundations, the annual report, annual financial report, tax return need to be submitted. The reports are publicly available.</p>

<p>6. Taxation regimes</p>	<p>Corporate Income Tax Associations that do not exercise a commercial, industrial, or agricultural aim are taxed according to the “global income” (corresponding to the algebraic sum of the net incomes of the categories considered for tax purposes, including asset increments obtained gratuitously). The taxable income to which the corporate income tax rate is applied, is obtained by deducting from the overall income (made up of activities of a business nature; advertising; rights for audio-visual transmission of the activities; real estate, including capital gains from its sale; financial investments): - common expenses and other expenses attributable to income are subject to tax and not exempt; - any existing tax benefits that consist of deductions from that income. Thus, taxable income = overall income minus common expenses and tax benefits.</p> <p>Foundations incorporated as private institutions of public welfare are automatically tax exempt (10.1.b) CITC). Generally, economic activities are subject to tax except if within the scope of the pursuit of the statutory aims.</p> <p>Value Added Tax The VAT Code exempts a set of activities that, as a rule, are performed by public benefit organisations. It is not the organisation that is exempted from VAT, but rather the activity it performs. If an organisation performs an activity, which the VAT Code does not exempt from VAT, it must charge VAT and submit it to the Treasury.</p> <p>Some exemptions granted by the VAT Code are only available to non-profit organisations. For VAT purposes, an organisation shall be considered non-profit and thus exempt according to the following requirements: - it does not distribute profits; - the managing bodies have no direct or indirect interest in the results of the operation; - it has bookkeeping concerning all activities, at the disposal of the tax services; - practice prices approved by the public authorities or, for operations not subject to approval, prices lower than those of companies subject to VAT; - it is not in direct competition with taxpayers.</p> <p>It is, however, possible for the associations to waive the exemption, should they deem it preferable (the VAT exemption for associations for activities below EUR 12,500 may, in some cases, be disadvantageous. This is because the exemptions do not allow the deduction of input VAT on purchases made by the association).</p> <p>With a view to institutionalised SEs: The special situation of social enterprises in fiscal terms depends on the different statutes and organisational forms. While many enjoy business tax exemptions and value added tax (VAT) exemptions due to their not-for-profit nature or activities of public interest, benefits related to donations mostly tie in with their fields of activities. Social enterprises enjoy a set of complex fiscal situations, which differentiate them from conventional enterprise. IPSS (Private institute of Social Solidarity) and equivalent enjoy a set of fiscal benefits related to business tax, VAT, real estate taxes and donations. Most of the benefits and exceptions related to their role as employer are equal to all the other enterprises. Total business tax exemption is granted for the non-distributed profits given their statute as IPSSs. They are also exempt from VAT in the sales from the provision of services and directly related exchanges in social services activities.</p>
<p>7. Gift and inheritance tax</p>	<p>There is a gift and inheritance tax in Portugal in place in form or a stamp duty. There are exemptions available for gifts / legacies to public benefit organisations and also comparable EU-based PBO.</p>
<p>8. Income taxation of grants:</p>	<p>No income taxation on grants when used to finance the statutory purposes.</p>

9. Taxation on income from asset administration and from economic activities	Investment income is subject to tax except if the PBO has tax-exempt status specifically for this type of income. The income from commercial or industrial activities carried out outside the scope of the statutory purposes are not covered by the exemption.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Yes, without limitations.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Cash donations: Income tax deduction up to 25% of the amount donated in cases when there is no limit for corporate donors. When there is a limit on deduction for corporate donors, the amount deducted by individuals should not exceed 15% of the value of the donor's total income tax.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	No limits on tax deduction when donations benefit state-supported foundations or represent endowment of private origin foundations pursuing social or cultural aims. Donations are calculated as a cost to the donor and rates range from 120-140% of the monetary value of the donation.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Tax exempted if the benefit is considered a scholarship or a prize.

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ROMANIA

1. Denomination of organisations for social economy entities	<p>Association – Asociatii / Cooperatives – Cooperative / Foundations – Fundatii / Limited liability companies and other conventional enterprises – Societati cu raspundere limitata / Mutual aid associations for retirees</p> <p>Institutionalised forms of SEs: Associations, foundations and conventional enterprises accredited as sheltered workshops (different legal form with social enterprise certificate / social insertion enterprises, different legal forms with social mark</p>
2. Sources of law	<p>According to the framework law on associations and foundations, an association is a private subject of law constituted of three or more persons who, on the basis of an agreement, share, without being entitled to restitution, their material contribution, their knowledge and their lucrative activity, in order to accomplish activities of general interest, for the interest of a collective or for their personal non-patrimonial interest.</p> <p>Government Ordinance no. 26/2000, approved by Law no. 246/2005, with the subsequent modifications. This law also governs foundations.</p> <p>Law no. 219/2015 on social economy</p>
3. Definitions of public Interest	<p>Although the term “public interest” is referred to in several legal acts, there is no legal definition available, neither in civil law nor in tax law. The Law on Associations and Foundations refers to “activities of general interest, interest of a collective or personal non-patrimonial interest.” As there is no definition of public interest, practitioners in the non-profit field often refer to activities of general interest as being similar to activities of public interest.</p> <p>The social economy law defines activities of general interest as activities that are to be found in the fields of economy, culture, society, education, science, health, sports, housing and environment and have the following objectives: social and economic cohesion, employment, development of social services. However, as the activities of general interest have a broader meaning in the Law on Associations and Foundations, it is recommended not to limit its understanding to the one conferred by the social economy law.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	<p>An association can carry out economic activities either directly or indirectly by setting up a separate company. According to law, direct economic activities (i.e. carrying out economic activities without setting up a separate legal entity) have to be auxiliary and in close connection with the main purpose of the association.</p>
5. Reporting and transparency	<p>The reporting obligations of public benefit organisations are similar to those that apply for companies. However, Public Benefit Organisations (PBOs) may face a bigger administrative burden as the public infrastructure for data collection is not that interconnected and organised when it comes to the non-profit-organisation sector. Some of the reports are publicly available.</p>
6. Taxation regimes	<p>Non-governmental organisations may obtain non-taxable income and taxable income. The incomes obtained from occasional activities (the law does not give a definition of the character of the occasional activity, still it is generally accepted in practice as being an activity that is performed 2 to 3 times per year), and from events such as fundraising and selling tickets for different events held by the foundation are exempted from the payment of the tax, regardless of the amount of the income. These occasional activities with economic character must be performed for social purposes or professional ones and must be expressly mentioned in the statutory act. They must have a subsidiary character and are closely linked to the purpose of the organisation. The law does not explain very explicitly what this means, and there is no sanction imposed on the organisation that performs economic activities which are not closely linked to the purpose of the organisation. In the case of income obtained from economic activities, foundations are exempted from the payment of income tax for sums up to EUR 15,000, and not more than 10% of the income can be exempted from tax.</p> <p>With regard to institutionalised Social Enterprises (SEs): The fiscal framework within which social enterprises operate in Romania varies according to the enterprise’ legal form. Each type of organisation has a specific tax regime. Some general fiscal incentives do apply, however, to all kinds of organisation that hire persons with vulnerabilities and/or disabilities. Most fiscal incentives such as deductions from taxing income or property, benefit social enterprises set up as associations or foundations (regulated through a GO 26/2000).</p>

7. Gift and inheritance tax	Romania does not have any gift and inheritance taxes in place.
8. Income taxation of grants:	No income taxation on grants.
9. Taxation on income from asset administration and from economic activities	The income from asset administration is taxed, if it exceeds the amount of EUR 15,000. The income from economic activities is not taxed, provided it is less than EUR 15,000.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Natural persons have the right to dispose of an amount of up to 3.5% of the income tax due for certain types of incomes, provided by law, to non-profit entities / religious units registered in the Register of religious entities / units for which tax deductions are granted, organised by ANAF. Sponsorship expenses, according to the law, are deductible expenses when establishing the net annual income determined in real system based on accounting data (e.g. independent activities), within a limit of 5% of the calculation base established according to the law.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	Donations can be deducted up to 20% of the income tax, but not more than 0.75% of the turnover.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	No taxes are levied.

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SLOVENIA

1. Denomination of organisations for social economy entities	<p>Associations – Združenja / Cooperatives – Zadruge / Foundations – Ustanove / Private Institutes – Zavodi</p> <p>Institutionalised forms of SEs: Limited Liability Companies with status of companies for PWDs / Private institutes, limited liability companies and cooperatives with status of employment centre / different legal forms with status of social enterprise</p>
2. Sources of law	<p>In addition to the Constitution, the Law on Associations of 2006 is essential in this field. Act on Cooperatives (1992), the Act on Associations (2006), the Act on Institutes (1991), the Act on Foundations (1995); With regard to social enterprises the Act on Work Rehabilitation and Employment of People with Disabilities (2004), the Rules on the Companies for People with Disabilities (2005), Rules on Employment Centres (2005) and the Act on Social Protection (2007).</p> <p>Other important laws that regulate associations in Slovenia are the Rulebook of the Register of Associations, the Register of Branches of Foreign Associations and the Register of Associations of Public Interest</p>
3. Definitions of public Interest	<p>There is no definition of a public-benefit purpose in civil law and neither in tax law. The Slovenian legislation specifies a public benefit purpose only on a case-by-case basis. An organisation registered according to the current regulations in Slovenia can be granted the status of public interest if it operates in the following fields: culture, education, health care, social protection, implementation of family policy, protection of human rights, protection of the environment, protection of animals, sports, defence and protection against natural and other disasters, economy, agriculture, forestry, veterinary or food, foreign affairs, development of democracy or in other areas, if its activities go beyond the interests of its members and are of general benefit.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	<p>A public benefit organisation may perform a profit-making activity under conditions determined by law for performing that activity. Such activity from which profit can be realized must be prescribed in the basic act of the public benefit organisation and it should be in line with the purpose of the organisation. The profit-making activity should be secondary to the non-profit activity of the organisation and can be performed only to the extent necessary to achieve the goal and purpose of the organisations since the purpose of establishing and operating such a public benefit organisation is not to make profit. Therefore, the income generated by economic activities should be set aside by the public benefit organisation for the achievement of the goal for which it was established and cannot be distributed among the members of the association.</p>
5. Reporting and transparency	<p>The purpose of keeping the Register of Associations and the Register of Branches of Foreign Associations, as well as the Register of Associations of Public Interest, is to record and provide publicly available information on the legally relevant facts about the associations operating in Slovenia. Public benefit associations and foundations are required to prepare an annual report for a given financial year, which has to include a balance sheet and income statement, accompanied by notes on the accounts and a report on the operation of the association. The annual report of the association for the previous financial year must be submitted to the Agency for Public Legal Records and Related Services (AJPES).</p>
6. Taxation regimes	<p>The purpose of establishing and operating an association is not to make a profit. However, in some cases, associations may carry out certain economic activities, which are subject to appropriate taxation.</p> <p>The Corporate Income Tax Act stipulates that all associations operating for-profit activities should pay tax on income. The general tax rate is 19%. But, in case the associations have income only from non-profit activities, then it can be taxed at 0%.</p> <p>The Law on Value Added Tax regulates the system of collection of value-added taxes and determines who are the taxpayers for its payment. All purchases of goods and services are subject to taxation of the economic activity performed on the territory of the Republic of Slovenia. Associations can be exempt from VAT if in the last 12 months they have not exceeded the amount of EUR 50,000 from tax turnover. In this case, they do not have to pay VAT. However, the association can decide voluntarily to pay this tax, which would enter into the VAT system. When an association exceeds the set threshold of EUR 50,000 from tax turnover or if it decides voluntarily to enter the VAT system, then it is obliged to pay value-added tax.</p> <p>With regard to institutionalised SE: The fiscal framework for Slovenian social enterprises and social economy organisation in general is fragmented and depends on the legal form adopted. Cooperatives and limited liability companies (with the status of SE) have no tax benefits. According to legislation, non-</p>

	profit organisations (NPOs)-associations, institutes and foundations - are exempt from paying taxes for their non-profit activities but pay the same taxes as other companies for-profit activities. Companies for people with disabilities and employment centres enjoy the most favourable fiscal regime as well as different benefits and subventions.
7. Gift and inheritance tax	There is a gift and inheritance tax in Slovenia. Public benefit organisations are tax exempt from gifts and legacies. The exemptions also apply to comparable foreign EU based public benefit organisations.
8. Income taxation of grants:	No income taxation on grants.
9. Taxation on income from asset administration and from economic activities	The income from asset administration is tax exempt. However, the income from economic activities is subject to Slovenian income taxation.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	Donors can direct up to 1% of their personal income tax to public benefit organisations which are deductible from the income tax base.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	A general tax deduction for cash donations to a foundation, which accounts for 1% of the entity's taxable income in a business year, but may not exceed the tax base in a current tax period. An additional reduction of up to 0,2 % of the taxpayer's taxable revenue is granted for amounts paid in cash and in kind for cultural or sports purposes and also up to 3,8% of the taxpayer's revenue for amounts paid in cash and in kind to providers of professional sports programs for investments in professional sport.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Beneficiaries of foundations are exempt from income tax on grants received from foundations established and operating in accordance with the law governing foundations.

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SLOVAKIA

1. Denomination of organisations for social economy entities	<p>Civic association – Združenia / Cooperative – družstvo/ Foundations – Nadácie/ limited liability companies – Spoločnosť s ručením obmedzeným / non-investment funds – neinvestičné fondy / Non-profit organisations providing public benefit services (public benefit organisations) – Nezisková organizácia s poskytovaním verejne prospešných služieb (verejnoprospešné organizácie)</p> <p>Institutionalised forms of SEs: work integration social enterprises / social enterprises</p>
2. Sources of law	<p>The main piece of legislation regarding associations is the Civil Associations Act 1990. According to this Act, everyone has the right to associate with others in clubs, societies, or other associations. The legal act also regulates the conditions for founding, registering or dissolving an association. Moreover, many special laws regulate the specificities of associations:</p> <ul style="list-style-type: none"> - Law on the Social Economic Management and Social Enterprises n. 112/2018 - Law on the Register of Non-profit Legal Entities n. 346/ 2018 - Law on Public Administration Budgetary Rules n. 523/2004 - Law on Non-Profit Organizations Providing Public Benefit Services n. 213/1997 - Law on Association in Terms of Political Parties and Movements n. 424/1991 - Law on Religious Freedom and Church or Religious Organization Status n. 308/1991 - Law on Foundations n. 34/2002 - Law on Non-Investment Funds n. 147/1997.
3. Definitions of public Interest	<p>There is no definition in the civil law, only enumerative lists in different types of civil law legislation. According to the Slovakian Law on Non-Profit Organizations Providing Public Benefit Services n. 213/1997, the following categories of social services are considered to be of public interest: health services, social aid and humanitarian care, development and protection of cultural and spiritual values, human rights protection, education, science, environment, employment, housing.</p> <p>There is no definition of public interest either in tax law, but an enumerative definition of public benefit purposes.</p>
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	<p>Public benefit organisations (PBOs) can carry out supplementary economic activities if they are related to the main objectives/purposes of the organisations. It is an important restriction, however, that the revenue gained from such activities must be used to achieve the goals of the association determined by its statute. Profit-distribution is, thus, prohibited by law.</p>
5. Reporting and transparency	<p>According to the Law on the Register of Non-Profit Legal Entities, organisations operating for public benefit are obliged to submit their annual activity report and their financial statements to the Ministry of Interior (Registry office) via the portal of financial administration office until the 15th of July every year. The report must contain the activities undertaken during the year, their relevance to the strategic priorities of the organisation, the amount of the donations received, the breakdown of the rest of the income obtained, the overall balance of the association, etc. The reports (not the tax report) are publicly available.</p>

<p>6. Taxation regimes</p>	<p>The taxation regime of public benefit organisations follows the regime of companies. In general, the government is encouraged by the Non-Profit Legal Entities Act to support public benefit organisations that pursue public benefit objectives through tax advantages or exemptions. Public benefit entities are normally tax exempt, however, any entrepreneurial, unrelated activity are fully taxed. Also capital gains on the sale of assets are taxable at a rate of 21 %.</p> <p>Public benefit organisations are exempted from all tax obligations related to donations, which are defined by their statutes. Grants received on the basis of international treaties, or income from their main activities (which concern the purpose for which they were created) are also tax-exempt.</p> <p>Slovak taxpayers can allocate a certain percentage of their tax (which is currently 2%) to a registered NGO or a charity of their choice. These benefits provide for an important share of associations' income. Moreover, associations that pursue public benefit objectives are exempted from all tax obligations related to donations, which are defined by their statutes. Grants received on the basis of international treaties, or income from their main activities (which concern the purpose for which they were created) are also tax-exempt.</p> <p>With regard to institutionalised SEs: The fiscal framework supporting the operation of de facto social enterprises is quite limited. Social enterprises registered under the Commercial Code (most often as Ltd companies) enjoy the same tax system and have access to the same financing opportunities as mainstream companies. Tax benefits can only be applied if the social enterprise has the legal form of a non-profit organisation such as a civic association or public benefit organisation. If the economic activity performed by the non-profit organisation is the core one, it is not taxed, provided that it is included in the list of admitted core activities provided by the legislation.</p> <p>The Act on Social Economy and Social Enterprise (SEaSE) of SEaSE in 2018 introduced several novelties for registered social enterprises. These include the possibility of reducing the VAT rate to 10% for goods and services provided by registered social enterprises that use 100% of their profits after taxation to achieve their primary social objectives.</p>
<p>7. Gift and inheritance tax</p>	<p>There are no gift and inheritance taxes in Slovakia.</p>
<p>8. Income taxation of grants:</p>	<p>No income taxation on grants.</p>
<p>9. Taxation on income from asset administration and from economic activities</p>	<p>The income from asset administration is tax exempt. However, gains on the sale of investments are taxable as capital gains. The income from economic activities is exempt, if it is related.</p>
<p>10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?</p>	<p>Yes, with limitations.</p>
<p>11. Are there tax incentives for individual donors giving to a public-benefit organisation?</p>	<p>No tax incentives for individual donors. However, sole entrepreneurs (not incorporated) have a possibility of a tax credit regime for cash contributions that relate to research and development. A taxpayer may claim 200% of its investment into the R&D sector as tax deductible.</p> <p>Also, outside of giving, individual taxpayers may re-direct up to 3% of their paid income tax to non-profit organisations registered as tax designation recipients.</p>

12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	Corporations as donors have a possibility of a tax credit regime for cash contributions that relate to research and development, but not necessarily only to foundations because R&D is primarily in the public and private business sector. A taxpayer may use 200% of its investment into the R&D sector as tax deductible. The reporting practice for corporate donors is unclear and ambiguous. Also, outside of giving, corporate taxpayers may re-direct 1% or 2% of their paid income tax to non-profit organisations registered as tax designation recipients.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Receiving a grant/benefit/ scholarship from a foundation is normally not subject to tax.

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FINLAND

1. Denomination of organisations for social economy entities	Association – Yhdistys / Foundation – Säätiö / Cooperative – Osuuskunta / Limited liability company – Osakeyhtiö Institutionalised forms of SEs: different legal forms registered as social enterprises.
2. Sources of law	The Associations Act 503/1989.
3. Definitions of public Interest	No specific status. Tax Law provides for public Benefit Organisations in Section 22 in the Income Tax Act. Under the Income Tax Act, an organisation is eligible for tax-exempt status if it meets the following requirements: 1) It acts exclusively and immediately for the public good in a material, mental, moral or social sense. 2) Its activities are not limited to a limited number of persons. 3) It does not, by its activities, provide an economic benefit to a participant in the form of a dividend, profit share or a higher than reasonable salary or other compensation. The Act has an example list of what can be regarded as public-benefit purpose, but in practice the definition is considered to encompass nearly all sectors of social life.
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	Yes. Related always, and unrelated only if stated in the statutes or that otherwise relates to the realization of its purpose or that is deemed economically insignificant. No ceiling. But according to the Income Tax Act, public benefit organisations only get tax-exempt status if they operate “solely and directly for public benefit in a material, intellectual, ethical or social sense”. This condition might not be met if the funded entity’s economic activities can be regarded as business income
5. Reporting and transparency	Audit of an association is governed by the provisions of Associations Act and the Finnish Auditing Act. According to the Auditing Act, an auditor cannot be a person for whom a guardian has been appointed, whose competence or legal capacity has been restricted, who is in bankruptcy or who has been barred from conducting business. Additionally, if one or several natural persons are appointed as auditors, at least one of them must be a resident in an EEA state. For each financial year, an auditor must issue a dated and signed audit report. Annual reports and accounts are publicly available, with the exception of detailed economic information. Reports made to the tax authority are not publicly available.
6. Taxation regimes	Under the Finnish Income Tax Act, if the public benefit organisation is deemed as non-profit, the following income is tax-exempt: income from lotteries, sales events, sports competitions, dance or other recreational events, collection of items and other comparable activities or food service and sales during such event organised by a public benefit organisation association; income from membership magazines and other publications; income from the sale of petitions, badges, greeting cards, pennants and similar; income from products or services made during care, handicraft activities or for educational purposes at a hospital, prison, senior home, rehabilitation institute or other similar institutes; income from bingo games. Some of the income public benefit organisations generate are subject to tax. They pay income tax on income received from business activities and income received from a real estate unit if the real estate unit has been used for purposes other than general or non-profit activities. There are no specific support systems or tax relief specifically designed for social enterprises. Finnish tax legislation allows a non-profit organisation to freely choose its legal form and regulates when/how income is taxable. However, interpretations on taxation are made on a case by case basis. An organisation with a non-profit objective might encounter problems if its taxation status becomes ambiguous. In such situations, a non-profit organisation can divide its activities and engage a separate enterprise to perform its trading activities. With regard to institutionalised forms of SEs: social enterprises can use the same instruments as any other business but receive no fiscal exemptions or advantages either.

7. Gift and inheritance tax	Finland has gift and inheritance taxes. There are exemptions for gifts and legacies to public benefit organisations which also apply to foreign EU based public benefit organisations. Under the Act on Inheritance and Gift Tax, PBOs are not subject to inheritance or gift tax on the value of property bequeathed to them under a will or as a gift.
8. Income taxation of grants:	Donations and grants are not subject to income tax at the level of the public benefit organisation.
9. Taxation on income from asset administration and from economic activities	In principle, income from asset administration and from economic activities are not subject to income tax in Finland.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	There are no tax incentives for individual donors, but an individual donor may deduct donations of not less than EUR 850 and not more than EUR 500,000 to a publicly-funded university or college in the European Economic Area or to an associated university for the purpose of promoting science or art.
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	Monetary donations made by corporations of a minimum amount of EUR 850 are eligible for a tax deduction. The maximum amount that is tax deductible depends on the recipients, who are divided into two categories. If the recipient is a publicly financed university or a fund within such a university, the maximum deductible amount is EUR 250,000. If the recipient is a public-benefit foundation, the maximum is EUR 50,000. A foundation recipient needs to apply and be shortlisted as an approved receiver by The National Board of Taxation. The purpose of the donation has to be the support of scientific research, arts or Finnish cultural heritage.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	Grants awarded by public benefit organisations for university studies, scientific research and artistic work, as well as prizes awarded for scientific, artistic and other non-profit activity are tax free up to EUR 23,270 (in 2020). The amount includes all grants and prizes received by an individual in any 1 year after deduction of costs necessary to acquire and maintain the income.

References:

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SWEDEN

1. Denomination of organisations for social economy entities	Non-profit association – Ideell förening / Economic association – Ekonomisk förening / Limited company – Aktiebolag No institutionalised forms of SEs.
2. Sources of law	In Sweden, associations are divided into economic associations and ideological/non-profit associations. Whereas an economic association’s motive is to further the economic interests of its members through economic activities, a non-profit association has a non-profit motive, or it performs non-profit-making activities. Within the non-profit associations category, three types exist: 1. Those who do not engage in commercial activity but by other means intend to advance a non-profit objective (such as political parties). 2. Those who have a clear intent to yield funds for their members, but do not take part in commercial activity (such as trade unions). 3. Those who despite engaging in commercial activity, have a non-profit objective, that is, funds received are not distributed to members, but are used for other means (such as handicrafts associations) In Sweden, there is no separate statute or act regulating non-profit associations. For the most part, non-profit associations are governed by principles formed in case law and analogous use of legal rules covering other types of associations. Foundations are regulated by the Foundations Act of 1996.
3. Definitions of public Interest	Under the Swedish Income Tax Act, non-profit organisations can receive tax-exemptions if they operate to pursue certain public utility purposes. A public utility activity is an activity that the community at large finds as something worth supporting. This includes, e.g., culture, sports and youth activities.
4. Are economic activities (related/unrelated to the public-benefit purpose) permitted? Is there a ceiling / limit? If yes: what are these?	Non-profit organisations can engage in economic activities, but the income received from such activities cannot be distributed to its members, but need to be used for other means. Non-profit organisations cannot, therefore, conduct business activities that would lead to financial gain of its members. The business activities must be in line with the purpose for which the public benefit organisation was established.
5. Reporting and transparency	A non-profit organisation is required to keep accounts if its value of assets exceeds 1.5 million Swedish kronor. The obligation to keep accounts arises: 1. from the time of the formation of a legal entity, if its assets then exceed the amount specified, or 2. from the calendar year at the beginning of which the value of the assets exceeds the amount specified. However, if a non-profit organisation conducts business or if it is the parent entity of a group, it is required to keep accounts even if it does not meet the aforementioned conditions. The obligation to keep accounts ceases when the value of the assets at the end of the last three financial years has been lower than the specified limit amount. The reports are publicly available.
6. Taxation regimes	The tax rules applicable to legal persons in the Swedish Income Tax Act generally also apply to non-profit organisation. Hence, they are subject to tax on income and capital gains in the same way as other legal entities. Non-profit organisations can, however, qualify for tax exemptions and only pay tax on income received from real estate or commercial business. There are four conditions laid down in the Income Tax Act that determine whether an organisation pays taxes on certain income or not. A non-profit organisation is subject to tax on rental income, income from sale of goods and services, and income from capital. These incomes may, however, be tax-exempt if the association satisfies all of the four conditions and therefore qualifies as a non-profit: 1. the purpose requirement; an association shall have a non-profit purpose, i.e., a purpose that benefits the public, such as sports, culture or health care. 2. the business requirement; an association shall in its activities conducted during the tax year exclusively or almost exclusively (90 %) promote non-profit purpose. 3. the completion requirement; During the tax year, an association shall, to a reasonable extent (80 %), use its income for non-profit purposes.

	<p>4. the openness requirement; an association shall have an open membership, i.e., it may not refuse entry as a member, unless special reasons exist with regard to the nature or scope of its activities, purpose or otherwise.</p> <p>With regard to SEs: Social enterprises have the same fiscal framework (including taxation) as other ventures. They register with tax authorities as they start economic activities and are taxed for potential profits on the same terms as other ventures regardless of legal form, and including non-profit associations that generally get taxed for income from sales, rent, or capital investments. These incomes from sales can receive exemption from taxation within non-profit associations (ideell förening) if their aims fulfil the criteria of public benefit (syfte till nytta för allmänheten) e.g. care for children and youth, social assistance, health care, culture, sports, education. Furthermore, at least 90% of the activities must relate to the public benefit aim, and at least 80% of the financial turnover must channel to fulfil this public benefit.</p>
7. Gift and inheritance tax	Sweden does not have any gift and inheritance taxes in place.
8. Income taxation of grants:	No income taxation on grants.
9. Taxation on income from asset administration and from economic activities	The income from asset administration is not taxed with the exception of income from leasing of a property that belongs to a Public benefit organisation (PBO). The income from economic activities is subject to taxation, unless the PBO is running a hospital.
10. VAT: Do organisations for social economy entities in your country have access to VAT exemptions or reduced rates based on the services they supply or their legal status?	Not available.
11. Are there tax incentives for individual donors giving to a public-benefit organisation?	<p>25% of a donation approx. EUR 25-170 is deductible and total gifts amounting to at least approx. EUR 193. The highest possible deduction is SEK 1,500 (0.25 x 6,000) (~ EUR 144).</p> <p>The organisation to which you donate the grants must be approved as a gift recipient by the Swedish Tax Agency and the gift given to scientific research or social work.</p>
12. Are there tax incentives for corporate donors giving to a public-benefit organisation?	No deductions in general. However, some donations can be deducted as business expenses.
13. Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?	The individual receiving a grant from a tax-exempt foundation is also exempt from tax on the grant.

References:

European Commission, Comparative legal analysis of associations laws and regimes in the EU, 2022, <https://op.europa.eu/en/publication-detail/-/publication/21adb612-42cb-11ed-92ed-01aa75ed71a1>

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Member State	Belgium	Bulgaria	Czech Republic	Denmark	Germany	Estonia	Ireland	Greece	Spain	France	Croatia	Italy	Cyprus	Latvia	Lithuania	Luxembourg	Hungary	Malta	Netherlands	Austria	Poland	Portugal	Romania	Slovakia	Slovenia	Finland	Sweden
Purpose																											
<i>Protection of animals</i>	green	red	green	green	green	green	green	green	green	green	green	green	green	yellow	green	green	green	green	green	green	green	yellow	green	green	green	green	green
<i>Science, research and innovation</i>	green	red	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	yellow	green	green	green	green
<i>Education and training</i>	yellow	green	green	green	green	green	yellow	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	yellow	green	green	yellow	green
<i>European and international understanding</i>	yellow	red	green	green	green	green	green	green	green	orange	green	green	yellow	orange	green	green	green	red	green	green	green	yellow	green	green	green	green	green
<i>Health, well-being and medical care</i>	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green	green
<i>Consumer protection</i>	red	red	green	green	green	green	yellow	green	green	red	green	red	yellow	orange	green	yellow	green	red	green	red	green	green	green	green	green	green	green
<i>Assistance to, or protection of vulnerable and disadvantaged persons</i>	green	green	green	green	green	green	green	green	green	green	green	green	yellow	green	green	green	green	green	green	green	green	green	green	green	green	green	green
<i>Amateur sports</i>	green	green	green	green	green	green	red	green	green	green	green	green	green	green	green	green	green	green	red	green	green	yellow	green	yellow	green	green	green
<i>Infrastructure support for public benefit purpose organisations</i>	green	green	yellow	green	green	green	green	green	green	red	green	red	yellow	yellow	NA	green	green	red	green	red	green	yellow	green	orange	green	green	yellow
<i>Party political activity</i>	red	red	green	green	red	red	red	green	yellow	green	red	green	green	red	NA	orange	red	green	green	NA	green	orange	red	NA	NA	NA	green
<i>Advocacy</i>	red	red	green	green	red	green	yellow	yellow	yellow	orange	green	red	yellow	yellow	green	yellow	yellow	red	green	NA	green	yellow	orange	green	green	NA	green
<i>Advancement of religion</i>	orange	yellow	green	green	green	green	green	yellow	yellow	green	green	red	green	red	green	green	green	NA	green	NA	green	yellow	orange	green	green	NA	green

Source: European Foundation Centre (EFC), Comparative Highlights of Foundation Laws, 2015, p. 58 f. with modifications.

Legend:
 green = Yes, accepted for tax benefits
 yellow = Probably accepted for tax benefits
 orange = Probably not accepted for tax benefits
 red = No, not accepted for tax benefits