LILLY FAMILY
SCHOOL OF PHILANTHROPY
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The 2025 Global Philanthropy Environment Index
Germany

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Benefit Corporation, Cooperative, Foundation

Five main social issues addressed by these organizations: Sport, Culture, Education & upbringing, Leisure and Socializing, and Social Services.

Average time established by law to register a philanthropic organization: 31-60 days

Average cost for registering a philanthropic organization: USD 500-3000
The costs relate to the act of establishing the organization and are depending on the legal form.

Government levels primarily regulating the incorporation of philanthropic organizations: Central/Federal Government, State Government

PHILANTHROPIC ENVIRONMENT SCORES

Year	Ease of operating a PO	Tax incentives	Cross-border philanthropic flows	Political environment	Economic environment	Socio-cultural environment	Overall score
2025 GPEI	4.83	5.00	4.00	4.80	4.80	5.00	4.74
2022 GPEI	4.67	5.00	4.00	5.00	5.00	5.00	4.78
2018 GPEI	4.67	5.00	4.00	5.00	N/A	5.00	4.73

Source: Indiana University Lilly Family School of Philanthropy, 2025 *Global Philanthropy Environment Index*

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KEY FINDINGS

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 5

In Germany, individuals are free to form philanthropic organizations. According to the ZiviZ-Survey 2023, Germany had 656,888 registered POs (Schubert, Kuhn, & Tahmaz, 2023). 94 percent of POs in Germany are registered as associations, because it is the easiest and less cost intensive organizational form. Only seven individuals are needed to establish an association. Overall, the number of associations in Germany is still growing. The number of foundations in Germany is also slightly growing from 21,806 in 2016 to approximately 24,650 foundations in 2022.

To register a new foundation, a minimum endowment of approximately EUR 50,000 to 100,000 is required, depending on the specific regulations or state laws the foundation is going to be registered in. Thus, the registration procedures for the different legal forms of POs vary but in each case are required to be conducted at the state (Bundesland) level. If POs apply for charitable status to enjoy tax privileges, they need an authorization from the tax office to certify that the organization primarily serves public purposes specified by the tax code (Helmig & Thimmel, 2020; Zimmer & Priller, 2022).

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 5

In Germany, interference by government is limited. POs have to comply with a limited number of governance norms depending on the legal form chosen. These basic norms are regulated in the civil code and are complemented by governance and reporting requirements in state (Bundesländer) legislation. For each legal form of PO, there are norms regulating the governing structure requirements, with normally only one level (tier) of governance being required. For example, in regard to foundations, a nationwide foundation law is applicable since July 2023. The German government's coalition agreement includes the launch in 2026 of a Federal Transparency Act (Bundestransparenzgesetz), which actively obliges POs to make internal information publicly available. This would make a lot of information available to citizens online and not just on request.

Question Three: To what extent is there government discretion in shutting down POs?

Score: 4.5

The government cannot shut down POs. Depending on the legal form of the PO, two main considerations apply:

1. Foundations are legally required to exist in perpetuity, except spending down foundations, as established by the charter provisions. Therefore, neither the foundation's board nor state supervisory authorities can dissolve such a foundation, except in cases in which the mission and purposes of the foundation have become impossible to pursue. In such cases, and with the consent of supervisory state authorities, foundations must consider a change of mission, a merger with another foundation, or integration into another foundation. Their basic legal role is the protection of original donor intent.
2. For an association, the decision to dissolve can only be taken by the assembly of members with the approval of 75 percent of voting members (in accordance with Section 41 of the German Civil Code), unless a different method is formalized in the PO's statute. In addition, the dissolution of POs is regulated in a restrictive way by the requirement to transfer remaining assets or resources to another organization following the same charitable purpose.

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 5

Actors, organizations, and donors are eligible for substantial tax privileges for philanthropic activities. POs will get tax benefits if the mission of the organization is classified by tax authorities as public benefit (Gemeinnützigkeitsstatus). Direct donations from individuals or business are tax-deductible if the donation can be verified with a donation receipt.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 5

All POs themselves are exempt from paying all taxes except the value-added tax (VAT) if public benefit status applies. Public benefit status is granted to all legal forms if the organization pursues purposes specified on a list of eligible ones in the tax code, or any purpose similar thereto. For the list, see Section 52 of the Fiscal Code (AO). Purposes also include charitable support to persons in need and support for religious matters (Sections 53 and 54 AO). Tax-exempt status is granted by applying to the tax authorities if the organization pursues any of the above purposes. There are, however, clear restrictions on unrelated business purposes. Public benefit organizations can only conduct unrelated business activities as a subordinate activity of minor relevance, which will in turn be accounted for separately and taxed. All types of POs are eligible for public benefit status and can receive donations from private individual donors as well as private legal entities irrespective of their organizational or legal form.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 4

POs are free to send philanthropic contributions such as grants, disaster relief funding, and development aid, among others abroad. This is not conditional on approval of the supervisory authorities but is subject to the PO's mission as laid down in their charter document explicitly providing for it. There are no specific tariffs or duties on such payments provided that the PO is a charitable organization. However, the POs themselves are responsible for including evidence in their reports to supervisory authorities that their funds were spent according to their mission and purposes as well as according to legal requirements of civil and tax code legislation, especially concerning the recipient organizations doing lawful operations and working as charities and not as commercial entities. This liability requirement applies with no difference between funds spent abroad and those spent within the country. However, in practice, it may be more difficult for POs to document the eligibility of the recipient organizations of cross-border donations and grants and the purposeful spending of these monies.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 4

Except banking fees, there are no costs for receiving foreign donations, provided the PO has a charitable status. German POs are free to receive donations or grants from abroad. There are no specific restrictions on receiving foreign grants of any type except requiring written documentation in the reporting of the PO to both civil and tax authorities. Concerning the tax effectiveness of private donations to public benefit POs abroad for German giving entities or persons or international donations to German POs by foreign donors, the Court of Justice of the European Union (CJEU) established the principle of non-discrimination. This means that donations to any POs are eligible for tax deduction by the donor if the recipient organization abroad and its charitable purposes were eligible for deduction according to the tax code of the country where the donor is filing taxes. There are, however, regular cases of conflict about this ruling, and it is still not fully endorsed by German tax authorities, which maintain some discretionary decisions.

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 4.8

In general, the philanthropic sector in Germany has traditionally enjoyed a favorable political climate across all relevant parties in parliament. Two governmental strategies are of high importance. First, the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ) developed the

Civic Engagement Strategy, which states that the ministry "sees itself as a partner of civic society supporting the millions of volunteers, clubs, associations, businesses and private foundations." Progress is disclosed in annual engagement reports: for example, the third engagement report in 2020 was entitled "Third Civic Engagement Report: Future of civil society: Youth civic engagement in the digital age," and highlighted that young digital engagement and digital infrastructure in the engagement sector should be supported more in the future. The fourth engagement report, expected to be published in 2025, is currently in the works and will focus on ways to improve participation and volunteering, in particular for underrepresented groups. Second, in 2023, the German Federal Government launched a new strategy called the "National Strategy for Social Innovation and Social Enterprises (Die Bundesregierung, 2023). This strategy focuses more on social businesses and social entrepreneurship and contains seven principal guidelines and 11 fields of action, all with the goal to help POs to cope with increasingly complex tasks in society.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 4.8

On one hand, public policies and practices in Germany are favorable for philanthropy. The German government developed in 2023 a new "National Strategy for Social Innovation and Social Enterprises" (Die Bundesregierung, 2023) in which 11 fields of practice are documented:

1. Optimizing framework conditions for philanthropic engagement;
2. Strengthening the culture of social start-ups;
3. Improving networks, collaborations, and transfer activities;
4. Improving public procurement;
5. Developing funding instruments in line with needs;
6. Growth through optimized financing offerings;
7. Strengthening research on social innovation and POs;
8. Driving skill development;
9. Establishing social impact measurements as standard reporting;
10. Increase visibility and recognition; and
11. Cooperating with European and international organizations.

On the other hand, financial governmental support is overall lacking and therefore not all public policies or projects can be supported.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 4.8

In view of the many geopolitical crises worldwide, the overall economic situation in Germany is tense with inflation and increasing household prices. Despite the economic slowdown, people in Germany donated a total of EUR 12.8 billion to philanthropic causes in 2023. The overall volume of donations has fallen moderately by 1.9 percent compared to EUR 13 billion in 2022 (DZI, 2023).

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 5

Generally, there are strong philanthropic traditions and a high motivation and willingness among citizens to volunteer and engage with POs. Almost 40 percent of people over the age of 14 are involved in at least one volunteer activity (Simonson et al., 2022). In many organizations, the number of members and volunteers is relatively stable, but there has been less growth than in recent years. While the number of members in environmental and civil protection increased at an above-average rate between 2017 and 2022, the opposite can be observed in the cultural sector or in organizations with a focus on social or humanservices. Moreover, the importance of institutions that promote volunteering, such as volunteer referral centers (Freiwilligenagenturen), has increased in recent years. One-in-four organizations state that they work with at least one of these referral centers (Schubert, Kuhn, & Tahmaz, 2023).

VII. Recommendations for Philanthropy

These questions are used to provide a general picture of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Three key recommendations to improve the environment for philanthropy

- Increase transparency and information on POs and the sector.
- Improve the digital transformation of POs.
- Develop more possibilities for inclusive engagement between people with and without disabilities.

Lasting innovation or impacts in the nonprofit sector and philanthropy in response to the COVID-19 pandemic:

- Virtual or hybrid workplaces

Issues or trends emerging as significant to the nonprofit sector and philanthropy:

- Professionalization of the nonprofit sector
- Adoption of artificial intelligence (AI) and digitalization
- Human resource management, recruiting skilled employees, succession management
- Climate change/environmental conservation

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