

Country Profile structure – A user's guide¹

Below are a few notes on some of the subsections of the profiles, along with definitions of key terms used in the documents. These notes offer a more detailed explanation of the subsections, helping readers to better interpret the information offered in the profiles.

Legal definition of a foundation: In many civil law countries, foundations are a legal organisational form, which in some countries is defined by law. The common law countries focus on the charitable character of an organisation, which may take different legal forms (limited or unlimited company, unincorporated association, trust etc). Some countries distinguish between autonomous and non-autonomous foundations. Autonomous foundations have legal personality while non-autonomous foundations are administered through another natural or legal person. Non-autonomous foundations have no legal personality. Some countries define special legal types of foundations such as corporate foundations or enterprise foundations.

Public benefit/private purpose of foundations: Some foundation laws require that organisations legally qualifying as foundations must pursue public benefit purposes. No common definition of public benefit as opposed to private benefit can be found. Some foundation laws allow foundations to pursue any lawful purpose, including private purposes. Private purposes include for example the advancement of one family, relatives of the founder, trust funds for the founders' children's education, etc.

Foundations' asset management:

Alternative investments: Investments that do not fit into the mainstream areas of equities, bonds and property (for example, private equity/venture capital, hedge funds and commodities).

Hedge funds: High-risk funds that seek to generate investment returns by using investment strategies and tools such as short selling, leveraging, programme trading, swaps, arbitrage, and derivatives.

Private equity: Shares in unquoted companies – usually high-risk, high return in nature.

System of tax credit versus system of tax deduction:

A tax credit "reduces the tax", while a deduction reduces the amount of income that is taxed. A tax deduction is normally subtracted from the (gross) income before the income tax is calculated. A "tax credit" normally entitles the taxpayer to subtract the amount of the donation from the total income tax.

Economic activity:

Throughout the documents, economic activity is understood as "trade or business activity involving the sale of goods and services". It has to be noted that the term "economic activity" is not always clearly defined in the different countries surveyed. "Related" economic activity is in itself related to and supports the pursuance of the public benefit purpose of the foundation. "Unrelated" economic activity is not related to the public benefit purpose of the foundation. Foundations undertake "direct" economic activity if they pursue the activity themselves and not through another legal entity.

¹ Currency exchange rates as at January 2011 were used