

# CROSS-BORDER PHILANTHROPY

The State of the Union  
in European-wide giving

Published in tandem with the guide  
*'How to become a true European foundation  
in a (not yet) single market for philanthropy'*



# We are closer than ever to a real single market for cross-border philanthropy.

While the European Union puts much emphasis on free trade and a single market economy, cross-border philanthropy continues to face serious challenges. Even with increasing interest in donating to European causes and foreign charities, donors and beneficiaries still run up against significant administrative and tax barriers.

Most EU Member States offer tax deductions or other fiscal incentives for charitable donations to resident non-profit organisations (NPOs). Some EU Member States also offer fiscal incentives for bequests to NPOs. But these same incentives may not be available to donors who want to support NPOs in other Member States. This could be a deciding factor as to whether a donor – individual or corporate donor – supports beneficiaries that are located outside of its own EU Member State where he/she is a resident. When available, the legal requirements and costs involved for the foreign donor or beneficiary in obtaining these incentives often prove insurmountable. These barriers discourage cross-border giving, which has a serious impact on the non-profit sector and the European citizens it serves.

Thanks to the efforts of policymakers at State and EU levels as well as organisations and initiatives like Philea and Transnational Giving Europe (TGE), we are closer than ever to a real single market for cross-border philanthropy. This publication illustrates where EU Member States now stand in their efforts to improve the philanthropical landscape and how we can take the final steps forward in supporting donors and NPOs in their quest to connect. This publication is being released in tandem with the guide *“How to become a true European foundation in a (not yet) single market for philanthropy?”* (Guide). Published by the King Baudouin Foundation (KBF) in Belgium together with several partners, the Guide is a response to ongoing requests from donors and European NPOs that cross-border philanthropy be simplified and becomes more accessible.

The Guide provides a snapshot of the situation across Europe and offers a detailed overview of the possibilities in each EU Member State. This makes it a valuable resource for donors, NPOs and policymakers in assessing the situation in broad terms and on a state-by-state level.



# DONORS EVERYWHERE: THE FREE-MOVEMENT PRINCIPLE

While global philanthropy presents challenges related to legal, regulatory and logistical differences, these challenges should be minimal among EU Member States. One of the pillars of the formation of the European Union is the single market, with the free-movement principle at its core. Enshrined in EU treaties as the embodiment of fundamental European values, freedom of movement allows both people and capital to flow unhindered across EU Member States.

Cross-border philanthropy refers to public benefit activities, donations and bequests that occur across national borders. It involves individuals or corporate actors donating money or other resources to NPOs or other public benefit beneficiaries located in a different Member State than where the donor resides or pays taxes.

This includes all manner of beneficiaries, including but not limited to:

- public benefit foundations;
- universities & libraries;
- museums & cultural institutions;
- trusts & Funds, including relief funds;
- social welfare organisations;
- social economy actors;
- human rights organisations; or
- community-Based Enterprises

In keeping with the free movement of capital, anyone in any EU Member State is free to donate to any NPO in any other EU Member State. However, the lack of a streamlined process for receiving tax benefits for these donations acts as a disincentive.

The free-movement principle also allows EU citizens to move freely within the territory of the EU for the purposes of work, study or residence. This right has been a cornerstone of EU integration, promoting economic growth, cultural exchange and social cohesion among EU Member States.

The free-movement principle has been extraordinarily successful in encouraging citizens to expand their horizons. It has bolstered and sustained the concept of the EU citizen. It is perhaps this principle that is most convincing in emphasising the importance of cross-border philanthropy.

By the very nature of the free-movement principle, EU citizens create bonds with multiple countries. And yet EU citizens living in a EU Member State that is not their EU Member State of citizenship may not get an incentive in the EU Member State where they live or otherwise pay taxes to support NPOs that are located in the EU Member State of their citizenship.

EU citizens are well-placed to comprehend that societal challenges do not stop at national borders. Challenges such as disease prevention, climate change, migration and human rights do not stop at frontiers. A localised issue such as a natural disaster speaks to the entire EU population. Cross-border philanthropy directly reflects EU values in addressing European-wide challenges, promoting cooperation and fostering solidarity across borders.

**Freedom of movement allows both people and capital to flow unhindered across EU countries.**



# THE ECONOMIC IMPACT OF CROSS-BORDER PHILANTHROPY

There are more than 186,000 philanthropic organisations in the EU, the largest number of any continent. They collectively spend €54.5 billion annually for the public good, a figure well over one-third of the EU's total payment budget for 2024. The combined assets of public-benefit foundations alone is over €647 billion.

NPOs benefit from donations made by individuals or corporate donors throughout Europe. They complement the efforts of state governments by providing financial resources, expertise and strategic partnerships to advance public welfare and promote equity.

State governments have come to rely on NPOs and the philanthropic sector, which play a number of crucial roles in society:

- 1 Addressing social needs:** NPOs focus on societal issues and community needs that are challenging for state governments to tackle alone. By providing resources and expertise, NPOs can complement government efforts in many areas, including healthcare, job training and the alleviation of poverty.
- 2 Crisis response and disaster relief:** NPOs play a critical role in responding to emergencies such as natural disasters, providing rapid assistance to affected communities. By working in partnership with local, regional and state governments and emergency responders, NPOs help mitigate the impacts of crises and facilitate recovery efforts.
- 3 Filling funding gaps:** State governments face budgetary constraints and competing priorities that limit their ability to fully fund essential services and programs. Philanthropy can step in to fill funding gaps by providing grants, donations or investments to support critical initiatives, infrastructure projects or public services.

**4 Innovative solutions:** NPOs can support the development and implementation of innovative solutions to complex social problems. NPOs often have the flexibility to experiment with new approaches and pilot programs that may not be feasible within the constraints of government structures.

**5 Building partnerships:** Through strategic partnerships, governments can leverage the resources, networks and expertise of philanthropy to achieve greater impact and efficiency in addressing social challenges. NPOs can also support advocacy efforts, influencing public opinion.

By leveraging the strengths of both sectors, philanthropy and government can work together to achieve shared goals and create positive social impact. Philanthropy needs an enabling environment to unleash its full potential. This includes tax incentives granted upon cross-border philanthropy.

And yet NPOs across the EU miss out on potentially vast sources of support if donors that are resident in an EU jurisdiction cannot claim tax incentives for their donations made to NPOs located in another EU jurisdiction. Even as the EU Member States have treaties with each other to avoid double taxation with respect to income taxation, they do not have treaties to ensure that donating across borders is equally beneficial.



## THE SITUATION IN EUROPE TODAY

Individuals or corporate donors wanting to donate to NPOs located in another EU Member State may not be entitled to a tax deduction, reduction or other tax incentive normally offered by the EU Member State in which they are a resident and in which they pay tax. If they are entitled to a tax incentive, it usually comes with significant administration, which differs from country to country.

Most EU Member States offer one or both of two options open to donors and beneficiaries when it comes to ensuring tax incentives related to cross-border philanthropy:

- 1 **the beneficiary must beforehand or after the donation be able to prove the so-called 'comparability' of the foreign NPO; or**
- 2 **the beneficiary must be 'registered' or 'agreed' in the tax jurisdiction of the donor.**

### 1 COMPARABILITY

Between 2005 and 2011, the European Court of Justice (ECJ) applied the EU's non-discrimination principle to several cases involving cross-border philanthropy (including the Stauffer, Persche and Missionswerk cases). The decisions involved both the tax status of satellite locations of non-resident NPOs and tax incentives for non-resident donors.

Two of the rulings read:

- It is not permitted that foreign EU-based NPOs and their donors are excluded by eligibility for tax privileges if, set aside, they fulfil all requirements of the national public-benefit tax law;
- It is not permitted that a (domestic or foreign EU-based) NPO is required to undertake its philanthropic activities in the EU Member State which grants the tax privilege, unless there are compelling objective reasons for this requirement.

The decisions stipulate that EU Member States carry out comparability tests "to determine whether or not a foreign EU-based NPO meets the requirements of national tax law". EU Member States were asked to adapt their legislation to allow non-resident NPOs the same tax status as resident NPOs, provided they were 'comparable' to resident NPOs.

Comparability entails assessing the conditions applied to NPOs in its home EU Member State and ensuring that the same conditions apply to NPOs in the donor's EU Member State of residence. The process guarantees that foreign NPOs meet the same requirements imposed on domestic NPOs in being recognised as eligible beneficiaries for tax purposes.

There is no consensus, however, on exactly what constitutes comparability nor on how EU Member States establish comparability. While some EU Member States have formal procedures for assessing comparability, others do not.

The burden of proving comparability generally falls on donors, who turn to NPOs for the documentation they need. But it is not clear to NPOs what steps are needed to prove comparability in other EU Member States. NPOs must engage legal experts in other EU Member States to start a process of providing comparability, which can require significant fees, paperwork and authorised translations. A majority of NPOs simply do not have the resources required to enter into this process. Those that do find it can take up to a year to attain the necessary documentation.



While being registered in every EU Member State would allow organisations optimal access to potential donors, the lack of a streamlined procedure puts an incredibly high burden on them.

In EU Member States with no official comparability test, tax authorities also often consider requests for tax incentives for cross-border philanthropy on a case-by-case basis. The comparability process is thus incredibly inefficient for both the state and its non-profit sector. It is also the case that simple differences in regulations between EU Member States can destroy the chance to be seen as comparable, such as for instance the remuneration of board members of an NPO.

While the ECJ's decisions were intended to make it easier to donate to a foreign NPO, the practical application of comparability in fact hinders such donations. Comparability challenges can be found in many areas when examining differences among EU Member States:

- **Legal and regulatory differences:** A lack of harmonisation in legal and regulatory frameworks governing philanthropy and NPOs;
- **Definition variability:** Criteria for tax-exempt status or the types of activities considered 'public benefit' vary, making it difficult to compare philanthropic activities;
- **Data collection and reporting:** Variations in data collection methods, reporting standards and transparency requirements; or
- **Cultural and societal factors:** Cultural norms, societal attitudes toward philanthropy and historical contexts vary significantly, influencing the types of causes supported.

The burden for proving comparability is on the donor that claims the tax incentive or on the NPO. This serves as a deterrent to potential donors and to beneficiaries, particularly if the size of the donation does not make the time and fees involved worth the effort. And even when comparability is established, this is not necessarily a permanent recognition. It might have to be established all over again for future donations.

In some EU Member States, the above mentioned Guide learned us that even if all is in place, the creation of a 'defence file' would be useful in case of a tax audit of the person claiming the tax incentive. In certain cases, the donor may be required to request a prior legal opinion in order to obtain the necessary level of certainty that he/she will not have a problem.

## 2 BECOMING REGISTERED OR AGREED

In certain EU Member States, foreign NPOs can also apply to be registered, agreed or approved. While this also involves comparability, it is a process that is done once (renewals notwithstanding). This registration process then opens the NPO up to donors that are resident in that NPO's EU Member State of registration. The donors that are resident in NPO's EU Member State of registration then receive the same tax incentive as they would when donating to resident NPOs. Registration removes the burden of proof of comparability for the donor.

The Guide *"How to become a true European foundation in a (not yet) single market for philanthropy"* (see sections 4 and 9) details the registration process, where it exists, in the 27 EU Member States and makes it very clear how varied, complex – and hence expensive – these procedures are. Many NPOs will not have the resources take on this challenge, let alone more than 20 times. The Guide also shows which EU Member States offer no tax incentives or where no registration process exists for foreign NPOs.

While being registered in every EU Member State would allow NPOs optimal access to potential donors, the lack of a streamlined procedure puts an incredibly high burden on these NPOs.

### 3 ABSENCE OF COMPARABILITY OR INABILITY TO REGISTER

In the absence of a streamlined comparability process or the ability to become registered in another EU Member State, NPOs and their donors must be prepared to compile documentation that proves equivalency (i.e. a 'defence file' that can be used upon a tax audit of the person claiming the tax incentive).

The Guide details the documentation that would be useful should tax authorities call on the donor to prove that donations to a foreign NPO benefit from the claimed tax incentive. Such 'defence files' have proven to be useful to donors and also to NPOs (which can use them in the benefit of their donors if so required).

### 4 CASE STUDIES: REAL-WORLD IMPACT

Philea, a membership organisation bringing together foundations and NPOs in Europe and around the world, recently published a paper illustrating barriers to cross-border philanthropy. The paper was published in partnership with Transnational Giving Europe (TGE), a network that enables donors to support NPOs across 19 Member States while enjoying their tax incentives on their state of residence.

The paper cited specific case studies to highlight the real-world impact of the complex nature of cross-border giving. Some examples:

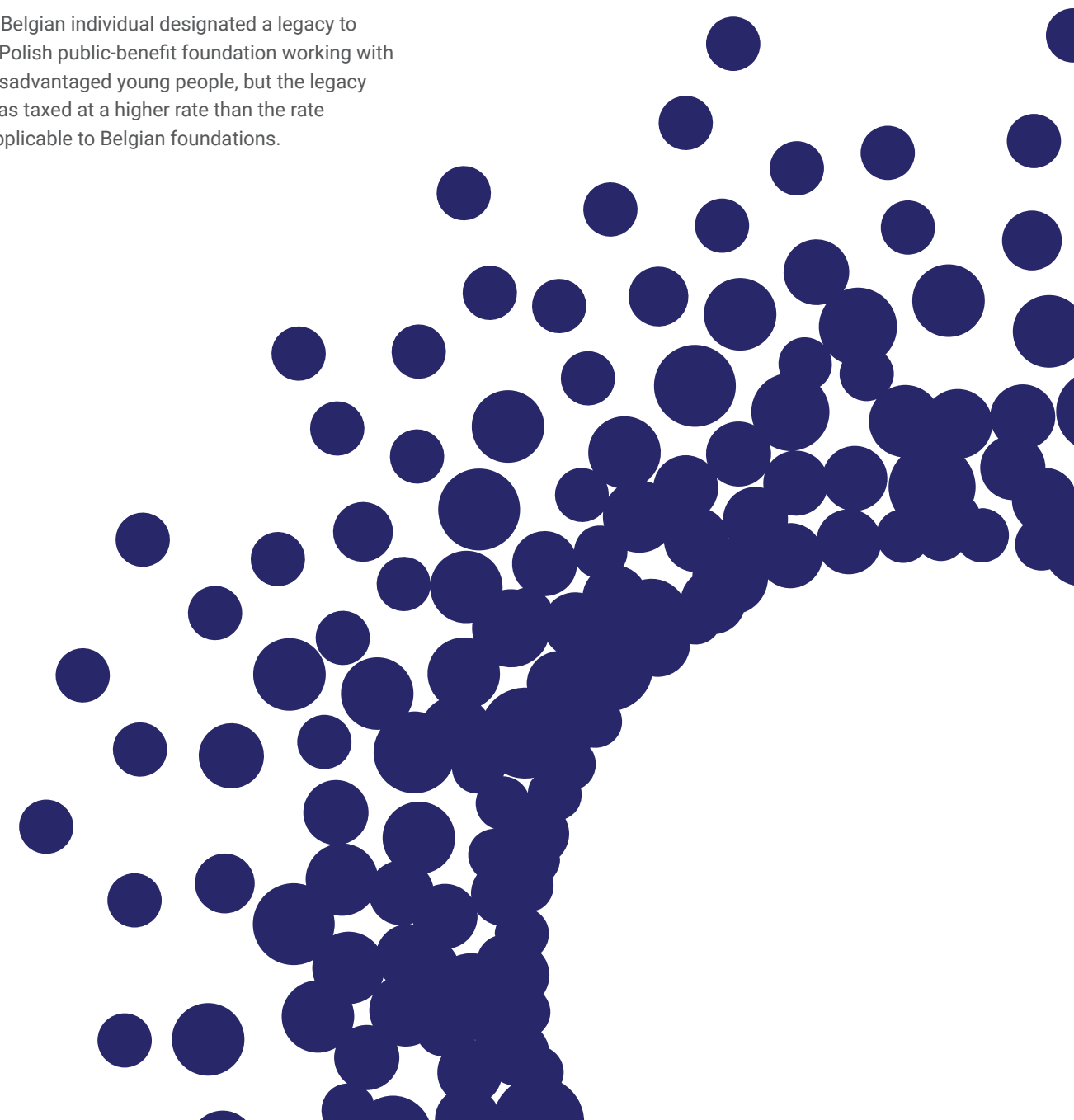
- Fedora (The European Circle of Philanthropists of Opera and Ballet) is a non-profit association committed to supporting the future of opera and dance in Europe. Fedora raises funds across borders to stimulate innovation in the sector both onstage and off. The organisation works through TGE because it cannot manoeuvre the cumbersome legal and tax frameworks involved in cross-border philanthropy on its own. Linked to Fedora, Transnational Giving Europe launched in

2020 Europe's first online Transnational Giving Platform. This digital solution facilitates cross-border philanthropy by allowing individuals and companies to make online donations and to benefit from tax deductions in their country of residence. Two non-profit organisations, Fedora Platform and Common Goal, were the first to pilot this new online donation platform. The initiative was co-funded by the Creative Europe programme, and the Swiss Philanthropy Foundation, with the support of the King Baudouin Foundation. To date, the platform has enabled more than 7000 European donors express their generosity, with 230 European charities using this one-of-a-kind tool in their cross-border fundraising ([generositydays.transnationalgiving.eu](https://generositydays.transnationalgiving.eu)).

- Dog4Life ETS, an Italian NPO that trains assistance dogs, noted that donors from outside Italy could not receive the tax benefits offered in their state of residence when donating to the organisation. This naturally resulted in the organisation receiving fewer donations;
- A French donor wanted to donate €5,000 to a Romanian organisation that works with disadvantaged youth. To claim the tax credit in France, the donor had to prove comparability of the Romanian organisation to a French organisation, which was rejected; or
- A German donor wanted to deduct a €10,000 donation to a Greek organisation that supports students of classical music. This was rejected because the activities of the organisation did not meet Germany's comparability requirements, i.e. that (i) the Greek organisation benefits to individuals who have their permanent residence in Germany, and (ii) the activities of the Greek organisation contribute to Germany's reputation at home or abroad.

There are also examples of difference in the treatment of 'inheritance tax' when it comes to cross-border legacies:

- A German individual nominated a Spanish public-benefit organisation as her legatee for an amount of €25,000. However, the exemption from inheritance tax did not apply as Spain has not entered into a reciprocity agreement with Germany. Had the legacy been made to a German tax-exempt public-benefit organisation, the legacy would not have been taxed; or
- A Belgian individual designated a legacy to a Polish public-benefit foundation working with disadvantaged young people, but the legacy was taxed at a higher rate than the rate applicable to Belgian foundations.





## MEMBER STATES: A SNAPSHOT OF THE PHILANTHROPY LANDSCAPE

Together with several partners, KBF has published the Guide *“How to become a true European foundation in a (not yet) single market for philanthropy?”*. The Guide consists of questionnaires addressed to legal experts in 27 EU Member States.

The Guide offers a clear picture of the situation in the EU for cross-border philanthropy.

### 1 KEY FINDINGS

- Nearly all EU Member States provide for certain tax incentives for donors – individuals and corporates
- The majority of EU Member States also provide for tax incentives for donations made to foreign-based NPOs;
- Several EU Member States provide, where they exist, tax incentives based on ‘comparability’; and
- Other EU Member States provide for the possibility for foreign NPOs to register in its State.
- Finally, some Member states are not yet in line with EU law or do not provide any tax advantage, even not to national donors

The EJC decisions described above have had a significant impact on EU Member States’ legislation when it comes to allowing tax incentives for cross-border donations. Today, nearly all EU Member States recognise foreign NPOs as valid beneficiaries for domestic tax incentives.

In nearly all EU Member States, it is possible to obtain a tax incentive if comparability can be proven. In the majority of the EU Member States, there is a possibility for a foreign NPO to become registered. Other EU Member States do not offer

such registration option or do not consider it necessary due to an already streamlined process for recognising cross-border NPOs for tax purposes. In some EU Member States, a satellite office of the foreign NPO must be established in order for resident donors to receive tax incentives.

### 2 BEST PRACTICES IN CROSS-BORDER PHILANTHROPY

Two EU Member States seem to stand out in their efforts to make cross-border philanthropy easy and accessible for their resident donors, i.e. Luxembourg and The Netherlands.

#### Luxembourg

It is likely the free-movement principle that has led Luxembourg to become what one expert calls “the five-star country when it comes to cross-border giving”. With nearly half of its population made up of foreign-born residents, Luxembourg has perfected the process of providing tax incentives to donors regardless of the location of the beneficiary.

Based on the Guide, Luxembourg seems to be alone in its clear and simple answer to question “Is it necessary for foreign NPOs to prove that the foreign legal form is equivalent to the domestic legal forms?”. The Luxembourgish straightforward answer is: “If an NPO is recognised as such in its home country, there is no requirement to prove the equivalence of its foreign legal form to domestic legal forms.”



Luxembourg tax residents can get a tax deduction for donations to NPOs that are established in any country in the EU or EEA. The NPO and taxpayer fill out a short form that is easily accessible on the government's website in French, German and English. Donors attach this form to their tax return. There is no comparability test.

Luxembourg has no registration procedures for foreign NPOs because its streamlined system renders it is completely unnecessary for a foreign NPO to go through the complex legal process of comparability.

#### **The Netherlands**

The Netherlands has a straightforward process for foreign NPOs to become recognised. Just as domestic NPOs, foreign NPOs may become recognised ANBI (Algemeen Nut Beogende Instelling) organisations, making them eligible for tax incentives. Foreign NPOs submit an application, which is easy to find online in English. The application procedure is one of the easiest and fastest in the EU and, once approved, allows the foreign NPO to receive donations from Dutch taxpayers. There is no burden on the taxpayer or foreign NPO to prove comparability.

Please note that if these two countries can be cited as examples, we could also mention several other countries like Estonia, the Czech Republic, and others, that appear to have implemented the necessary measures to enable cross-border philanthropy.

### **3 SOME EU MEMBERS STATES ARE CATCHING UP: NEW REGISTER IN GERMANY**

In Germany, a new Charity Register is online since January 2024. It includes various types of organizations, such as corporations, legal entities under public law, public law foundations, as well as all non-profit organizations that can issue donation certificates for donors to use in their tax declarations. This register is accessible to everyone, including tax authorities, donors, and grant-making foundations. Foreign organizations recognized as non-profit in Germany, collecting donations and issuing donation confirmations, must apply for registration.

While the data of German organizations is reported through tax authorities, there are special regulations for foreign organizations. Essentially, any organization based in the EU/EEA is entitled to apply if they were established according to EU regulations and are recognized as non-profit under German law. Foreign organizations can apply via the BZst online portal or send the application and documents directly to the Federal Central Tax Office (BZSt).

The examination of the application as a registered recipient of donations can take up to 6 weeks and is valid for one year but can be extended. For more information, visit the Federal Central Tax Office website: [BZSt - Overview](#) and [Application: BZSt - Applications](#). It remains to be seen and tested how easy/complex the register approach works for foreign NPOs but the online register clearly is a huge step forward.

Note that countries, like Spain for example, did also recently take interesting steps to enable cross-border philanthropy in line with EU law for example by formally opening registration to non resident NGO's. Many steps in the right direction.

There are many avenues open to Member States to remove the barriers to cross-border philanthropy and collectively begin forging a giving trail across the EU.



## STEPS MEMBER STATES CAN TAKE NOW

The vast majority of EU Member States providing tax incentives for cross-border philanthropy in the form of a comparability test or registration is an excellent basis on which to build a future single market for philanthropy. But until procedures are put in place to approve these incentives easily and quickly, cross-border philanthropy will never be able to deliver the benefits it promises.

There are many avenues open to EU Member States to remove the barriers to cross-border philanthropy and to collectively begin forging a giving trail across the EU. The following steps could lead in the direction of the ultimate goal: a truly single market for philanthropy.

### 1 Create a process for the registration of foreign NPOs

Abandon complex comparability tests and offer straightforward, easily accessible guidelines – in English as well as the local language – for foreign NPOs to become registered, or otherwise recognised as a beneficiary to whom donations can be made that benefit from the tax incentives as available for domestic NPOs. See currently Luxembourg and the Netherlands for best practices in this regard.

### 2 Create bilateral or multi-lateral treaties with other Member States

EU Member States should be encouraged to enter into bilateral treaties that would consider all NPOs established in one EU Member State immediately recognised by the other treaty concluding EU Member State. EU Member States with similar guidelines for approving NPOs could also enter alliances via a multilateral treaty.

### 3 Train members of staff from the tax authorities on regulations around cross-border donations

Ensure that members of staff from the tax authorities are aware of the regulations around tax incentives for cross-border philanthropy, including comparability tests and registration of non-resident NPOs. Regulations can only be effective if they are understood by the people handling the tax returns.

### 4 Share best practices

If a specific EU Member State develops clear guidelines for becoming registered or for a comparability test, it should be shared with neighbouring countries so that cross-border philanthropy is encouraged in the region.

### 5 Support the EU's conclusions and proposals

EU Member States should support the momentum at the EU level for improving the cross-border philanthropy landscape. Recent conclusions and proposals on the role of civic space, the formation of a European Cross-Border Association and social economy framework are a momentum to enhance measures that improve the cross-border philanthropy within the EU (see section 6).



## WAY FORWARD AT EU LEVEL — MOMENTUM FOR A SINGLE MARKET FOR PHILANTHROPY

There are many reasons in 2024 to be optimistic about the realisation of a truly single market for cross-border philanthropy in the EU. Several proposals and action plans point to a willingness to not only recognise the problems but to take direct measures to improve the philanthropical landscape in Europe.

### 1 THERE ARE SEVERAL PROPOSALS AND ACTION PLANS ON THE TABLE:

- Conclusion on the role of civic space:**  
 In March 2023, the Council of the European Union approved conclusions on the role of civic space, which emphasised unjustified restrictions to civil society organisations. The Council called on EU Member States to actively protect civil society organisations from arbitrary restrictions and challenges related to funding.
- European Cross-Border Association:**  
 In September 2023, the European Commission adopted a proposal to facilitate cross-border philanthropy with the formation of a European cross-border association (ECBA). This would allow foreign NPOs to receive an 'ECBA certificate', which would allow it to operate within another EU Member State the same way as a domestic NPO.
- Council recommendation on the social economy:**  
 In November 2023, the Council adopted a Commission proposal on developing social economy framework conditions. This proposal includes guidance for a non-discriminatory taxation of charitable organisations and their donors as drawn from EU case law. The proposal states: "It is recommended that Member States consider measures to: facilitate compliance on a practical level for public-benefit cross-border donations for taxation purposes, for instance by issuing a standardised form of the recipient entity established in another Member State on the amount of the donation, identifying both the recipient and the donor."

### 2 RECOMMENDATIONS FOR WHAT THE EU CAN DO NOW

Based on the information obtained for the Guide, as well as the work of Philea and Transnational Giving Europe, there are several recommendations for what the EU can do now.

- Create an EU-level procedure for approval of NPO status:** The EU should develop a unified set of requirements for being or becoming an officially recognised NPO in all Member States.
- Create an EU-wide recognition procedure for NPOs:** Any NPO approved in one Member State should automatically be recognised by all Member States.
- Put information at the disposal of organisations and donors:** Create a centralized platform with information on how to become a registered NPO in other Member States and how to support charities in other countries. Include links to information in every EU Member State.
- Encourage EU Member States to provide tax incentives to both individuals and corporate donors:** Not all tax incentives are created equal. The EU should encourage EU Member States to offer the most advantageous tax incentives possible in order to boost philanthropy, inside and outside national borders.



## WAY FORWARD FOR THE SECTOR — LAYING THE GROUNDWORK: PHILEA AND TRANSNATIONAL GIVING EUROPE

Philea and Transnational Giving Europe have been working for many years on creating a single market for philanthropy.

### PHILEA

Philea is a membership organisation bringing together NPOs around the world to collaborate and share best practices. In November of 2023, Philea published the European Philanthropy Manifesto, a call to both national and EU-level policymakers to create a single market for philanthropy by taking four steps:

- EMPOWER philanthropy;
- FACILITATE cross-border philanthropy;
- ENGAGE with philanthropy; and
- PARTNER with philanthropy for the public good.

The Manifesto describes actions that can be taken in each step to put the country on the right track to making cross-border philanthropy easy for donors and beneficiaries.

### TRANSNATIONAL GIVING EUROPE (TGE)

Transnational Giving Europe facilitates cross-border donations in 19 countries in the EU or EEA. Donors donate directly to a TGE partner organisation in their own countries of residence, receiving the tax deduction or tax reduction to which they are entitled. That partner organisation then transfers the donation to the chosen charity in the other country.

Serving some 11,000 donors and more than 500 beneficiaries annually, TGE has channelled an average of €23.9 million annually over the last five years across its 19 countries. As TGE and its partner organisations deal with the administration, there is no extra work for the donor, encouraging cross-border philanthropy within these 19 countries.

TGE is fulfilling a role that it hopes will eventually take place at an EU/EEA-wide level. The 2014 study Taxation of Cross-Border Philanthropy in Europe After Persche and Stauffer, published by TGE and the European Foundation Centre (now Philea), states:

**“We exist precisely because the current operating environment for cross-border philanthropy is not meeting the needs of citizens. TGE’s aim is to grow faster to disappear sooner, which we intend to do once all the pieces of the EU puzzle for cross-border philanthropy have been collected and assembled.”**





## WAY FORWARD: KBF AND PARTNERS EMBARK IN ACCELERATION

The current momentum among EU policymakers to take steps towards a single market for philanthropy has encouraged KBF to embark on the project of producing the Guide: *“How to become a true European foundation in a (not yet) single market for philanthropy?”* (see section 9)

KBF has the experience and the resources at its disposal to provide guidance to Europe’s rich landscape of NPOs when it comes to cross-border philanthropy. Realising that many organisations do not have the means to investigate comparability or becoming registered across borders, KBF believes that it has the responsibility to make this information available to Europe’s philanthropy sector. KBF and its partners believe that every NPO and every donor – individual or corporate - should have equal access to the information required to receive donations and bequests from all EU citizens or EU residents – regardless of where they live or pay taxes.

With affiliated KBF organisations in both the US and Canada, KBF Belgium has long been dedicated to creating and supporting a global giving network. KBF is a founding member of Transnational Giving Europe as well as of the **Myriad Alliance for Borderless Giving**, which advises donors and connects them with beneficiaries in Europe, Asia, North America, Australia and New Zealand and wants to create and enable cross-continental philanthropic endeavours.

KBF has taken these steps in response to citizens of the world becoming more and more digitally connected, making the desire for global philanthropy stronger than ever before. Global philanthropy connects people on different continents and east with west to address challenges and issues that affect people and communities worldwide.





# THE STATE-BY-STATE GUIDE: HOW TO BECOME A TRUE EUROPEAN FOUNDATION

Together with the **Lex Mundi** network of independent law firms, the KBF has published the Guide: *“How to become a true European foundation in a (not yet) single market for philanthropy?”*. Freely accessible online, it is a guide for European NPOs on becoming registered in other Member States. This process, while challenging, allows donors to get the same tax incentive for making donations to a foreign NPOs as they would otherwise receive by making donations to a domestic NPO.

## 1 THIS STATE-BY-STATE GUIDE SERVES SEVERAL PURPOSES:

- It provides a snapshot of the philanthropy landscape in Europe;
- It offers a wealth of detailed information on recognition, registration and tax incentives in each country and wants to be and stay a resource to help the non-profit sector advance towards a single market for philanthropy until this is realised at an EU level;
- It is a step-by-step guide for all potential beneficiaries to become registered, or otherwise recognised, in the EU Member State(s) of their choice; and
- It is a call to action to Member States and to the European Commission and Parliament to create a truly single market for philanthropy.

## 2 HOW THE GUIDE WAS PRODUCED

Through the Lex Mundi network of independent law firms, KBF and its partners engaged legal assistance in every country to describe the process of becoming a registered NPO in that country. The Guide consists of questionnaires addressed to legal experts in 27 Member States.

The questionnaire has been compiled to create the Guide, which is freely accessible as a public document. This will assist beneficiaries in cutting through red tape should they choose to start the registration process in a particular EU Member State.

Every EU Member State received the same detailed questionnaire. It consists of three main questions, each of which are followed by up to 19 sub-questions, leaving no stone unturned. The three main questions are:

- What are the current legal and tax regulations for philanthropy in your country? Please provide links or resources relating to the recognition process and tax advantages for NPOs in your country
- Are any tax advantages available to taxpayers in your country with respect to domestic donations and bequests?
- Are the same tax advantages relating to donations or bequests available when the receiving NPO is foreign to your country?

Besides information about whether there is a registration process for foreign NPOs, the Guide covers requirements for recognition of domestic NPOs and all possible tax advantages for individuals and corporate undertakings. It serves as a practical guide, but also reveals EU Member States' legislative priorities when it comes to cross-border philanthropy and tax incentives for donors.

### 3 KBF'S JOURNEY TO RECOGNITION IN EVERY EU COUNTRY

KBF has additionally launched a project to become registered or establish comparability in every EU Member State. In essence, KBF is testing the guide by following the procedures reported by legal authorities in every EU Member State. By going through the process itself, KBF will be able to share the experience with fellow NPOs, with legal firms, with philanthropists and with both EU and national policymakers.

The process will not only determine if the steps reported by legal experts in every country match the reality, it will also determine the length of time and costs involved in following the steps.

KBF's project will provide real-world evidence of the differences between EU Member States in opening themselves up to cross-border philanthropy and hence what is holding back the giving economy in the EU.

Prior to this project, KBF was already registered or otherwise recognised in four other EU Member States, i.e. The Netherlands, Denmark, Luxembourg and France. As of the publication of this document, KBF has embarked the process to become registered in seven priority countries: Germany, Italy, Spain, Ireland, Austria, Sweden and the Czech Republic.

It is KBF's goal to be a registered or otherwise recognised NPO in all 27 EU Member States by the end of 2026.

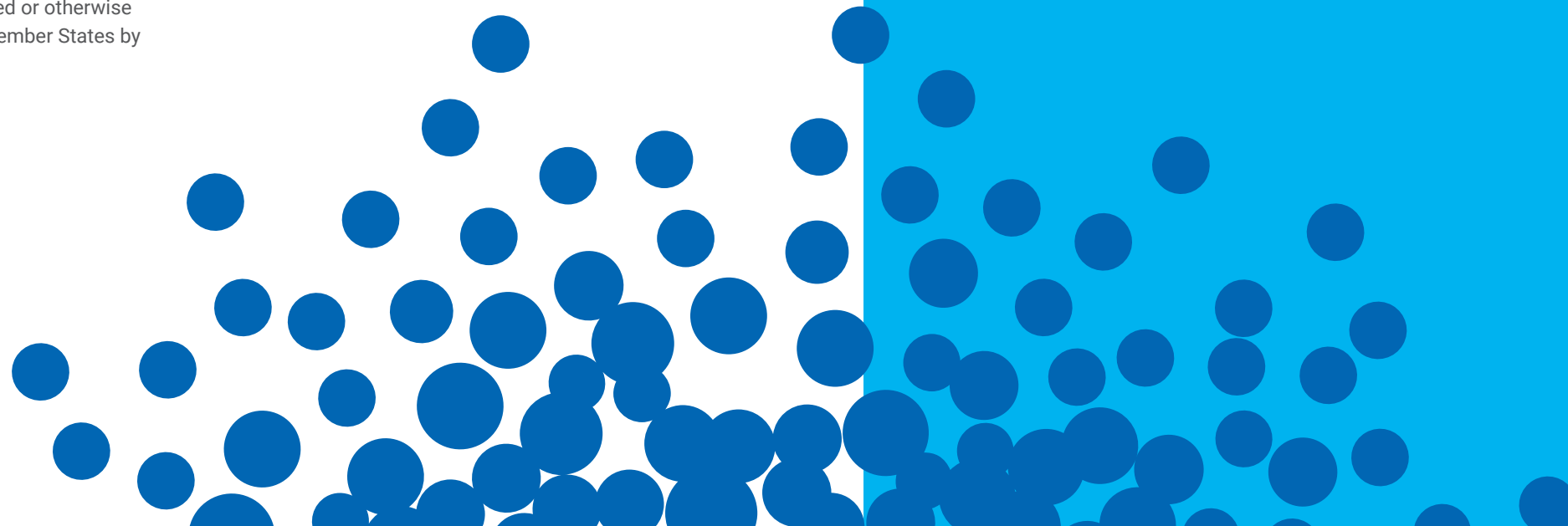
### 4 THE PHILANTHROPY SECTOR CALLS FOR A SINGLE MARKET FOR PHILANTHROPY

The Guide makes very clear the differences among the countries in terms of complexity of the process of proving comparability or becoming registered and whether there is a process in place at all. In this context, it is a testament to the need for a unified process to allow cross-border philanthropy in the EU and EEA.

It is important to understand that even if this Guide opens doors to some NPOs, it also lays bare the disparity within the philanthropy sector. A small organisation will not necessarily have the time or the means to become registered in multiple countries. What KBF is doing cannot be replicated across the entire sector.

This is another reason why KBF and partners point to the non-discrimination principle in the context of cross-border philanthropy. When not all NPOs have equal access to the mechanisms of philanthropical giving, we have a fundamental discrepancy in the equal and fair chance to access opportunities.

Through the Lex Mundi network of independent law firms, KBF and its partners engaged legal assistance in every country to describe the process of becoming a registered NPO in that country.





## THE KING BAUDOUIIN FOUNDATION AND ITS PARTNERS

The Guide “How to become a true European foundation in a (not yet) single market for philanthropy?” was made possible through the work of several partners who are all dedicated to creating a single market for cross-border philanthropy in Europe.

### THE KING BAUDOUIIN FOUNDATION

w. [kbs-frb.be](http://kbs-frb.be)

The King Baudouin Foundation was set up in 1976, on the occasion of the 25th anniversary of the reign of King Baudouin of Belgium. KBF’s mission is to contribute to a better society in Belgium, in Europe and elsewhere in the world.

The foundation is an actor for change and innovation, serving the public interest and increasing social cohesion. It seeks to maximise its impact by improving skills in organisations and for individuals. KBF also stimulates effective philanthropy by individuals and corporations.

The foundation’s key values are integrity and transparency, promoting solidarity, respect for diversity, pluralism and independence. Its vision for the future is:

- In Belgium, to anchor its activities, from the local to federal level;
- In Europe, to continue to position the KBF on the European stage; and
- Internationally, to become a significant player in cross-border philanthropy, through the Myriad alliance for borderless giving, created together with Myriad USA and Myriad CANADA, and through its partnership with Give2Asia.

### TRANSNATIONAL GIVING EUROPE

w. [transnationalgiving.eu](http://transnationalgiving.eu)

Transnational Giving Europe (TGE) is a partnership of leading European foundations and associations facilitating tax-efficient cross-border giving within

Europe. The TGE network enables donors, both corporations and individuals, resident in one of the participating countries, to financially support non-profit organisations in other member countries, while benefiting directly from the tax advantages provided for in the legislation of their country of residence. TGE is currently operational for donations across 19 countries within the European Union and its European neighbours.

### PHILEA

w. [philea.eu](http://philea.eu)

With individual philanthropies and national-level infrastructure organisations in more than 30 countries as members, Philea unites over 7,500 public-benefit foundations that seek to improve life for people and communities in Europe and around the world.

Philea’s vision is for philanthropy to use its full potential to co-shape and support a pluralistic, just and resilient society that centres people and planet. Its mission is to enable, encourage and empower the philanthropic community to build a better today and tomorrow. It galvanises collective action and amplifies the voice of European philanthropy to:

- Co-create knowledge and learn from effective practices;
- Collaborate around current and emerging issues; and
- Promote enabling environments for doing good

Philea nurtures a diverse and inclusive ecosystem of foundations, philanthropic organisations and networks working for the common good.

## MYRIAD

w. myriad.org

Dedicated to unlocking the full potential of international philanthropy, Myriad is building a global alliance that connects donors with trusted charities around the world. Myriad's goal is to encourage, stimulate, and facilitate borderless giving.

Myriad combines global experience, local knowledge and trusted partners. A combined 50 years of international grant-making helps both donors and recipients achieve their goals. A network of country advisors navigate local regulations to ensure gifts are delivered safely and used effectively. Relationships with respected organisations around the world help Myriad to connect donors to the causes they care about.

Myriad was founded in 2024 by the following organisations:

1. **Myriad Europe**, a new brand launched by Belgium's King Baudouin Foundation
2. **The Gift Trust of New Zealand**, the leading national community foundation with deep ties to the Pacific Islands and beyond
3. **Give2Asia in the US**, the global leader in philanthropic grant-making to China
4. **Give2Asia Foundation in Hong Kong SAR**, the hub for Asia's regional philanthropy with close connections to China's mainland
5. **Myriad Australia** (formerly Give2Asia Australia), with global capabilities to fund poverty alleviation with private donors
6. **Myriad Canada** (formerly KBF Canada), partnering with Canadian funders for project worldwide
7. **Myriad USA** (formerly KBF USA), providing a global footprint for US donors reaching out to the world.

## LIEDEKERKE LLC

w. liedekerke.com

Founded in 1965 and with offices in Antwerp, Brussels, London, Kinshasa and Kigali, Liedekerke is an independent law firm with an international reputation for providing world-class service. Counting more than 140 lawyers, the firm has an in-depth knowledge of Belgian and European law, representing clients in complex litigation before national, European and international courts, both judicial and arbitral.

Liedekerke assists clients with cross-border projects, calling on its solid international service capabilities and relationships with leading law firms across the world. It is recognized for its ability to quickly mobilize competent, flexible and multidisciplinary teams. Its clients come from a broad range of industries, including financial services, public authorities and government agencies, funds and asset management.

## LEX MUNDI

Lex Mundi is the world's leading network of independent law firms. It brings together top law firms, lawyers and business professionals in more than 125 countries to provide world-class cross-border legal solutions. The network's member firms offer an unmatched global resource of more than 23,000 lawyers worldwide.

KBF and its partners believe that every NPO should have equal access to the information required to receive donations and bequests from all EU citizens – regardless of where they live or pay taxes.

## ADDITIONAL RESOURCES

- Indiana University Lilly Family School of Philanthropy Global Philanthropy Indices.
- European Philanthropy Manifesto, Philea, 2024.
- European Commission proposal for a Council Recommendation on developing the social economy framework conditions, 2023.
- Non-discriminatory taxation of charitable organisations and their donors: Principles, European Commission, 2023.
- Proposal for a Council Recommendation on developing social economy framework conditions, European Commission, 2023.
- Proposal on European cross-border associations, European Commission, 2023.
- Relevant taxation frameworks for Social Economy Entities, European Commission, 2023.
- “The Philanthropy Environment in Europe”, Indiana University Lilly Family School of Philanthropy and Philea, 2022.
- “Comparative Highlights of Foundation Laws”, Philea, 2021.
- “Cross-Border Tax and Philanthropy: Avoiding the Icebergs in the Sea of Generosity”, Breen, Oonagh B., and Cordery, Carolyn J., Nonprofit Policy Forum journal, 2021.
- European Commission Social Economy Action Plan, 2021.
- Country profiles on the legal and fiscal landscape for philanthropy, Philea, 2020.
- “Taxation and Philanthropy”, OECD, 2020.
- “Boosting cross-border philanthropy in Europe: Towards a tax-effective environment”, The European Foundation Centre and Transnational Giving Europe, 2017.
- “Taxation of cross-border philanthropy in Europe after Persche and Stauffer: From landlock to free movement?” The European Foundation Centre and Transnational Giving Europe, 2014.

Link to the full report

