

## GERMANY ABGABENORDNUNG

### § 58 Activities That Do Not Affect Tax Status

The condition of being tax-advantaged is not lost if

1. a corporation obtains resources for the realization of its tax-advantaged goals through another corporation or through a corporation under public law; the obtaining of resources for an fully taxable corporation assumes that the latter is itself tax-advantaged;
2. a corporation turns over its resources partly to another corporation, also tax-advantaged, or to a corporation under public law for tax-exempt purposes;
3. a corporation makes available its workforce to other persons, firms or organizations for tax-advantaged purposes;
4. a corporation turns over physical space that it owns to another tax-advantaged corporation for use for tax-advantaged purposes;
5. a foundation uses a portion, not to exceed one-third, of its income to maintain moderately the founder and his close relatives, to care for their graves and to honor their memory;
6. a corporation uses all or part of its resources to establish a reserve, insofar as this is desirable, to be able to fulfill on a permanent basis its tax-advantaged purposes as defined in its bylaws.
7. a) a corporation turns over at most one third of the excess of income over expenses for a reserve fund; the excess turned over may not exceed 10% of its currently remaining available resources as defined in § 55 Section 1 no. 5;  
b) a corporation accumulates or uses in the year of acquisition resources to acquire corporate rights for the maintenance of a percentage ownership of business corporations; these amounts are to be recognized according to Letter a in the same year or as permissible future reserves
8. a corporation arranges social gatherings, which are of secondary importance to its socially advantaged activity;
9. a sports organization sponsors remunerated sport as well as unremunerated sport;
10. a foundation set up by a particular corporation in fulfilling its tax-advantaged goals makes contributions to a profit-making business;
11. A corporation adds to its resources by the following means:
  - a) Donation after death, if the person leaving the estate has not allocated any donation for the ongoing expenses of the corporation;
  - b) Donations for which the donor expressly declares that they are intended for supplying the corporation with wealth for increasing its wealth ;
  - c) Expenditures for an appeal for donations by the corporation if it is apparent from the appeal for donations that contributions are being requested for building up the wealth of the corporation;
  - d) Expenditures for items, which by their nature belong to the wealth of the corporation;
12. A foundation in the year of its founding and in the two following calendar years may wholly or in part add to its wealth with surpluses from administration of its wealth and from profits from for-profit economic enterprises (§ 14).