



Third Sector Organizations in the EU: Legal environment and taxation

Germany

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Basic conditions of company law and tax legislation for the Third Sector in the member states of the European Union – Germany

- I. Legal forms
 1. Association
 2. Foundation
 3. Joint-stock companies
 - 3.1 Private limited companies (GmbH)
 - 3.2 Micro Private limited companies (UG)
 - 3.3 Public limited companies (AG)

- II. Basic conditions of tax legislation
 1. Forms of tax
 - 1.1 Corporation tax
 - 1.2 Commercial earnings tax
 - 1.3 Turnover tax
 2. Tax privileges
 - 2.1 Privileged objectives
 - 2.1.1 Objectives of public benefit
 - 2.1.2 Charitable objectives
 - 2.1.3 Church-related objectives
 - 2.2 Disinterestedness
 - 2.3 Exclusivity and directness
 - 2.4 Formation of reserves
 - 2.5 Profit-making activities
 - 2.5.1 Areas of activity of tax-privileged corporations
 - 2.5.2 Objective-related operations
 - 2.5.3 Tax-liable profit-making business operations
 - 2.5.4 Subsidiary companies
 3. Donations and sponsoring
 4. Concession and control of tax privileges
 5. The significance of tax privileges for the Third Sector

The basic conditions of company law and tax legislation that apply to organisations in the Third Sector are represented below only in basic outline. The objective in view is to represent the basic structure of German legislation in this area. In the scope of this overview, not all the relevant differentiations and individual regulations will be considered. It is to be noted that the implementation of the federal regulations described below will take place above all in an encounter between the individual organisation and the local tax office or register court responsible. The implementation of the statutory regulations may therefore vary greatly in practice, depending on the locality.

I. Legal forms of business organisation

For the realisation of their targets and the execution of their activities, the organisations of the Third Sector in Germany avail themselves of various legal forms: for the most part they are found in the form of associations, but also increasingly as foundations and joint-stock companies, and to a lesser extent as cooperative societies. The variety of legal forms in the Third Sector is above all a result of the wide-ranging neutrality of German charity tax legislation in respect of legal forms: tax privileges are in principle open to all corporations that are mentioned in the Corporation Tax Statute [Körperschaftsteuergesetz]. Consequently the decision of the principals what legal form they wish to avail themselves of is dependent not so much on the criteria of tax legislation as it is on the question what organisational form most closely answers to their targets, to the nature of their intended activities and to the financing of these. And yet the fact that the association is the most popular organisational form in the Third Sector is in part also the consequence of a misunderstanding. Many of the principals believe that the association is the simplest of all the legal forms available. Only in the course of their activities do they discover that the association is actually an exceedingly complicated legal form, especially in cases where the activity of an association becomes diversified and simultaneously extends its range. This is one of the reasons why the last twenty years in the Third Sector have increasingly seen the foundation of subsidiary companies in the form of tax-privileged joint-stock companies.

1. The (registered) association

Associations are formed of a union of members for a freely chosen objective. The regulations on associations are to be found in the Bürgerliches Gesetzbuch (BGB) [German Civil Code]. This contains regulations governing not only registered associations, but also associations

that are not registered and have no standing in legal terms. In paragraphs 21 to 79 are to be found above all prescriptions on the articles of association, the role of the management board and members' assemblies and on the special requirements that apply to registered associations. For the official registration of associations, the local magistrates' courts maintain an association register. Applications to be entered in the register of associations must be attested by a notary, and the registration is ordered by a magistrate or registrar. To qualify for registration, the number of members may not be less than seven. Once registered, the liability of the association is limited to the association's assets. Of especial significance for the role of associations and their suitability as a legal form is the circumstance that associations will only be entered in the register if they are not directed to a profit-making objective. Only in a secondary capacity may associations participate in the events of the market. It must be admitted that this prescription is not applied consistently by all register courts but increasingly restrictive.

Associations are not obliged to draw up their annual accounts in the form of a balance sheet. In their case, a simple listing of receipts and expenditure is considered sufficient, along with a rough listing showing the state of the association's assets as at the key accounting date. In case the association is pursuing non statutory commercial activities, it underlies the general accounting requirements.

The association is managed and represented by a management board [Vorstand], which may consist of several members or only one. According to Art. 27 of the Civil Code the board is working unpaid, unless the statutes foresees payments for the board member(s)' management work.

2. The foundation

Foundations are bodies of assets without members. They are managed by a directorate (board of curators or trustees), and are subject, as registered foundations, to government inspection, the task of which consists above all in guaranteeing that the wishes of the person or persons establishing the foundation are respected. The regulations applying to the inspection of foundations (the responsible agency is the Ministry of Justice of the respective federal state, where the foundation is located) are different in the various federal states of Germany.. Foundations with assets of less than € 50,000 are as a rule not entered in the register of foundations, and so cannot have any standing in law. The more remarkable aspect, however, is that tax privileges are applicable also for non-registered foundations, which have no legal capacity but can be "hosted" by and administered "within" any other corporation. Foundations without legal capacity are not subject to any inspections by the

Ministry of Justice, but only – just like other legal forms – to the inspections of the local tax authorities.

Foundations can be established as depleting foundations. They will be considered as durable, if they are established for a minimum period of ten years.

3. Joint-stock companies

3.1 The private limited company (GmbH)

The private limited company is a joint-stock company, and by definition is engaged in commercial operations. The liability of the shareholders is limited to the company's share capital. The share capital must currently come to at least € 25,000. As a trading company, the private limited company is governed by regulations in the Commercial Code [Handelsgesetzbuch, HGB] and, as a special legal form, those of the Limited Companies Act [GmbH-Gesetz]. Participating interests in a private limited company may be terminated. The statutes of the company might foresee, that in this case, the company must be dissolved, if not one of the other shareholders or a new shareholder or the company itself takes on the terminated interests. In all cases a departing shareholder must be bought out, if he does not find a purchaser for the interests he controls.

The private limited company is managed and represented by one or more managing directors.

3.2 The micro private limited company (Unternehmergesellschaft)

According to Art. 5b Limited Companies Act (GmbH-Gesetz) the Unternehmergesellschaft is a GmbH with a share capital less than 25.000 Euro, it might be 1 Euro only.

The Unternehmergesellschaft has to transfer at least one fourth of its annual profits to its profit reserves until these reserves – which can only be used to compensate losses or to raise its share capital – amount to 25.000 Euro. The Unternehmergesellschaft may then be named "GmbH".

3.3 The public limited company (plc) (Aktiengesellschaft)

The public limited company is likewise a joint-stock company, and by definition engaged in commercial operations. The basic capital of a public limited company (nominal value of the

share capital) must come to at least € 50,000. The Commercial Code applies to the public limited company likewise, as does the Companies Act [Aktiengesetz] with reference to its special legal form. By contrast with the private limited company, the shareholder of a public limited company may not terminate his participating interest but must first find a purchaser for this, if he no longer wants to hold onto it himself. The public limited company is managed and represented by a management board, which may consist of several members. The management board is appointed and controlled by a board of directors (supervisory board) [Aufsichtsrat], which is elected by the assembly of shareholders and must have a minimum of three members.

Basic frame conditions of tax legislation

1. Forms of tax

German tax legislation comprises a wide range of different tax forms. In the present context, however, only corporation income tax, commercial earnings tax and turnover tax are of interest.

1.1 Corporation income tax (Körperschaftsteuer)

Corporation income tax is one of the forms of tax on gains, and is levied on the profits of a corporation. The rate of tax comes to 15%. Associations and foundations benefit from a tax-free amount of € 5,000. Profits in one business year may be set off against losses in the previous year or subsequent years.

1.2 Commercial earnings tax (Gewerbsteuer)

Commercial earnings tax is likewise levied on profits. It is a municipal tax. Consequently the rate of tax varies between the various municipalities of the federal state. The rate of tax ranges between 7% and 20%. In respect of commercial earnings tax as well, associations and foundations benefit from a tax-free amount of € 5,000. Losses may only be set off against profits from subsequent years.

1.3 Turnover tax / VAT (Umsatzsteuer / Mehrwertsteuer)

The regular rate of turnover tax / VAT comes to 19%. For some specific products (foodstuffs, books etc.) and services (local transport services, theatre and concert functions etc.) a tax rate of 7% applies. A whole range of services is exempt from turnover tax / VAT. This applies above all to services in the fields where organisations of the Third Sector are active (education, health, culture).

2. Tax privileges

Alongside the laws governing the various individual forms of tax – the Income Tax Act [Einkommensteuergesetz], Corporation Tax Act [Körperschaftsteuergesetz], Turnover Tax / VAT Act [Umsatzsteuergesetz] etc.) – and the code of proceedings for fiscal courts, German law includes a special tax statute of general application, the Fiscal Code [Abgabenordnung]. In the Fiscal Code the basic concepts for tax purposes are defined (tax, assessment, residence, business premises etc.), the responsibility of the tax authorities and the obligations of persons liable for tax and their representatives are laid down, the procedures for the levying of tax and for compulsory enforcement are described and the prescriptions for tax penalties and fines are set forth. A separate section of the Fiscal Code (Art. 51 to 68) is dedicated to “tax-privileged objectives” and describes the fundamental rules governing tax privilege. The specific fiscal effects of tax privilege, on the other hand, are described in the individual tax laws. In the following account, the fundamental principles of tax privilege and their specific effects in tax terms will be dealt with in an integrated manner.

2.1 Tax-privileged objectives

In accordance with German tax legislation, only corporations that come under the Corporation Tax Law and are based within one of the memberstates of the EU or the EEA (including the EU memberstates and Norway, Iceland and Lichtenstein) may claim tax privileges. This has two important consequences: first of all, unincorporated firms do not qualify for tax privileges, and secondly, all of those corporations that come under the Corporation Tax Law – the association (registered or not), the company with limited liability, the micro private limited company, the public limited company, the foundation (registered or not) and the cooperative society – do so qualify. The crucial factor in the first instance is that these corporations should pursue objectives that are of benefit to the community, or charitable or church-related objectives as defined by the Fiscal Code.

2.1.1 Objectives of benefit to the community

A corporation is regarded as pursuing objectives of benefit to the community if in the material, intellectual or moral sphere it acts disinterestedly to promote the good of the general public. The Fiscal Code’s exclusive list of public benefit purposes mentions among others

- the promotion of science and research, education and training, art and culture, religion, good understanding between nations, development aid, environmental conservation and the preservation of the national heritage.
- the promotion of juvenile welfare, help for the aged, public health, social welfare and sport
- the general promotion of democratic political institutions in the Federal Republic of Germany
- the promotion of animal and plant breeding, of the Carnival, of amateur radio and model aeroplanes
- the promotion of civic engagement.

If organisations do not pursue purposes literally mentioned in the Fiscal Code's list, those puposes might be declared as being from public benefit by the fiscal authorities, if they find, that those purposes are – likewise those listed in the Fiscal Code – of benefit to the community in material, intellectual or moral respect.

2.1.2 Charitable objectives

A corporation is considered to pursue charitable objectives, if its activity is directed to the disinterested support of persons

- who in view of their physical, mental or emotional state are dependent on the help of others, or
- whose earnings do not come to more than four times the regular rate of supplementary benefit (Sozialhilfe) and who own no assets that may be used to support them.

2.1.3 Church-related objectives

A corporation is considered to pursue church-related objectives if its activity is directed to the disinterested support of a religious community provided that this community is a corporation under public law. To church-related objectives belong, for example, the building and maintenance of churches, the giving of religious instruction, the management of church assets, funeral services and the care of funerary monuments.

2.2 Disinterestedness

Corporations that qualify for tax privileges are subject to the requirement of disinterestedness. They

- may not pursue, as a prime aim, objectives tending to their own profit
- may use their resources only for objectives in keeping with their articles of association
- may not pay out any profits (unless the receiving shareholder is as well a tax privileged organisation)
- may not pay disproportionately high salaries
- must make use of their resources early, i.g. within a limited period of time (within the two years following on the inflow of the resources).

Shareholders of joint-stock companies that enjoy tax privilege, and members of other tax-privileged corporations, may not, when they leave or when the corporation is dissolved, receive more than the capital share that they have paid into it.

On the dissolution of the corporation, or if the objectives on which its tax privileges are based cease to exist, its assets, in so far as they exceed the sum of the capital shares paid into it, may only be used for tax-privileged objectives. The assets may, to this end, be bestowed on another tax-privileged corporation, which in turn must make use of it for tax-privileged objectives.

If the restrictions on the assets of the tax-privileged corporation that have just been described are not plainly established in its articles of association, no tax privileges will be granted. If the relevant stipulations in the articles of association are revoked or modified in such a way that the required restrictions on corporate assets are no longer found, then they are regarded as having been absent from the beginning, with the consequence that tax privileges for ten years will be revoked, with retrospective effect. The consequence is the same if the corporation fails, in the course of its practical business activities, to adhere to the restriction on corporate assets that has been established in its articles of association.

2.3 Exclusivity and directness

The tax-privileged corporation must, in keeping with its articles of association, pursue tax-privileged objectives exclusively, and must fulfil these objectives by itself. This means that the corporation's articles of association may not include any other non-tax-privileged objectives alongside the objectives that qualify for tax privilege, and the corporation may not promote its objectives merely in an indirect manner, but must do this directly by itself. An

exception to the requirement of directness is found in the “promoting societies”, the objective of which may consist in supporting another tax-privileged corporation in a material or non-material sense. Foundations and other tax privileged organisations are likewise allowed to carry out their activities as a promoting organisation without themselves being actively operating.

2.4 Formation of surplus reserves

Tax-privileged corporations may form reserves if these reserves are needed in order to put the corporation in a future position where it will be able to pursue its objectives in keeping with the terms of its articles of association. The reserves must be tied to a specific objective (purchase of a building for purposes to do with the corporation’s objectives, financing of investments and projects etc.). These reserves are considered to be purpose related (Zweckruecklagen). It includes reserves for the replacement of fixed assets up to a maximum amount which equals the amount of depreciation on those assets which are employed in pursuing the organisation’s statutory purposes.

Tax-privileged corporations may also form “free reserves”. These reserves are free in that sense, that they are not necessarily to be spent within a certain time period, but can be kept until the dissolution of the corporation. Whenever they are spent, however, they have to be spent in accordance with the statutes of the corporation. Free reserves may only be used for the strengthening of the assets of the corporation, and are not subject to the requirement of short-term application of resources. The formation of free reserves is limited, however. In a single year

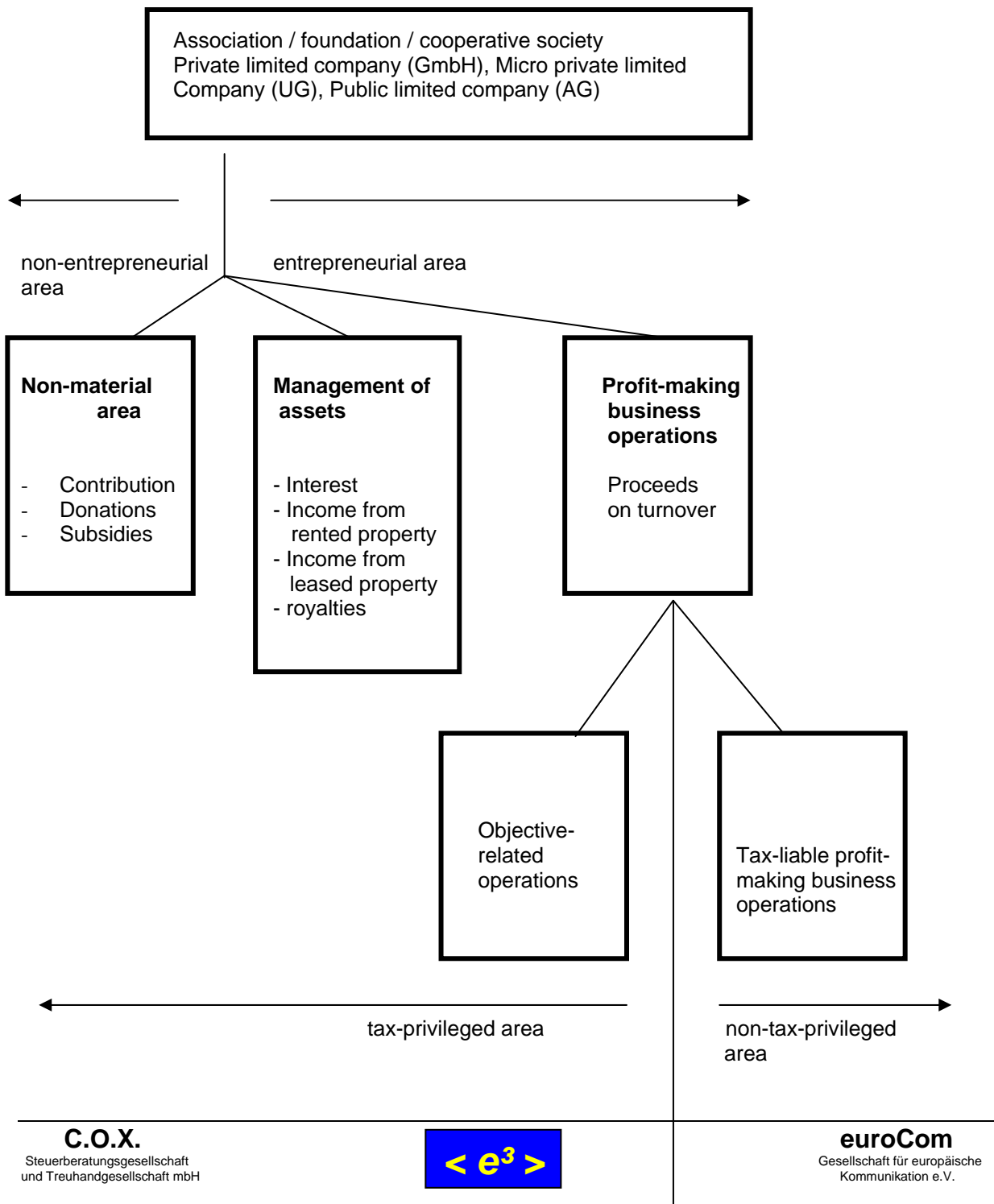
- a third of the surplus derived from the management of assets
- and 10% of the other resources that are to be used in the short term

may be put into a free reserve fund.

From 2014 the organisation may transfer its surplus derived from the management of assets and from its statutory and non-statutory commercial activities plus a maximum of 15% of the other resources to be used in short term to another tax-privileged organisation as an endowment.

2.5. Profit-making activities

Tax-privileged corporations finance their activities from a range of different sources. Depending on the legal form, they may have recourse to members' contributions, donations, subsidies or yields on assets. With the development of Third Sector organisations into service suppliers especially in the social and cultural spheres, remuneration for services rendered has also become an important source of income for tax-privileged corporations. The following diagram shows the distinctions between the various forms of income of tax-privileged corporations, in accordance with tax categories:



2.5.1 Areas of activity of tax-privileged corporations

- The non-material area (ideeller Bereich):

Here the tax-privileged corporation is active in keeping with the objectives set down in its articles of association, and does not supply any services against payment. It receives members' contributions, donations and subsidies, which it spends in the fulfilment of its constitutional objectives. For associations this is the area which may be represented through a simple accounting of income against expenditure.

- Asset management (Vermögensverwaltung)

In the context of asset management, the tax-privileged corporation receives interest which is exempt from all taxes on earnings (corporation income tax and commercial earnings tax), as well as profits on rented and leased property (immovable assets). In so far as in the context of sponsoring it exploits rights in the use of its own name, it receives income from licences (royalties), which is likewise exempt from all taxes on earnings. Seen from the point of view of turnover tax / VAT, the corporation is active in an entrepreneurial way in the context of its asset management. In so far as its performances here are not exempt from turnover tax / VAT, the reduced turnover tax rate falls due which at present comes to 7%. This applies, for example, to profits from licences.

- Profit-making business operations (wirtschaftlicher Geschäftsbetrieb)

In the context of their profit-making business operations, tax-privileged corporations obtain payment (turnover) for the services they supply. Through their profit-making business operations they participate in the events of the market, and stand in a competitive relation to non-tax-privileged market principals. The tax treatment of the profit-making business operations of tax-privileged corporations depends on the question whether the given profit-making business operation can be seen as an "objective-related operation" or not. Objective-related operations are privileged, both for income tax and for VAT purposes. Profit-making business operations that are not objective-related operations will be subject to tax as non-tax-privileged enterprises.

2.5.2 Objective-related operations (Zweckbetrieb)

In § 65 of the Fiscal Code there is a formulation of the requirements that must be found if an activity is to be seen as an objective-related operation. The profit-making activity must in its

every aspect support the corporation's objective as expressed in its articles of association, its profit-making business operations must be necessary for the fulfilment of its constitutional objectives and may stand in a competitive relation to non-tax-privileged companies only to the extent that this is unavoidable for the fulfilment of its constitutional objectives. On account of the difficulty of discriminating between objective-related operations and profit-making business operations, there are frequent confrontations on this head between the corporations established for purposes of benefiting the community and the tax authorities.

Objective-related operations are, for example:

- the cultural function of an arts society for which an entrance fee is charged
- the workshop of a society for the promotion of professional training for which attendance fees are charged
- the help and counselling given to young people for which the juvenile welfare organisation charges (cost unit rates) the public municipal juvenile welfare authority (such operations may not be financed through subsidies, as the individual young person has a statutory or legal claim on assistance, and the municipal juvenile welfare authority has commissioned the welfare organisation to give counselling)
- the restaurant of an association that looks after the interests of people suffering from mental illness, if the restaurant is only operated for the purpose of giving the society's clients an opportunity of work for therapeutic ends.

Art. 66 to 68 of the Fiscal Code describe single Zweckbetriebe, which are tax-privileged even if they lead to market distortions, among them hospitals, welfare institutions, sheltered workshops, educational and cultural institutions, homes for the elderly, kindergartens.

In its objective-related operations, the tax-privileged corporation is not subject to corporation tax or commercial earnings tax. For profits achieved in the context of objective-related operations, therefore, no tax is payable. With VAT the reduced rate applies. Some objective-related operations are completely exempt from VAT (educational functions, objective-related operations of welfare syndicates and their member organisations, if their services are supplied to their statutory target groups and at a lower charge, than those supplied by non-tax-privileged providers).

2.5.3 Taxable profit-making business operations

- With its profit-making business operations that are non-objective-related, tax-privileged corporations as well are subject to corporation and commercial earnings tax. With VAT the current regular rate of tax applies. Examples here are too numerous to be classified: the bar of a sports club, the provision of rental cars, the drawing up of expert reports and the holding of bazaars. The following points, however, should be noted:
- if the income from taxable profit-making business operations does not exceed € 35.000, no corporation or commercial earnings tax will be levied.
- for associations, cooperative societies and foundations, independently of their tax privileges and only on the basis of their legal form (in that they are not joint-stock companies), an exempt amount of € 5,000 deductible from profits earned is allowed for corporation and commercial earnings tax.

2.5.4 Subsidiary companies of corporations that benefit the community

Tax-privileged corporations may also have a participating interest in joint-stock companies. This also applies in cases where these joint-stock companies are not tax-privileged. The participating share in the company is allocated to (tax privileged) asset management, provided that the tax-privileged parent company doesn't exert a determining influence on its daughter company's concrete business decisions or if the daughter company itself is tax-privileged. The foundation of subsidiary companies is always a sensible move for an association if in the context of objective-related operations its constitutional activities have attained a bulk that is too large for the structure of the association to handle (the subsidiary company will then likewise be founded as a tax-privileged company), or if taxable activities, in view of their extent, threaten its tax privileges. In this case the bar of a sports company, for example, may be managed by the subsidiary company.

In the foundation of subsidiary companies it is a question of the greatest importance where the tax-privileged parent company has obtained the resources for the formation of the capital of the subsidiary company. The tax-privileged corporation may only use its own resources for the formation of capital if these have already been put into a free reserve fund.

3 Donations and sponsoring

At the present time, when financial resources from governmental sources are being cut back, tax-privileged organisations are increasingly coming to depend on private resources for the financing of their activities. Fiscal encouragement of private donations is therefore of great significance for the development capacity of the entire sector of tax-privileged corporations. In the German system of income tax, corporation tax and commercial earnings tax, donations reduce the taxable income only to a limited extent.

Since 2007 the following EU regulations apply:

- in the case of donations for public benefit purposes listed in the Fiscal Code, for church-related, and charitable purposes, a proportion of up to 20% of the total amount of taxable income, or 4 per mill of the sum deriving from turnover and personnel costs, may be claimed as tax-exempt
- in case donations exceed the margins of deductibility in one fiscal year the remaining sum may be carried forward to coming fiscal years with no time limit
- in addition to the possibilities of tax reduction already mentioned, in the case of donations paid into the assets of a foundation (with or without legal capacity), up to € 1,000,000 (married couples: € 2,000,000) may be deducted once in and spread over a period of ten years; this specific rule is only applicable for income tax and commercial tax (except in the case of joint-stock companies).

The tax deduction will also be given if the grant receiving organisation has its legal seat in another memberstate of the EU or the EEA.

By contrast with donations, where it is a condition that the recipient of the donation should not supply any service to the donor in exchange, in the case of sponsoring we always find an exchange of services: the sponsor pays for a service that he receives. For the sponsor it is a case of business expenses. This is in the interest of the sponsor, seeing that the business expense is not taken into account, for taxation purposes, only to a limited extent – as is the case with the donation – but to the full amount.

For a tax-privileged corporation, in connection with a sponsoring relationship, various different forms of income may be found:

- If the tax-privileged corporation supplies the sponsor with a service in the form of promotion, then we have a taxable profit-making business operation. In this case a profit totalling an overall of 15% of the sponsoring sum will be assessed. This is liable for both

corporation and commercial earnings tax. In addition, VAT at the regular rate (currently 19%) will be payable.

- If the sponsor pays the tax-privileged corporation in recognition of his being entitled to use its name and/or logo, then the relevant income of the tax-privileged corporation is allocated to assets management. There is no liability for corporation tax or commercial earnings tax, and with VAT the reduced rate will be applied. With the objective of transforming taxable income from promotion into tax-privileged income from asset management, the tax-privileged corporation may, for a fee, transfer the tax-privileged promotional rights to an advertising agency as an intermediary. The agency will then, in its own name and at its own risk, conclude contracts with the individual companies involved. The tax-privileged corporation will charge the company for the transfer of rights and receive tax-privileged royalties, while the same royalties will reduce the taxable income of the company as expenses.
- In case the organisation is just mentioning the name of the sponsor in its publications and/or showing the sponsor's logo on its website without link to the sponsor's website, the compensation paid by the sponsor is not taxed at all (no earnings tax, no VAT).

4 Concession and control of tax privileges

In Germany the responsible tax office is solely responsible for the concession and control of tax privileges. There is no separate procedure in German tax legislation for the establishment of a right to tax privileges. The right to privileged treatment will be established in the context of regular tax assessment: in place of a tax assessment for corporation and commercial earnings tax, the tax-privileged corporation will receive a "notification of exemption". This notification exempts the corporation from the taxes which would fall due. If the corporation is also liable for corporation and commercial earnings tax in view of its taxable business operations, it will receive the usual tax assessment along with an annex stating that in other respects it is exempt from these taxes.

As tax demands can only be remitted for trading years that have expired, the tax privilege in consequence will in all cases only be granted with retrospective application. For the first, and generally also for the second trading year, the corporation will receive a statement by the tax office confirming that the organisation's statutes are in line with the requirements concerning the statutes of tax-privileged organisations. This statement establishes only the fact that the corporation is pursuing tax-privileged objectives in accordance with its articles of association, and that it is entitled to make out donation certificates with effect on its tax liability.

Tax-privileged corporations are obliged to draw up statements of their end-of-year accounts. The form of these accounts is based on the legal form of the corporation. In addition to these accounts, tax-privileged corporations are obliged to submit reports on their activities for each trading year, from which it may be seen in what ways the corporation has attained its constitutional objectives.

To make matters easier for tax-privileged associations, an assessment of tax liability (or possible exemption) is made for such associations as a rule only at intervals of three years. In view of the risks to which commercially active tax-privileged associations are exposed, however, they will certainly endeavour to submit annual tax statements and thus receive annual notifications of exemption as well.

In the context of the tax assessment period (four years), fiscal auditing may be carried out by the tax office, in the course of which the conditions for the concession of tax privilege will be checked. It may be a result of such audits that the tax assessment will be changed to the disadvantage of the tax-privileged corporation, and even that the tax privileges for the auditing period will be totally revoked with retrospective effect.

5 The significance of tax privileges for the Third Sector

The majority of Third Sector organisations in Germany are tax-privileged and endeavour to continue to conform to the criteria that will enable them to retain their privileges. With the shift in the basis for financing, especially for organisations of the cultural and social sector, the position of these Third Sector organisations in relation to tax privileges is likewise changing. The withdrawal of the government from the financing of cultural projects and the diminishing governmental subsidies for social work projects has forced many organisations into a cooperative partnership with commercial companies that see the sponsoring of culture and social causes as a new opportunity for communicating with and acquiring customers. A partnership with commercial companies, however, is only possible for tax-privileged corporations to a limited extent, if their tax privilege itself is not to be endangered. In particular, organisations in the cultural sphere are consequently more and more inclined either to work in twin structures of tax-privileged and non-tax-privileged corporations, or else to decide from the very beginning against applying for privileged status. In the social sector similar tendencies are to be observed at the present time. The future of tax privilege in Germany will therefore depend on the way in which the conditions for the financing of projects change in the fields of activity that are relevant for Third Sector organisations. Here the question occupying the foreground will be whether the extension of the fiscal recognition of donations can more effectively compensate for the reduction in governmental spending

than an increased cooperation between the organisations of the Third Sector and the commercial sector would be able to do. It will also be a matter of significance whether cultural and social services especially will remain on the whole a specific field of activity for tax-privileged organisations, or whether these fields of activity, in the course of further economies and deregulation measures, will be developed as regular fields of activity for the private commercial sector.

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