

Statute for a European Foundation (FE)

2012/0022(APP) - 02/07/2013 - Interim resolution adopted by Parliament

The European Parliament adopted a resolution on the proposal for a Council Regulation on the Statute for a European Foundation (FE).

Necessity to put in place a common statute: Parliament recalls that there are more than 110 000 foundations with a public benefit purpose in the Union, with estimated combined assets of approximately EUR 350 billion, spending a total of approximately EUR 83 billion and employing between 750 000 and 1 000 000 European citizens. In civil law and tax law throughout the Union, there are **more than 50 different pieces of legislation applicable to foundations**, as well as a host of complicated administrative procedures, which give rise annually to advisory costs estimated to amount to as much as EUR 100 million – money that thus becomes unavailable for public benefit purposes.

In this context, Members welcome the Commission's proposal as **a major step towards making it easier for foundations to support public benefit purposes across the EU**. They consider the introduction of a common Statute for a European Foundation could contribute to the development of a **truly European culture and identity** and make it much easier for foundations to package and transfer resources, expertise and donations and to pursue their activities throughout the EU. They stress that it is important that negotiations on this important piece of legislation move forward quickly in order to provide the foundation sector with this new instrument that it is urgently awaited.

The resolution points out that, while the legal form of the FE would be new, **the proposal is that it should be applied through structures that already exist in the Member States**. It also calls for the Regulation to stipulate that the Member State with financial authority over the foundation shall be responsible for ensuring that it is, in practice, managed strictly in accordance with its statute.

Parliament's recommendations: in Members' opinion, to underpin confidence in the FE, the **sustainability, seriousness and viability of foundations**, as well as the effectiveness of their supervision, must be core criteria. They therefore call on the Council to take into account the following recommendations:

- the **minimal level of assets** of EUR 25 000 should be maintained throughout the lifetime of the foundation;
- the existence of an FE in any Member State should be **open-ended** or, where expressly laid down in its statutes, set for a specified period of time of not less than four years;
- **amendments to a foundation's statutes**, where the existing statutes have become inappropriate for the functioning of the FE, should be allowed if they are made by its governing board;
- provisions should be made to **avoid conflicts of interest** within foundations *vis-à-vis* bodies independent of the founder, while recognising that foundations may be set up in a family context, in which a high degree of trust between founder and committee members is a prerequisite, so that the founder knows that the purpose of the foundation will be secure after his or her death;
- the **threshold for foundations that are required to have their accounts audited** should take into account the total assets, the annual income and the number of employees of that foundation;
- the Statute should provide for information of volunteers; the Statute should also **encourage volunteering** as a guiding principle;
- a provision should be added whereby **any remuneration paid to members of the governing board** or other bodies of the FE is to be reasonable and proportionate;

- as regards the representation of employees, the negotiation procedure which, under the proposal, refers only to the information and consultation of employees within the EU, should be extended to **cover participation by employees in the bodies of the FE;**
- in the interests of effective supervision, the **registered office and the administrative headquarters** of an FE should be in the Member State in which it is established;
- the proposal should be **limited to a civil law instrument**, while reinforcing a number of the core elements of the public benefit concept as found in the Member States, so as to facilitate the recognition of equivalence within Member States.

The resolution highlights the potential offered by foundations in providing jobs for young people. In addition, assistance to the victims of terrorism and acts of violence and the promotion of interreligious dialogue are felt to be highly relevant **public benefit purposes**.