

GERMANY ABGABENORDNUNG

§ 55 Non-Profit Activity

(1) Furthering or support are defined as not for personal profit if personal economic goals are not the principal goal – for example, occupational goals or other income-producing goals - and if the following conditions are met:

1. The resources of the corporation may be used only for the goals set out in the bylaws of the group. Members or participants in the society (members in the sense of these regulations) may receive no profits and in their roles as members may receive no other sums from the resources of the corporation. The corporation may not use its resources either for direct or indirect aid to or furthering of political parties.
2. Upon resignation from the corporation or upon dissolution or abolition of the organization, members may not receive more than their paid-in capital shares and the market value of their contributions of objects.
3. The corporation may not reimburse any person for expenses not related to the goals of the corporation or with disproportionately high reimbursements.
4. Upon dissolution or abolition of the corporation or upon the discontinuation of its hitherto pertinent goals, the resources of the corporation, insofar as they exceed the paid-in capital shares of the members and the market value of their contributions of objects, may be used only for tax-advantaged goals (basic rule of the accumulation of resources). This condition is also met if the resources of another tax-advantaged corporation or a corporation under public law should be transferred for tax-advantaged purposes.
5. The corporation must use its resources in a timely manner for its tax-advantaged goals as defined in its bylaws. “Use” in this sense includes the use of resources for the acquisition or creation of objects of wealth that serve the purposes defined in the bylaws. A timely use of resources occurs if the resources are used at the latest in the calendar or fiscal year following their receipt and if they are used for the tax-advantaged purposes as defined in the bylaws.

(2) Establishing market value (Section 1 no. 2 and 4) refers to conditions at the time in which the contributed objects are delivered.

(3) Regulations that relate to the members of the corporation (Section 1 no. 1, 2, and 4) are valid for foundations and refer to the founders and their heirs, and in professional bodies of corporations under public law according to the type of professional body, but with the stipulation that in relation to economic goods from the resources of a company accepted under § 6 Section 1 no. 4 items 4 and 5 of the income tax law at book value, upon removal from the corporation book value is to be used in place of market value.