

Stewardship Ownership Foundation

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Terminological tangle

Stewardship – responsible wealth

- ▶ *Purpose-economy.org. wearestewards.nl* – purpose orientation and self-governance ('stewards, not absentee owners').
- ▶ Light model – veto share 'golden share' or employee ownership trust (Tony Choccolony, Ecosia) . Mission lock
- ▶ Double foundation model: separation money (charitable) and voting power (business). E.g. Patagonia, Bosch, Globus. Asset lock
- ▶ Single foundation model: foundations own shares with voting power. Danish foundations, Van Leer Foundation. Mission + asset lock.





To what extent can a charity hold shares in a company ?

Should be forbidden ? Non-compete argument ?

Should serve the charitable purpose, any added value should be distributed to charity – cash flow issue ?

Legal culture: diversification of assets ? In anglo-saxon cultures

Is transfer to foundation a bilateral gift agreement and can (private) conditions be imposed ? Joint venture possible ?

Key: Tax environment

- Capital gains tax upon gift to (charitable) foundation ?
- Deemed dividend distribution if gift by holding entity ?
- Charitable gift deduction ?
- Requirements charitable foundation
- Exemption from gift and inheritance tax after transfer (no transparency)





New Dutch lobby for special legal entity 'stewardship corporation'

- ▶ Not to be confused with 'BVM' which is a legal entity with a 'm' (society) – by way of a quality label for e.g. government tenders (not implemented)
- ▶ Key feature is separation of ownership and 'voting power'. Mission governance is dominant. Based on foundation model, but broader – requires transformation of corporate law.
- ▶ Can also be viewed as a foundation with shares (without any legal restriction to distribute dividends)
- ▶ In order to succeed, it should have a favourable tax environment – bonds with at arm's length interest would be preferable above shares
- ▶ Distinction between for-profit-shares and non-profit-control is intrinsically complex.

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