



Eligibility

The legal and documentation requirements concerning applying organizations are based on German law giving the fact that the funding partner (Stiftung Mercator) as well as the contracting partner (MitOst) of Civic Europe domiciled in Germany have to report to the German tax office.

Legal requirements

Applicants must be **a non-profit organization** which, as **a corporate body**, fulfils **all** the requirements of the German law on non-profit organizations. Partnerships and individuals are excluded.

According to German law **an organization is only non-profit if it exclusively and directly pursues charitable purposes.**

- The **recognized charitable, also tax-privileged purposes** are listed in § 52 paragraph 2 of the German Tax Code [AO Abgabenordnung]:
https://www.gesetze-im-internet.de/englisch_ao/englisch_ao.html#p0441
Several purposes can be pursued simultaneously but some are restricted to activities within the territory of Germany.
- The purposes and the means by which they are to be achieved must be precisely set out in the **written statutes/by-laws** of the organization. The statutes/by-laws must also stipulate that the organization's funds are to be used exclusively, directly and promptly for the charitable purpose. Advancement or support shall be provided altruistically if it does not primarily serve the corporation's own economic purposes. Thus the organization has to use its surplus of revenues exclusively to further achieve its ultimate objective, rather than distributing its income to the organization's shareholders, leaders, or members.
- Furthermore the statutes/by-laws of the organization must provide that, in the event of dissolution or cessation of the organization, its assets will continue to be used for the charitable purpose originally intended, e.g. by transferring all its assets to another charitable organization for use for a charitable purpose. Reserves or other asset accumulation are only permitted in exceptional cases. The organization has to prove all this by extensive documentation and records of its own management (by activity reports, statement of income and expenditure, cash report, balance sheet, minutes of the board). It must also be guaranteed that the management of the organization is in accordance with the constitution and the law.



Documentation requirements (for winning projects only)

For projects realized by a leading project partner abroad, MitOst e.V. is subject to **increased requirements for documentation and proof**. The following shall be documented in case you get selected as a winner of the idea challenge:

- The **by-laws** of the foreign corporate body (or equivalent document).
- **Register extract** for the foreign project partner, provided that the corporate body is recorded in a register.
- A "**Notification of receipt of funds**" of the disbursed funds. Essential components of this acknowledgement of receipt are attestations from the foreign recipient of the donation that it has received the donation, it is pursuing the charitable purposes laid down in the articles of association and it is using the funds exclusively in accordance with the articles of association.
- **Proof of the non-profit activities of the organization**, e.g. annual report, balance sheet or possibly an activity and accounting report submitted to the foreign foundation regulator. Newspaper articles or other products that are intended for public relations are not sufficient.
- **Documentation of public co-financing** if the project is co-financed with German or foreign public funds.
- Copy of the **certificate of charitable status** of the foreign corporate body if it is recognized as charitable under foreign law.
- The German tax office will accept central documents **only in German or English**. Central documents that are in other languages **must** be translated into German or English. In the case of extensive, complex texts in English, the Essen tax office reserves the right to subsequently request a translation into German from the Foundation. Individual documents (such as travel expense claims) that are not in English or German will not be challenged and need not be translated.

Whether these conditions are met will be determined by MitOst e.V. as part of a case-by-base assessment. This assessment should be carried out before signing the contract (Sep./Oct. 2021).