

Auslandsprüfvermerk (Verification of foreign organisations)

In order for Stiftung Mercator to support foreign non-profit organisations or foreign projects, the organisation to be funded, which is based abroad, must also be classified as non-profit and tax-exempt. Stiftung Mercator must prove this to the German tax authorities in order to be able to fund foreign project partners or foreign projects. This proof is provided in the form of the "Auslandsprüfvermerk", or APV for short (verification of non-profit status of foreign organisations).

Stiftung Mercator examines whether the foreign organisation does fulfill materially and formally non-profit requirements under German law on the basis of its statutes or articles and actual management. In case of a positive assessment, the foreign organisation or the foreign project can be funded.

A positive determination is highly likely if the foreign organisation is a corporation within the meaning of the German Corporation Tax Act, in particular

- a) if the statutes contain an **asset binding clause**, no distribution of profits is made to shareholders or members but therefore after the liquidation all remaining assets must be transferred to other non-profit organisations that pursue the same or similar purposes as the dissolved organisation. In short, the funds must remain in the non-profit sector.
- b) the **administrative cost ratio** is within a range defined by case law and the tax authorities (asset binding clause). This clause must ensure that the funds remaining These prerequisites are **essential**. Otherwise, Stiftung Mercator **cannot provide any funding**. The administrative cost ratio describes the ratio between operative and administrative expenses.

Please check in advance (before submitting your application for funding) whether your organisation meets the prerequisites listed above.

Therefore, Stiftung Mercator requires the following documents for the APV:

- Statutes or articles of organisation (certified translation)
- Annual report or activity report
- Audited financial report (certified)
- Statement of income in the Federal Republic of Germany

If available, please also submit:

- Certificate of registration or trade register excerpt
- Certificate of registration or incorporation (certified)
- Evidence for non-profit status according to your own national law

All documents must be submitted in English. In the case of translations, certified or notarised translations are required for the statutes/articles of association and the financial report. Documents in its original version can also be submitted together with the translations.

Note regarding the **statement of income** in Germany:

This document proves that the foreign organisation does not earn any economic income that would be taxable in Germany. Contributions (e.g. donations) from other German organisations are not included!