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COUNTRY REPORT

Germany

I. INTRODUCTION

Historically, the legislation concerning associations and foundations in Germany has been part of the civil code (BGB) since its effective day at the end of the 19th century.

The legislation on NGOs is to be found in different laws, like the constitution, the commerce law etc.

Contrary to others, the German system separates civil law questions to the question whether the NGO is getting tax concessions or not. The legal form of existence is generally not related to the probable tax advantages. This is a tax-law category and regardless for civil-law questions. That is why the worldwide expression "NGO" can not be applied on German law without losing its power. However, within the following text the term "NGO" will be used as a synonym for legal persons getting tax concessions in order to facilitate the understanding.

In 1995 an estimated number of 1,4 million full-time jobs were situated in the German NGO-sector, which is 5% of all employees in Germany. The third sector in Germany is dominated the health sector and social services covering $\frac{1}{3}$ each of the entire 3rd sector. During the years 1990 - 1995 the sector increased additional 14% of new jobs.

II. PROVISIONS OF THE GENERAL LAWS

A. Consistency and Clarity of the Laws

Germany is a federal state, so there is a differentiation between the state itself (*Bund*) and the other 16 federal states (*Länder*). As a consequence of that system there is no overall regulation concerning NGO's law. Mainly the important parts of the current foundation's law is under the legislative power of the *Länder*. Concerning the other juridical persons, there are some provisions decided by the state officials of the *Länder*, too. But the main part has been regulated nationwide.

The basic of a federal system is that the nation's law breaks state's law. If a contradiction appears between the nationwide provisions concerning the NGO sector and those that are made in the *Länder's* law, the nationwide will be the binding one, except for foundations.

Since a long time the requirements to establish a foundation are considered as unpractical and arbitrary, so that a numerous "foundations" are, regarding their legal existence, organized as associations in order to avoid the complicated procedure. These problems shall be solved within the upcoming reform on foundation's law.

B. Constitution

According to the German constitution (GG), NGOs are generally guaranteed the same basic rights that exist for natural persons, too. Of course, NGOs can only refer to those basic rights

that may fit to the nature of juridical persons, like the provisions concerning the protections of the family can not be applied to NGOs.

So NGOs can refer to the freedom of speech, the right of assembly etc. In general these rights can be applied to domestic juridical persons only. But foreign Organizations can refer to the basic rights, too, if they working field is on the German territory and if they have at least a part of their administration settled in Germany.

The freedom of establishing associations and societies is explicitly expressed in the constitution whereas the right of foundation is not. This is what experts, dealing with the upcoming reform of German foundation's law, claim to be amended in the new law. But foundation's basic rights are implied in the provisions of Art. 19 III, too, so that even though foundations are not explicitly mentioned, they are guaranteed the same basic rights as other legal persons, too.

The restriction of NGOs' rights is generally possible for the reasons of national security and public safety.

C. Types of Organizations

According to German law, every juridical person like associations, foundations, corporations with limited liability, stock-corporations to name the most important ones can be a NGO. As said above the question of type of organization is regarded separately from its treatment according to tax-law.

Associations:

An association is an organization that contains a certain number of members, who voluntarily assembled in order to pursue a common purpose. The association may not be build for a short time only.

According to German law, there are two types of associations, those who are registered and those who are not. Only the registered ones are legal persons with full legal ability.

Nevertheless according to tax law unregistered associations are regarded as corporations, with the possibility to receive tax concessions, too. But in addition to the full legal ability, registered associations have the advantage of limited liability regarding their executive organs. That is why the bigger part of associations working in the NGO sector is registered. However, it is not mandatory to register.

The registration is indicated by an "e.V." (eingetragener Verein) that is added at the end of the association's name. Their legislation is mainly regulated in the §§ 21 - 80 BGB. Their essence is their membership.

Foundations:

At the begin of a foundation's existence the founder donates the foundation's asset that is the basis of their future work. The current legislation is not regarded as sufficient and effective. So a commission of experts is concentrating on a new legislation on foundations (see E). Foundations are regulated in the §§ 81 - 88 BGB and within the laws of the *Länder*.

stock-companies (AG):

The initial capital is given by the founders that wish to establish an AG. In exchange they get a corresponding number of stocks, so they hold a certain part of the company.

The core group holds usually at least 51% of the stocks to guarantee that they have the decision-making power and not someone from the outside. AGs are regulated in the stock companies' law (AktG) and in a general form in the commercial law-code (HGB).

limited liability companies (GmbH):

These are entities that are founded by one or more persons that want to pursue a common legal purpose. The partners are generally not liable with their own property themselves. Only the company is liable with its assets. GmbHs are regulated in the law on limited liability companies (GmbHG) and in a general form in the HGB.

All these different legal entities are recognized as legal persons and may be tax exempted NGOs.

Contrary to the tax law, the civil law does not differentiate between legal persons that pursue public benefit purposes and those who pursue member's private or mutual interests.

Political Parties are regulated separately from other associations in the section 21 GG. Their legal status is controversial. Some say that they are no associations at all, like Religious entities. Others consider political parties as unregistered associations, like trade unions, so that they don't have the legal status as a juridical person. However that may be, Political Parties are not considered as part of the NGO sector.

In Germany there is a huge number of NGO umbrella organizations that try to impose the NGO interests. Some take part in negotiations with state officials in order to make contracts, that are as well binding for the state as well as for the associations that members in the umbrella organization. In addition umbrella organizations may get financial contributions that they distribute to their members.

D. Purposes.

The German law provides a wide freedom concerning possible NGO activities. According to German law NGOs get tax concessions if they pursue aims that are charitable, in public benefit or in support of religious entities that are considered as legal bodies according to public law.

Charitable purposes are those that support people, who are

- due to their psychological or psychical condition dependent on the help of others
- economically needy.

Economically needy people are those, whose income is not higher than as four times the amount of public relief (for singles five times). This principle cannot be applied to people who have a fortune that could be used to amend their subsistence. They are not considered as economical needy as long as their fortune has not been compensated.

Activities that are considered as charitable are for instance:

- charitable homes
- telephonic care of souls
- care for handicapped
- care for people with cancer, mentally diseases or HIV-Infection
- women's refuges
- homes for homeless
- public nutrition centers

For public benefit purposes are those, which support:

- science and research
- education and formation
- art and culture
- religion
- international understanding
- (economic) aid to developing countries
- the protection of the environment, landscape and monuments
- the specifically German "*Heimatgedanke*", a specific form of patriotism
- youth
- elderly people
- the public health system
- the welfare-system
- sport
- the general support of democracy
- cultivation of plants and breeding animals
- allotment gardener
- traditional customs including the carnival, Shrove Thursday and Shrove-tide
- care for soldiers and reserves
- radio amateurs
- activities with model airplanes
- dog sports

In addition there are a lot of specific purposes that are tax exempted. A more detailed list can be found here:

<http://www.iq-consult.com/soznet/steuern/gemnutz.htm> (in German)

In some cases charitable and for public benefit purposes seem to be identical, but the differentiation is important, like those, who donate money etc. to organizations with charitable purposes can deduct contributions with 10% than with 5% form the overall amount of revenues.

In addition their members can deduct their membership fees.

Purposes that support the churches are

- the building, decoration and maintenance of churches and parish houses
- the execution of divine services
- the training of clergymen
- the execution of religious instruction
- funerals and the care of the memorial of the death
- the management of the church's assets
- the payment of clergymen and employees
- the provision for their old-age and handicap pension
- the provision for their widows and orphans

In order to receive tax concessions, registered associations, foundations, AGs and GmbHs must exclusively establish for these purposes.

E. Registration or Incorporation Requirements.

Associations

To establish a registered association at least seven members have to join. The members then must elect a board. The board may contain several members, but according to the law only one single person is required.

A statute has to be established, including the mission, the name, the location where the association is settled and it has to mention that the association will call for registration.

In addition the statute may contain those regulations that concern the entry and leaving of members, the potential membership fees, the formation of the board, the provisions for the call of the members assembly, the formalities of the call and the required majorities in the decision-making procedure in the assembly and in the board.

The statute must be signed by at least seven members and verified by a notary public. The board may ask for the registration at court in presenting the original statute, a copy of the statute, and the copy of the verification of the founding meeting minute.

The registration paper finally contains the association's name, its residence, the day of the statute's establishment, and the names of the board members. In addition the paper will contain if and how each board member may represent the association in its outside relations. Once the court has admitted the registration the association's name is added an e.V., which stands for registered association. The association's name will be added to the register of associations by the court.

The registration may be rejected if the registering court holds the papers presented not for sufficient according to the law. The court must substantiate a rejection, which can only be based on formality questions or for the reasons of illegal purpose or public safety. As a legal person the association has the right to appeal against the rejection.

Once the board is changing, the registration of the new board is required. Also foreign and Non-natural persons can be founders and members and are equal to natural German members regarding their inner-institutional rights.

There is no capital required for associations, that may be used for liability issues, even though it may be recommended. Registrations fees may amount to 150 DM (\$81).

For unregistered associations there is no control by the state during the establishing procedure. It is sufficient to follow the normative premises (board, statute etc.) to become an unregistered association. In consequence they don't get a legal ability. For that reason most of the NGOs that are organized as an association call for register. But it is not necessary in order to achieve tax concessions.

Foundations

Currently it is required that the founder sets the purpose that the foundation should pursue in a period of great length in the founding document. In addition its statute is added to this paper, except if the legislation of the *Land* where the foundation wants to settle, provides for something different. The founder donates the foundation's asset on which the foundation's activities will be based. So the founder's will is binding for the foundation future activities . The asset can exist of any items of value that is adequate to yield profits and must not necessarily consist of money.

Like the foundation's asset is their working basis the amount of the asset should be adequate to pursue the object set by the founder.

For the official admission the federal state in which the foundation wants to be settled must give its admission. The problem is that every *Land* has its own requirements that have to be fulfilled. Usually the southern *Länder* have stricter rules to establish a foundation. This is one of the reasons, why a reform of foundation's law is regarded as inevitable and necessary in order to bring forward the equalization of conditions.

The proposed system abolishes the admission requirement in favor of a normative system that provides fixed rules for the establishment of foundations. But as long as this reform has not passed, the admission is needed.

Due to the political situation in Germany it cannot be said, when the reform is going to be realized.

A probable rejection of admission must be substantiated by the state officials. Once the rejection has been effectuated, the foundation is giving a certain time to amend the papers that were considered as insufficient. The foundation may also appeal against the decision.

Fees for registration depend on the foundations asset and on the requirements according to the *Land's* law.

GmbHs

To establish a GmbH only one founder is required. It may be a foreigner or a non-natural person, too. A founding contract has to be set up by the founder(s). If there are several founders they all have to agree on and to sign it in order to establish the company. The contract has to include the name, the location, the purpose, the amount of the initial capital, and the amount each partner has overtaken. The liability capital must be at least 25 000.- € . In order to register an investment of 12 500.- € is sufficient.

If there are several founders, each one has to give $\frac{1}{4}$ of his investment. The smallest amount that is required by each founder is 500.- DM. If the company should be limited to time or if the partners should have other duties apart of their investments, it must be included in the contract, too. The capital may be items of value, too.

The company's governing instrument must be certified by a notary public and filed within the Commerce Register after having it handed in to the district court, where the company wants to settle.

The fees a GmbH must pay to a notary public and the court are calculated within the cost regulation (KostO). But the fee that has to be paid to the notary will not exceed the amount of 805 DM if the liability capital is 25 000 €. Otherwise the amount required will proportionally grow with the liability capital.

To register a GmbH into the commerce register an average fee of 300 DM must be paid.

AGs

To found an AG similar requirements are valid as for GmbHs, too. At least one founder, natural / non-natural, has to set up a founding contract that must be verified by a notary public. The statute must include the name, the location, the purpose, the amount of the basic capital, the kind of stock that is distributed, if the stocks are issued to the owner or to a name, the number of board members or the rules how the number is determined. Besides another document must be signed by the notary public that includes the founder's names, the kind of distributed stocks, and the amount of basic capital.

The basic capital must be at least 50 000 €. The registering procedure is the same as for GmbHs, too. The court has to overlook it in regard to its correct establishment and declaration of registration. Even though the basic capital is higher, the investment of 12 500 € is sufficient in order to register.

If this is not the case or the information given by the companies are incorrect or insufficient, the court may reject the registration. Of course, an appeal is permitted.

The registration paper itself contains the name, the location, the purpose, the amount of the initial capital, the day of the statute's establishment, and the board members' names. If there are provisions concerning the time of existence or concerning the capital, it must be stated, too.

For the registering fees the same is valid for AGs as for GmbHs. To register an AG into the commerce register an average fee of 400 DM (\$216) must be paid.

F. NGO Register

Currently, there is no register containing all NGOs operating in Germany.

Registered associations and commercial entities are registered in the association's register and in the commerce register.

The registers are held by the district courts, which means that there is no commerce or associations register for the entire country as well.

Foundations are registered by the supervising officials, being identical with the registration officials. Also for foundations there is no overall register.

Provisions concerning the register are within the regulation competence of the *Länder* so that there is no equalized legislation for the entire country.

The registers contain the papers handed in during the registration procedure.

In general the registers are open to public, so that the access to all copies of the documents that are handed in by the NGOs during the registration procedure is permitted on request.

G. General Powers

NGOs that have legal ability may exercise all general rights and powers of juridical persons such as ownership of real property or entering into contracts. In addition they are able to sue or may be sued.

The prohibition of NGOs is regulated in the constitution and in a separate law (association's law) whose regulation is extended to the other juridical persons, too. So a NGO may not pursue purposes or exercise activities that are in contradiction with the criminal law or that are directed against the constitutional order or against the idea of international understanding. Otherwise the state has the duty to dissolve the NGO.

In addition NGOs that consist mainly or exclusively of foreign members and exercise political activities may be prohibited if the interior or exterior state security, the public order or other important issues of the German nation or one of its *Länder* are considered as threatened or violated.

In order to avoid the prohibition of the NGO itself the officials in charge may reduce the prohibition to the execution of certain activities or to certain persons working for the NGO.

H. Membership Organizations

According to German law only registered associations are legal persons among the membership organizations. Civil law societies and unregistered associations may exist, but are no legal persons so that they have only a legal ability that is reduced to certain issues. Usually the membership within associations ends with the death, removal or resignation of the membership. The exclusion and removal or the resignation of members is allowed.

III. GOVERNANCE

Associations is permitted a wide freedom concerning their governance.

The only requirements are a membership assembly and a board of directors that is elected by the assembly. Provisions that affect these two organs of the association must be included in its statute. Internally these provisions have the quality of laws.

The assembly should meet at least once a year. Within the decision-making procedure basic democratic principles must be applied. Further provisions must be stated in the statute.

As there are no members in a foundation, only a board is required.

The board represents the legal person in its outside transactions and may appoint agents to do so.

AGs have a committee that is elected by the main assembly of all stockholders. The election power is related to the number of stocks that is held by the voting person.

This committee points out the board members and controls the executive directors.

The assembly has to meet at least once a year.

The share-holders that establish a GmbH elect the managing director who is leading the GmbH and representing it in the outside relations in the way determined by the share-holders. The managing director must not necessarily be recruited from their middle. The assembly supervises the activities of the managing director and is empowered to dismiss him.

The assembly's rights and duties and those of the managing director provided by the law may be specified within the statute if it is not an imperative provision.

IV. DISSOLUTION, WINDING UP, AND LIQUIDATION OF ASSETS.

The dissolution may be decided by members assembly or is explained by the end of the period for which the NGO was established for. The dissolution of an NGO must be indicated to the state officials by the legal agent(s) and has to be registered.

If a NGO is dissolved by state it cannot exercise its activities anymore. According to the association's law the prohibition authority for associations (and like that for other NGOs, except foundations) is the highest *Länder* office or the ministry of interior of the *Bund* depending on the association's working field.

The dissolution may also be effectuated by the state if less than three members are left.

In case of prohibition the *Land* or the ministry of interior of the *Bund* will confiscate an NGO's asset, depending on the specific working-field.

If a NGO calls for bankruptcy the association will be removed from the register.

Regardless to the reasons, if charitable organizations dissolve, their asset must be spent to other not-for-profit organizations and may be distributed to the founders, members etc.

Otherwise the state officials will recall the tax exemption retrospectively for ten years.

The distribution may be made in favor of a public legal person, too. Usually when the NGO is calling for registration the statute must contain how the asset should be distributed in the case of dissolution.

The asset recipient has to use the asset for public benefit purposes, too.

If a GmbH is winding up only the money that was handed in from each share-holder will be redistributed to each.

The founder of a foundation cannot receive the capital he once has handed in. This is a fixed rule that is a condition for establishing a tax exempted foundation.

V. REGULATION

A. Usually tax authorities within each *Land* are supervising the expenses that are made by the NGOs with regard to their conformity to the NGO's purpose when annually tax reports are handed in. If NGOs fail handing in their reports they risk to lose their tax position.

If non-fiscal infringement are detected, the report will be handed forward to the ministry of internal affairs of the *Land* or of the *Bund* itself, depending on the NGO's working field. The ministry is empowered to restrict or even dissolve the NGO if necessary.

In addition to tax control for foundations there is a supervising body in each *Land* that is supposed to guarantee the execution of the founder's will. The provisions concerning the regulation are laid down in the *Land's* law, so that they may differ from *Land* to *Land*. The regulation is most of all directed to the registration procedure and the further supervision of activities executed by the foundation in regard to their conformity with the founder's will and with the law in general. Foundations are often under less significant control only, if the state officials consider the internal supervision as effective and sufficient.

As Tax reports are generally considered as part of the privacy protected by the constitution, the public is not authorized to access these reports.

VI. FOREIGN ORGANIZATIONS

A. Registration. etc.

Foreign organizations have to fulfill the same requirements in order to become registered as German ones have. The treatment differs when it comes to prohibition because of political activity. If so foreign organizations or organizations that consist mainly of foreign members may be prohibited whereas domestic organizations may only be restricted but not prohibited.

B. Foreign grants.

There are no special provisions by the law concerning foreign grants. They are treated as those coming from domestic donors. But of course, there is no possibility for foreign donors of deductions on German tax.

VII. MISCELLANEOUS

A. The merger of NGOs is generally permitted.

So the NGO may dissolve and the members and asset is overtaken by another one or two NGOs merge and become a new third one.

For the first case the so-called transferring NGO loses its asset in favor of the so-called receiving one. The transferring NGO then extinguishes. The asset is officially transferred as soon as the merger is registered.

In membership organizations the members have to agree to the merger. The transferring membership organization's members are guaranteed the same rights as the members of the receiving one half.

If the statute already provides regulations concerning merger, including the destiny of the members, they may be applied.

According to the law the decision to merge must be supported by at least $\frac{3}{4}$ of the members. If the purpose is supposed to change at the same time all members have to agree.

The merger must be verified by a notary public and the board of the receiving NGO has to announce for registration.

B. NGOs may invest in every legal investment if it is considered as necessary to fulfil the statutory purposes. In addition NGOs don't lose their tax exemption if they invest parts of their property for asset management.

The amount is restricted to 25% of the annual profit of the already existing asset management.

C. Additional restrictions for the investment of NGO's abroad do not exist.

D. Besides lobbying, campaigning and political education NGOs may neither exercise direct political work or support nor are they allowed to raise money or to divert money for political parties or action.

However, NGOs may take position for a political direction or may be close to political parties.

VIII. TAX LAWS.

A. According to German law there is no general tax exemption for NGOs as such, but there are certain concessions related to certain premises.

1. Tax concessions for NGOs are granted if they pursue purposes that are mentioned above, regardless of the type of organization, except partnership organizations.

a) corporation tax

The corporation tax is a tax on profits and may be compared to the income tax for natural persons. The rate of taxation is 40%. Tax exempted NGOs are not liable to corporation tax. The revenues from commercial activities other than statutory are liable to tax, if the annual turnover exceeds the amount of 60.000 DM per year. Membership fees and donations are exempted as long as they are not hidden payments for the use of NGO's facilities.

b) trade tax

Tax exempted NGOs and their purpose related commercial activities are not liable to trade tax. The trade tax is imposed on commercial activities, that are not purpose related and exceed the amount of 60.000 DM per year.

c) Value Added Tax (VAT)

Generally the VAT is not related to the single individual, but to the exchange of goods. As a consequence only the ultimate user is burdened. The selling person (juridical or natural) is only collecting the money for the state and is supposed to pay the VAT. So NGOs have to pay the VAT for activities they carry out. VAT has to be pay if the NGO is regularly aiming for income, like the continuous repetition of events. The rate of taxation is 16%, for purpose related commercial activities 7%.

d) property tax

If the NGO owns land to pursue its purposes or its purpose related commercial activity, not tax will be imposed, if it is not used for living purposes.

e) income tax

Income tax will be imposed on NGOs for their staff employed but the NGO is liable for the tax payment.

f) estate tax

Contributions by last will or estates are not subject to tax if they are made in favor of domestic tax exempted NGOs.

All exemptions are effectuated by the local tax authorities where the NGO is settled.

2. There are no provisions that would allow NGOs to import products free of duties or custom excises that go further then those for natural persons. If NGOs export products for educational or humanitarian purposes, then the VAT will be reimbursed.

B. Donors that contribute money or goods of value to tax exempted NGOs are entitled to deduct a certain part of the contribution from their taxable income.

1. Individuals that contribute to such NGOs are permitted to a deduction of 5 to 10% of the donor's total taxable income depending on the purpose of the donations.

2. As alternative companies may deduct contributions up to 0.2% of the sum of total turnover plus salaries and wages paid within the concerned tax period.

3. Special *Land* or local tax laws do not exist but the fiscal control is executed by the local tax authorities. This system is provoking several difficulties as from district to district there are different opinions what is tax exempted and what is subject to tax.

C. Endowment issues.

1. All NGOs can raise money in order to finance their activities by using the asset. For example the asset may be disposed at a bank or invested in the stock market. The revenues than may be used to finance the NGO's activities. But for foundation there is a special provision. The foundation's asset itself may not be touched or even sold. If so, than the losses have to be compensated or a dissolution is possible. The board members are personally liable when non-compensated losses are revealed.

Depending on the sort of disposal, the treatment of endowments is differing.

a. If endowments are disposed at a bank so that revenues in the form of interest are achieved by the NGO, there will be no tax imposed on the amount.

b. If the endowment is used to earn money in form of dividends resulting from stock-movements the amount will be taxed. The tax will be paid by the stock company in the name of the NGO before the money is distributed.

2. If the endowment is invested in majority ownership of company-shares and if in addition the tax exempted NGO is influencing the day to day market affaires of the company, tax authorities may classify such actions participation in the commercial market and consider these actions as part of the NGO's taxable activity.

D. Commercial/Business/Economic Activities.

1. NGOs may engage in commercial activities as long as these activities are ancillary, do not constitute one of the main object of the NGO and play only a secondary role in relation to its main non-profit activity.

According to the tax law commercial activities are not subject to tax if they are necessary to pursue the NGO's purposes. Possible profits like entrance fees are not subject to tax. But the NGO is not allowed to get more into competition with companies that are not tax exempted as necessary through this activity.

If the NGO engages in commercial activity that are not necessary but still respects the conditions mentioned above, the profits will be taxed but the NGO as such remains tax exempted.

E. Reporting.

1. NGOs have to report periodically on their activities with tax authorities. Every three years tax authorities will check the tax exemption. Besides narrative and written financial reports are required.

2. Substantiation rules for contributions for the NGOs do not exist. All such provisions concern donors, that want to deduct the contributions.

3. Foundations are subject to separate rules because of their endowments like

they are under double control: tax authorities and supervisory authorities control their work. In addition foundations have to present an annual financial plan on their future work.

F. Miscellaneous.

1. According to German law there are no limitations on administrative expenses or salaries. But the NGO must prove, that these expenses have been used for statutory purposes. The salaries must be adequate in comparison with other similar entities, not necessarily NGOs.

2. Special accounting rules exist for associations only. If an association's income does not exceed a certain limit and if it does not exercise commercial activities it may only present fund accounting and receipts and expenditures. All other forms of NGOs have to present their reports in form of a balance sheet, depending on their juridical form

IX. COMPLIANCE.

A. General.

After the reunification in 1990 the number of NGOs has increased enormously. For that reason NGOs and the state officials, both had to handle several difficulties. But today both meet the requirements on a high level, especially with joint-stock companies, like the provisions are clearer.

B. Sanctions.

NGOs that violate the law may be prohibited by the officials in charge. A prohibition may be effectuated because of violating the criminal law, the idea of peoples' communication or the constitutional order by the NGO's activities or purposes. Once the prohibition has been stated by the officials, the NGO's assets will be confiscated.

X. GOVERNMENT FUNDING.

NGO's are permitted to compete for government funds in free and open competitions for which there are set bidding rules.

They can also gain access to government funds through unsolicited proposals for grants and contracts. In addition the government permits NGO's to bid to become the recipients of certain assets it is seeking to privatize and it recognizes the need to continue to provide support for privatized services.

Government assets and funding do not wind up disproportionately in NGO's formed or controlled by the government or particular officials, e.g., QUANGO's - quasi-NGO's, or GONGO's - government organized NGO's.

XI. PRIVATIZATION.

Especially labour market policies have become privatized by outsourcing governmental institutions into private membership organizations.

XII. CONCLUSIONS.

The reform on foundation's law should amend the situation for potential founders and for the foundations themselves in general like there will be less state control that may prevent the foundations from their work.

But in taking a general look, the German law treats in a very differentiated and detailed way the questions of the NGO legislation, following a high standard. Its main problem is of course to respond to the new developments of the sector and the new financial restraints.

STUD. IUR.

TIL PÖRKSEN

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