

## MEMORANDUM

Date March 2014  
Re **Dutch charitable foundations**

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A Dutch foundation (*stichting*) is often used as a vehicle for charitable activities. These charitable activities can be performed both in and outside the Netherlands. Upon request, the Dutch tax authorities certify that the foundation is considered a charitable institution (*algemeen nut beogende instelling, ANBI*). In this memo we will outline the requirements and possibilities.

### 1. Benefits

Being certified as a charitable institution in the Netherlands will give rise to the following benefits:

- Gifts to the charitable institution are under certain conditions deductible for Dutch income and corporate income tax purposes;
- Gifts to the charitable institution are not subject to Dutch gift tax;
- Gifts by the charitable institution are also not subject to Dutch gift tax;
- Inheritances received by the charitable institution are not subject to Dutch inheritance tax;
- The charitable institution is in principle not subject to Dutch corporate income tax on any income it realizes.

The above tax benefits are also available for non-Dutch established charitable entities, if these entities are established within the EU, the Kingdom of the Netherlands or any other jurisdiction with which the Netherlands has agreed on an exchange of information and if the foreign charitable institution is registered and certified in the Netherlands.

### 2. Conditions

In order to be certified as a Dutch charitable institution, or a qualifying foreign charitable institution, the following main conditions need to be met (taking the Dutch foundation as an example):

- A request is filed with the competent Dutch tax authority;
- The foundation has a charitable purpose and at least 90% of the efforts of the foundation are focused on this charitable purpose;
- The foundation does not strive to generate profits from its charitable activities (it however can generate profits from secondary commercial activities, as long as the profit accrues to the charitable purpose of the foundation);
- An individual or entity is not able to dispose of the assets of the foundation as if it were the assets of such individual or entity;
- The amount of assets of the foundation does not exceed the amount that is required for a reasonable fulfilment of its charitable purpose;
- The board members of the foundation do not receive any remuneration other than cost reimbursements;
- Any future liquidation proceeds must also be utilized for charitable purposes;
- Certain administrative conditions, such as a detailed administration and up to date policy plan, are met.

Since the above conditions are relatively easy to fulfil, it is cost efficient to establish or register a charitable entity in the Netherlands. As a consequence a number of non-Dutch entities have moved to the Netherlands, or have now registered with the Dutch tax authorities.

Please be informed that as of 1 January 2014 new conditions apply to Dutch charitable institutions. As of that date all charitable institutions are required to have their own website. The Dutch tax authorities will be publishing (i) the charitable institution's internet address as well as (ii) the charitable institution's tax number on its website.

The website of the charitable institution should provide for the following information:

- A. The institution's name
- B. The Dutch RSIN (Legal Entities & Partnerships Identification Number)/Tax number
- C. The contact details (a (postal) address or telephone number/ e-mail address)
- D. The objective(s) of the charitable institution
- E. The policy plan (a summary of the plan; the way the charitable institution will achieve its objectives)
- F. The names and position of the directors as well as the payment policy
- G. A report of the activities that have already been carried out
- H. A financial statement



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This memo provides a brief overview of requirements and possibilities of Dutch charitable foundations. Should you have any questions on the above or would like to discuss in more detail, please do not hesitate to contact us.