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# Cost-Benefit Analysis of relevant European Legal Status

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## D1.4 – Cost-Benefit Analysis of relevant European Legal Status

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## Legal status options

### A. Context of the deliverable

#### European position related to the consolidation of the European alliances:

In 2017, the European Council called the Member States and European Institutions to work together to strengthen higher education and research partnerships. This position was determinant for the creation of Alliances of European Universities and led to the opening of pilot calls the creation of such Alliances throughout Europe. Hence, the European Commission launched, in 2019 and 2020, two pilot calls under the Erasmus+ programme that led to the creation of 41 pilot Alliances with the support of European funds during 3 years. To reinforce the research and innovation dimension of these pilot Alliances of European universities, specific Horizon 2020 calls were also opened. All these pilot calls aim at fostering long-term structural, systemic and sustainable cooperation among member universities within Alliances. To support such unprecedented cooperation, the European Commission has published on 18 January 2022 its European Strategy for Universities<sup>1</sup>: Among the flagship initiatives that included in this policy document, one can find the “**legal status for Alliances of higher education institutions** – for European Universities and other types of alliances” that “would allow them to mutualise their strengths together, make common strategic decisions, act together with a legal personality, and facilitate pooling together resources, activities and data. Such status would facilitate deeper, long-term and flexible transnational cooperation, allowing the sharing of capacities, exchange of staff and the implementation of joint programmes, with the aim to award at the level of the alliance joint degrees, including a joint European degree”.

#### Structural and operational issues

Alliances are indeed facing multiples issues that must be solved in some way to overcome administrative, legal and financial obstacles<sup>2</sup>:

- **Legal status:** The lack of legal status is one of the main issues. The easiest way to solve structural and operational issues could be to adopt a legal status. This legal status could be created under the national regulations from one of the Member States, or could be an already-existing European status or a new dedicated status. A dedicated legal status could facilitate jointly pooled resources between partners. It would simplify the recruitment of joint academic and administrative staff.
- **Lack of sustainable long-term funding:** Alliances have received European funds during the pilot phase and will receive more funds during their consolidation phase but the funds are not ensured on the long term. Additional funding remains also dispersed and differs strongly between Member States and Regions.

<sup>1</sup> <https://education.ec.europa.eu/document/commission-communication-on-a-european-strategy-for-universities>

<sup>2</sup> Proposal for a COUNCIL RECOMMENDATION on building bridges for effective European higher education cooperation (18 January 2022) EUR-Lex. <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2022:17:FIN>

- **Different national rules concerning diploma accreditation:** Each country has still different (external) quality assurance procedures to obtain diploma accreditation, and this despite the gradual implementation of the Bologna Process. Those differences impede or make creating joint programmes between partners very difficult. The solution should be a European approach that reduces the barriers of national regulations.
- **Lack of interoperability between digital infrastructures:** Alliances are calling for the possibility to share digital infrastructures to avoid overlapping tools or databases.

## Legal basis

The Treaty on the Functioning of the European Union, TFEU,<sup>3</sup> is a cornerstone that facilitates cooperation among universities and higher education institutions according to Articles 165 and following. In particular, it is reminded to the Member States to contribute to a quality education through cooperation between peers, encourage mobility and recognition of diplomas and, finally European actions must stimulate cooperation. The principle of subsidiarity<sup>4</sup> reminds also that even if a Member State is independent in legislative decisions, it remains its responsibility to address chances at the EU level. Furthermore, the principle of proportionality recognises the diversity of systems, but again Member States should be aware that actions at the EU level are an added value to foster cooperation on HEIs. Use and develop the potential of Article 171 of the TFEU which provides the promotion of projects of common interest and ensure the interoperability of networks, and Article 187 of the TFEU, indicating that the European Union may create the structures necessary "for the proper execution of the Union's research, technological development and demonstration programmes".

The European Strategy for Universities (ES4U), published on 18 January 2022, sets out a European vision for the future of universities and invites Member States to join forces or the benefit of higher education. The Commission is committed to mobilise instruments to implement this strategy with a set of four flagship initiatives: the European Universities Initiative, a Joint European degree, a European Student Card initiative and a legal status:

*"A legal status for alliances of higher education institutions – for European Universities and other types of alliances - would allow them to mutualise their strengths together, make common strategic decisions, act together with a legal personality, and facilitate pooling together resources, activities and data. Such status would facilitate deeper, long-term and flexible transnational cooperation, allowing the sharing of capacities, exchange of staff and the implementation of joint*

<sup>3</sup> Consolidated version of the Treaty on the Functioning of the European Union (01 March 2020) EUR-Lex. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12016E/TXT>

<sup>4</sup> Consolidated version of the Treaty on European Union - Article 5 (09 May 2008) EUR-Lex. <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12008M005:EN:HTML>

*programmes, with the aim to award at the level of the alliance joint degrees, including a joint European degree.”<sup>5</sup>*

As mentioned before, the European Commission is implementing different initiatives and this is in line with their recommendations published on the same date, on 18 January 2022 which were adopted later by the European Council (5 April 2022). The support of the European Council gives more strength and makes it a political priority in front of the Member States. The European Council expects an action plan from the Member States in April 2023.

Knowing the context and the legal basis, the following pages provide an analysis of national and European legal status that may be relevant to the expectations and needs of the EC2U Alliance.

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<sup>5</sup> European Strategy for Universities (ES4U) (18 January 2022) European Commission.

<https://education.ec.europa.eu/document/commission-communication-on-a-european-strategy-for-universities>

## National options

### 1. Under French law

Under French Law, a university can only be a legal person under public law since the main qualification of a university is a public administrative institution according to the French Code of Education, art. L-712-1 and following<sup>6</sup>. It is why an Alliance of European Universities that includes a French university cannot be an entity under a private form. A concrete example is the case of the cancellation of a private law subsidiary of Pantheon Assas by the Administrative Court of Paris on 23 October 2013.

#### *a) Association – Under 1901 law*

An Association is a non-for-profit organisation set up following the French law of 1 July 1901<sup>7</sup>, known as the “1901 Law”, and the Decree of the 16 August 1901<sup>8</sup> establishing the status for an Association. The legal capacity of an ordinary association is considered “reduced” compared to the full legal capacity of commercial companies, with some exceptions. When it has a legal personality, the Association can be sentenced both at the civil level and at the criminal level. If the Head Office is in France, the applicable law is the French one. However, if an Association wants to move its Head Office abroad, it will retain its French nationality only if the host country has signed an agreement with France.

#### **Requirements for setting up an Association:**

- The Head office must be in France. To obtain a derogation, the approval of the French Ministry of the Interior is mandatory.
- It must be composed of at least two members and have a purpose other than sharing profits.
- The Association’s activity must not directly or indirectly enrich its members.
- There is no minimum capital to subscribe.

#### **Key points:**

The legislator has left considerable freedom in the object and purpose of the Association. The creation of the Association status will mean, in practice, that the members are free to organise themselves (in compliance with the laws in force), to decide their way of organisation and financing their operations. An Association has also a legal capacity to make procurement

<sup>6</sup> Chapitre II : Les universités Articles L712-1 à L712-10 (J.O 24 December 2020) Légifrance.

[https://www.legifrance.gouv.fr/codes/section\\_lc/LEGITEXT000006071191/LEGISCTA000006166681/#LEGISCTA000006166681](https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000006071191/LEGISCTA000006166681/#LEGISCTA000006166681)

<sup>7</sup> Loi du 1er juillet 1901 relative au contrat d'association (J.O 26 August 2021). Légifrance.

<https://www.legifrance.gouv.fr/loda/id/JORFTEXT00000668093/>

<sup>8</sup> Décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association (J.O 01 January 2022) Légifrance.  
<https://www.legifrance.gouv.fr/loda/id/JORFTEXT00000668093/>

decisions independently and to contract. In principle, an Association is a non-for-profit organisation; however, it is possible to change to a profit-making association. In this case, the tax-regime may be reclassified and subject to the same constraints of commercial companies.

### Example:

**France Universités**<sup>9</sup> (former Conference of French University Presidents, CPU) is an example of an association at the Higher education institutions level. France Universités is an association under the 1901 Law which brings together the presidents/rectors of French universities and other higher education and research institutions to bring universities' voice and values into the public debate.

### b) Foundation

A Foundation is a group of legal or natural persons to carry out a common project with an irrevocable financial commitment by its founders to carry out a work of general interest for non-for-profit purposes in accordance to the Article 18 of law n°87-571 of 23 July 1987<sup>10</sup>. Focus is made on Scientific Cooperation Foundation (FCS) and University Foundation since they can receive public endowment without restrictions. The FCS is set up in accordance with the Research Programme Law of 18 April 2006<sup>11</sup>. The University Foundation was set up in accordance with the 10 August 2007 Law<sup>12</sup> on the freedoms and responsibilities of universities and governed by Decree n°2008-326 of 7 April 2008<sup>13</sup>. The Foundation, as a legal person is civilly liable for the faults committed by its employees. In France, there is seven types of foundations.

### Requirements for setting up a Foundation:

- The Head Office must be in France.
- The activity of the Foundation is not intended to serve private interests.
- You must have a minimum subscribed capital of EUR 1.500 000.
- For an FCS, the presence of a Ministry Representative (Recteur d'Académie) in the governance body is mandatory.

<sup>9</sup> France Universités (2022) *Un rôle : défendre et promouvoir l'université française*. <https://franceuniversites.fr/presentation/un-role-defendre-et-promouvoir-l-universite-francaise/>

<sup>10</sup> Article 18 de la Loi n° 87-571 du 23 juillet 1987 sur le développement du mécénat (J.O 26 August 2021) Légifrance. [https://www.legifrance.gouv.fr/loda/article\\_lc/LEGIARTI000043982139](https://www.legifrance.gouv.fr/loda/article_lc/LEGIARTI000043982139)

<sup>11</sup> LOI de programme n° 2006-450 du 18 avril 2006 pour la recherche (J.O 19 April 2006) Légifrance. <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000000426953>

<sup>12</sup> LOI n° 2007-1199 du 10 août 2007 relative aux libertés et responsabilités des universités (11 August 2007) Légifrance. <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000000824315>

<sup>13</sup> Décret n° 2008-326 du 7 avril 2008 relatif aux règles générales de fonctionnement des fondations universitaires (J.O 8 April 2008) Légifrance. <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000018598592>

## Key points:

A Foundation carries out work of general interest to society with a non-for-profit aim. General interest is an evolving fiscal concept. Donations to a foundation give donors an income tax reduction of 66% of the sums paid, up to a limit of 20% of the donor's annual income. The Foundation works thanks to the interests and revenues that its capital generates. These financial flows must enable the entity to finance its activity. It is an excellent tool for territorial integration, linking with the citizens, for federating people around a specific project. It can even have a boosting effect on the creation of tenure-track positions. However, the French foundation system is very far from being similar to the Anglo-Saxon system due to cultural, financial, fiscal and regulatory differences. In France, raising funds exclusively through philanthropy is difficult unless a large part of the income is used to reinvest in fundraising. In this sense, only the so-called partnership foundations are structures large enough to support a large payroll.

### *Exemptions for the University foundations:*

Not endowed with legal person, they are established, without a minimum funding. They are established by deliberation of the Board of Administrators of a French public scientific, cultural and professional institutions (E.P.S.C.P.). A management board runs them: it is made up of representatives of the institution, the founders, qualified personalities and, where appropriate, donors. They are intended for the institution's projects (scholarships, fellowships, international mobility, etc.).

### *Exemptions for the Partnership foundations:*

In addition to universities, other public institutions of higher education, under Article R. 711-8 of the Education Code.<sup>14</sup>, may also create, alone or jointly, a partnership foundation. They are often based on a specific project and have a legal personality. They are created for a fixed or indefinite time and with a multi-year action programme, which may not be less than 150 000 euros. The institution may automatically have half the management board seats if the status provides it.

## Example:

**Fondation de France:** The Fondation de France was born on the desire of General de Gaulle and his Minister of Culture, André Malraux, to create a tool to mobilise private generosity for the general interest. It was made official by decree on 9 January 1969.<sup>15</sup> It is the leading philanthropy network in France, with 945 foundations.

<sup>14</sup> Article L711-8 du Code de l'Éducation (11 August 2007) Légifrance.

[https://www.legifrance.gouv.fr/codes/article\\_lc/LEGIARTI000006525335/2007-08-11](https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000006525335/2007-08-11)

<sup>15</sup> Décret du 9 janvier 1969 Portant reconnaissance de la fondation comme établissement d'utilité publique (J.O 15 January 1969) Légifrance. <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000000511759>

**The Poitiers Université Fondation:** This foundation has the status of a university Foundation that is directly attached to the Administration Board of the Université de Poitiers. The Foundation was created in 2009 in order to support major projects and to facilitate synergy and cooperation on the territory, constitutes a remarkable tool of adaptation to the new societal stakes.

**The Bordeaux Université Fondation:** The Foundation was founded in 2009 and changed its status to a scientific partnership foundation in 2014. The Foundation is in charge for setting up projects with a high added value. It supports training, research and innovative projects of excellence led by talented universities, schools and the University Hospital in synergy with major research organisations, economic stakeholders of all sizes and local authorities.

### *c) Public interest groupings (Groupement d'intérêt public - GIP)*

Public Interest Grouping or GIP enables public and private partners to pool resources for implementing missions of general interest in accordance with the 15 July 1982 Law<sup>16</sup> and the 20 April 2016 Law<sup>17</sup>. The GIP is a legal person with administrative and financial autonomy under public law.

### **Requirements for setting up a GIP:**

- The Head Office must be in France.
- A GIP comprises several members, exclusively legal persons, and must include at least one legal person under public law.
- Foreign legal persons may be part of the GIP. Their participation is subject to the same conditions as for French legal persons under private law.
- There is no minimum capital to subscribe.

### **Key points:**

The goal of a GIP is to further cooperation between public bodies. This entity has flexible management rules and the legal capacity to make independent procurement decisions and to contracts. In principle, a GIP is not considered as taxable persons for the activities or transactions it carries out as public authority, except in specific cases. The constitutive agreement establishes the GIP and reflects an explicit agreement between the future members of the grouping. The agreement is subject to approval by the French State.

<sup>16</sup> Loi n°82-610 du 15 juillet 1982 d'orientation et de programmation pour la recherche et le développement technologique de la France (J.O 24 July 2013) Légifrance. <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000000691990/>

<sup>17</sup> Loi n°2016-483 du 20 avril 2016 relative à la déontologie et aux droits et obligations des fonctionnaires (J.O 21 April 2016) Légifrance. <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000032433852/>

## Example:

**Agence Erasmus+ France / Education Formation** is a French public operator in charge of the national implementation of the European Erasmus+ programme. The Agency is a GIP for an indefinite duration under the supervision of three French Ministries (Education, Higher Education and Employment). The European Commission also mandates the agency as the national coordinator of European Agenda education matters.

## 2. Under Belgian law

### a) *International non-for-profit association (AISBL)*

An International non-for-profit association gather natural or legal persons to a non-profit making interest on an international scale. It is necessary that the purpose of the gathering beyond the Belgian territory in accordance with the article 46 of the Law of 27 June 1921<sup>18</sup> and the Law of 23 March 2019.<sup>19</sup>

### Requirements for setting up an AISBL:

- The incorporation for an AISBL has to be made by notarial deed: the notary will submit the purpose of the association to the Ministry of Justice for approval.
- Members from at least three members states.
- The statutory seat must be in Belgium.
- No initial capital is needed.

### Key points:

An AISBL is less constrained by legal rules, meaning that the founders have more liberty in setting up the content of the articles of association. AISBL incorporation requirements are simpler than a non-for-profit association (ASBL). Indeed, an AISBL has only two mandatory bodies with flexible attributions instead of the ASBL with its well-defined bodies. The AISBL legal entity is granted on the day of the Royal Decree, while for an ASBL, it is the day of the filing at the commercial court. On balance, the AISBL has broader potential for founder's keen on having a non-for-profit association with a flexible structure in international matters. Concerning the liability, members have limited liability and do not tie their assets to the fate of the association. An AISBL is limited because of bounding to public procurement directives making procurement difficult. For the VAT a non-for-profit organisation is not considered to be a Belgian VAT taxpayer unless it carries out economic activities in Belgium.

<sup>18</sup> Loi du 27 juin 1921 sur les associations sans but lucratif, les associations internationales sans but lucratif et les fondations (01 January 2020) Justel. [https://www.ejustice.just.fgov.be/cgi\\_loi/change\\_lg.pl?language=fr&la=F&cn=1921062701&table\\_name=loi](https://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&cn=1921062701&table_name=loi)

<sup>19</sup> Loi du 23 Mars 2019 introduisant le Code des sociétés et des associations et portant des dispositions diverses (04 April 2019) Justel. [https://www.ejustice.just.fgov.be/cgi\\_loi/change\\_lg.pl?language=fr&la=F&table\\_name=loi&cn=2019032306](https://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&table_name=loi&cn=2019032306)

### Example:

**EU-CONEXA**<sup>20</sup>: The EU-CONEXUS Alliance (composed by La Rochelle Université, Catholic University of Valencia, South East Technological University, University of Rostock, Klaipeda University, University of Zadar, Agricultural University of Athens, Technical University of Civil engineering and Frederick University) is pursuing its development by creating an AISBL in mid-2022. This alliance develops science and innovation into a hub of excellence in Smart Urban Coastal Sustainability.

**UNA EUROPA**<sup>21</sup>: The Una Europa Alliance (composed by Alma Mater Studiorum Università di Bologna, KU Leuven, Freie Universität Berlin, University of Edinburgh, Helsingin Yliopisto/Helsingfors universitet, Uniwersytet Jagielloński w Krakowie, Universidad Complutense de Madrid, Université Paris 1 Panthéon-Sorbonne) created an association according to Belgian law and based in Brussels. The association is responsible for pursuing integrated cooperation between its university partners in high-quality education research, and services to society, creating a culture of excellence in education and research and fostering best practices.

**Coimbra Group** is an association created in 1985 that gathers 40 long-established European universities. This association is committed to creating academic and cultural ties and “to promote internationalisation, academic collaboration, excellence in learning and research, and service to society”<sup>22</sup>.

**European University Association**<sup>23</sup> (EUA) is an association at the Higher education institutions level and has a crucial role in the Bologna Process and European policies. This association represents more than 850 HEIs across Europe and beyond. The creation took place in Salamanca in 2001. The association provides a forum of cooperation to exchange good practices and information.

<sup>20</sup> EU-CONEXUS (19 September 2022) *EU-CONEXUS selected by the European Commission to pursue its development*. EU-CONEXUS. <https://www.eu-conexus.eu/en/2022/09/19/eu-conexus-selected-by-the-european-commission-to-pursue-its-development/>

<sup>21</sup> Una Europa (01 February 2019) *Governance*. Una Europa. <https://www.una-europa.eu/governance>

<sup>22</sup> Coimbra Group (2022) *Mission Statement*. Coimbra Group. <https://www.coimbra-group.eu/mission-statement/>

<sup>23</sup> EUA (2022) *Who we are*. EUA. <https://www.eua.eu/about/who-we-are.html>

### 3. Under German law

#### a) *Non-for-profit Association (Eingetragener Verein)*

A Non-for-profit Association, also called Verein, is a legal person of public law according to the Law on Associations (Vereinsgesetz) of 1964<sup>24</sup> and Sections 21-79 of the German Federal Civil Code.<sup>25</sup> The Verein is the basic type of association, while there is the possibility of settling an *Eingetragener Verein* or Registered Association which is like a partnership that represents a more important social group. This dogmatic point of view is particular to Germany and does not exist in any other German-speaking countries.

#### Requirements for setting up an Association:

- The association must be registered in an association registry (*Vereinsregister*) located in a German local court where is established its seat. The seat must be where the management is conducted.
- The minimal number of members is at least seven.
- No initial capital is needed. Nevertheless, notary fees are needed (around 150 EUR).
- The activity of the foundation is not intended to serve private interests.

#### Key points:

An Association working on public benefit activities such as educational and scientific activities is exempt from VAT and corporation taxes. The internal management could be quite flexible, although respecting the status that have been registered since the creation of the association. Concerning liability, the association members act free of charge or receive a remuneration less than 720 euros per year; they are not liable towards the Association unless the damage caused in performing their duties only in case of intent or gross negligence. It means that an alliance's academic and administrative staff will be liable towards the association since there are supposed to receive a monthly salary.

#### Example:

- **4EU+** Alliance (composed by the Charles University (Prague), Sorbonne University, Heidelberg University, University of Copenhagen, University of Geneva, University of Milan and University of Warsaw). The Rectors of the member universities passed on 1 April 2021 a resolution to create an Association which will be registered in Heidelberg, Germany, where one of the Alliance member universities is established.

<sup>24</sup> Gesetz zur Regelung des öffentlichen Vereinsrechts (30 November 2011) Bundesministerium der Justiz. <https://www.gesetze-im-internet.de/vereinsg/BJNR005930964.html>

<sup>25</sup> §§ 21-79 des Bundesgesetzbuches () Bundesministerium der Justiz. [https://www.gesetze-im-internet.de/englisch\\_bgb/englisch\\_bgb.html#p0061](https://www.gesetze-im-internet.de/englisch_bgb/englisch_bgb.html#p0061)

#### 4. Under Spanish law

##### *a) Trading Company with public capital (Sociedad mercantil de capital con participación pública)*

Public administrations can create trading companies with public capital in accordance with the laws: Law 40/2015 of the 1st October on legal regime of the public sector (arts. 111 and following articles)<sup>26</sup>; Consolidated text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of the 2nd July<sup>27</sup>; Law 33/2003, of Public Administration Assets<sup>28</sup>; Law 19/2017 of public sector procurement<sup>29</sup>. Law 7/1985, of 1 April 1985, on the Bases of Local Regime and other local and regional regulations<sup>30</sup>. Either because the direct participation in its share capital of the public sector or any of the entities which, make up the state institutional public sector, including state trading companies, is greater than 50 per cent. In order to determine this percentage, the shareholdings corresponding to the public sector shall be added together, in the event that several of them have a stake in the share capital, either because the trading company is in the situation envisaged in Article 4 of Law 24/1988 of 28 July 1988 on the Securities Market with respect to the General State Administration or its related or dependent public bodies.

#### **Requirements for setting up a Trading Company with public capital:**

- The creation of a public trading company shall be authorised by agreement of the Governing Board of the University and the Social Council.
- Limited liability
- Location: the Statutory seat must be located in Spain.
- Initial capital is needed.

#### **Key points:**

Its mixed legal nature, in terms of its private legal regime and public ownership or dominant influence, determines the application of administrative rules and private law rules. In principle, the general corporation income tax regime would apply. It could also not be considered a partially exempt entity. For VAT, the activity of the company will be applicable.

Concerning the legal regime applicable to these companies, the new Spanish Law 40/2015 of the 1<sup>st</sup> October respects the traditional three-stage system foreseen for these companies: special

<sup>26</sup> Ley 40/2015, de 1 de octubre, de Régimen Jurídico del Sector Público (02 October 2015) BOE.

<https://www.boe.es/eli/es/l/2015/10/01/40/con>

<sup>27</sup> Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital (03 July 2010) BOE. <https://www.boe.es/eli/es/rdlg/2010/07/02/1>

<sup>28</sup> Ley 33/2003, de 3 de noviembre, del Patrimonio de las Administraciones Públicas (04 November 2003) BOE. <https://www.boe.es/eli/es/l/2003/11/03/33/con>

<sup>29</sup> Ley 9/2017, de 8 de noviembre, de Contratos del Sector Público, por la que se transponen al ordenamiento jurídico español las Directivas del Parlamento Europeo y del Consejo 2014/23/UE y 2014/24/UE, de 26 de febrero de 2014 (09 November 2017) BOE. <https://www.boe.es/eli/es/l/2017/11/08/9>

<sup>30</sup> Ley 7/1985, de 2 de abril, Reguladora de las Bases del Régimen Local. (03 April 1985) BOE. <https://www.boe.es/eli/es/l/1985/04/02/7/con>

administrative regulations (known as LRJSP) and the Public Administration Assets Act (known as LPAP), referral to the private legal system and an exception clause when the administrative budgetary, accounting, personnel, economic-financial control and contracting regulations are applicable (art. 113 LRJSP). A particular point must be considered, in case of monetary contributions made by public bodies to the companies under these laws, the evaluation of independent experts will be mandatory. The problem with these companies remains their hybrid private-public nature.

#### *b) Consortium (Consortio)*

It is a public entity with one drawback: the limited freedom in terms of organisation of the consortium, codified in the entity's own status, the remaining regulation is entirely public law, in accordance of the law: Law 40/2015 of the 1st October on legal regime of the public sector (arts. 118 and following articles)<sup>31</sup>; Law 33/2003, of Public Administration Assets<sup>32</sup>; Law 19/2017 of public sector procurement.<sup>33</sup>

#### **Requirements for setting up a consortium:**

- Signed by the participating administrations, public bodies or entities.
- The agreement will include the by-laws (mandatory regulations), an action plan and a three-year budget projection, in addition to the mandatory favourable report from the Ministry of Finance and Public Administrations.
- Limited liability
- Location: The Statutory seat must be located in Europe.
- No initial capital needed.

#### **Key points:**

Consortia are public law entities with distinct legal personalities, created by several Public Administrations or entities belonging to the institutional public sector, with the eventual participation of private entities. They join forces to development activities of common interest to all of them within the scope of their competences. Consortia may carry out activities for the promotion, provision or common management of public services and any other activities provided for by law. Consortia may be used to manage public services within the framework of cross-border cooperation agreements in which the Spanish Administrations participate and in accordance with the provisions of the international agreements ratified by Spain. If the consortium has the status of an autonomous body or entity similar to a CCAA or a state public body; the consortium will have full subjective exemption from Corporation Tax. The personnel at

<sup>31</sup> Idem

<sup>32</sup> Idem

<sup>33</sup> Idem

the service of the consortia may be civil servants or employees and must come exclusively from the participating Administrations. Their salaries may in no case exceed those established for equivalent positions. Exceptionally, when it is impossible to have personnel from the Administrations participating in the consortium due to the singularity of missions, the consortium may authorise the direct contracting of personnel by the consortium for the exercise of said functions.

### c) *Public Sector Foundation (Fundación del sector público)*

Public universities may create a public sector foundation with the aim of carrying out their own non-profit making activities for the fulfilment of general interest purposes, regardless of whether the service is provided free of charge or for consideration in accordance of the laws: Law 40/2015 of the 1st October on legal regime of the public sector (arts. 1128 and following articles); <sup>34</sup> Law 50/2002, on 26th December, of Foundations<sup>35</sup>. Law 33/2003, of Public Administration Assets;<sup>36</sup> Law 19/2017 of public sector procurement<sup>37</sup>.

### Requirements for setting up a Foundation:

- The creation by *inter vivos* act shall be carried out by means of a public deed, which must be registered in the Register of Foundations.
- That they are initially set up with a majority contribution, directly or indirectly, from the public sector, or that they receive such a contribution after they have been set up.
- More than 50 percent of the foundation's assets are made up of assets or rights contributed or assigned by the public sector on a permanent basis.
- The majority of voting rights on its board of trustees correspond to representatives of the public sector.
- Limited liability
- Location: the Statutory seat must be located in Spain.
- Not initial capital needed.

### Key points:

The foundation may only carry out activities related to the competence of the founding public sector entities. It must contribute to the achievement of their purposes without implying the assumption of their competences, unless expressly provided for by law. If the entity complies with the requirements that the law requires, it may avail itself of the tax benefits offered by the special tax regime for these entities.

<sup>34</sup> Idem

<sup>35</sup> Ley 50/2002, de 26 de diciembre, de Fundaciones (27 December 2002) BOE. <https://www.boe.es/eli/es/l/2002/12/26/50/con>

<sup>36</sup> Idem

<sup>37</sup> Idem

## Example:

**Fundación Española para la Ciencia y la Tecnología:** It is a public foundation created in 2001 under the Spanish Ministry of Science and Innovation. They promote the relationship between science and society, fostering the growth of Spanish scientific culture. They work as well with the transfer of knowledge through dissemination, education and training.

## 5. Under Portuguese law

### a) *Public Law Foundation*

According to Portuguese legislation (Framework Law on Foundations – Law no. 24/2012, of 9 July, amended by Law no. 250/2015, of 10/09<sup>38</sup>), public foundations are legal persons of public law, non-profit, endowed with their own internal structures, supervisory committees and with administrative and financial autonomy. Public foundations aim to promote any public interest of a social, cultural, artistic or other similar nature. However, given Portuguese legislation, there are drawbacks: these can only be created by the State, by the autonomous regions or by municipalities, alone or jointly, and although they recognize the participation of foreign entities, the foundation would have to be based in Portugal.

## 6. Under Italian law

### a) *Benefit corporation (Società benefit)*

The Benefit Corporation was recently introduced in the Italian legal system to increase consumers' confidence and to attract potential investors. According to paragraph 1 of art. 376 of Law no. 208 of 28 December 2015, this type of company is not limited to carrying out an economic activity with a profit-making purpose, but can also pursue one or more purposes of common benefit. It must operate in a responsible, sustainable and transparent manner regarding people, communities, territories and the environment, cultural and social goods and activities, institutions and associations and other stakeholders. In essence, this means managing a company in a way that balances the profit-making goal with the interests of those on whom the social activity should have an impact. It is a company with limited liability according to the following laws: Law of 28 December 2015, Art.376-384<sup>39</sup> Civil Code, Art. 2462<sup>40</sup> Legislative Decree 19.08.2016, n. 175<sup>41</sup>

<sup>38</sup> Lei n° 24/2012 - Lei-Quadro das Fundações Lei (09 September 2012) DRE <https://dre.pt/dre/legislacao-consolidada/lei/2012-61239015>

<sup>39</sup> Legge 28 dicembre 2015, n. 208 (30 December 2015) Gazzetta Ufficiale. <https://www.gazzettaufficiale.it/eli/id/2015/12/30/15G00222/sg>

<sup>40</sup> Codice Civile, art. 2462

<sup>41</sup> Decreto Legislativo 19 agosto 2016, n.175 (08 September 2016) Gazzetta Ufficiale. <https://www.gazzettaufficiale.it/eli/id/2016/09/08/16G00188/sg>

### Requirements for setting up a Benefit corporation:

- Must be established by a notary and later the contract must be deposited at the Companies Register Office.
- Limited liability.
- Location: the Statutory seat must be located in Italy.
- Not initial capital is needed.

### Key points:

Italian law establishes a special regulation for “public corporations”. This regulation provides for some specific aspects concerning public corporations’ functioning. Some specific aspects could also be regulated by legal provisions explicitly established for public entities and private organizations controlled or owned by public entities, such as procurement, or anti-corruption obligations. Except for these aspects, public corporations’ functioning is regulated by civil law. Public companies should adopt special regulation for staff recruitment to establish procedures inspired by EU principles of transparency, publicity and impartiality. In the absence of this regulation, the provisions established for personnel recruitment in the public sector are relevant.

#### *b) Association (associazione riconosciuta)*

An Association is regulated by the civil law, and persons or organizations have to establish an Association by the signature of a “contract of association” in accordance with the following laws: Art. 14-35 of the Italian Civil Code<sup>42</sup>; Presidential Decree no. 361 of 10 February 2000, 'Regulation containing rules for the simplification of procedures for the recognition of private legal persons and the approval of amendments to the memorandum and articles of association'<sup>43</sup>.

### Requirements for setting up an Association:

- Must be established in a notary, and the legal entity must be established by the prefecture.
- Limited liability
- Location: the Statutory seat must be located in Italy.
- Not initial capital is needed.

### Key points:

The contract creates an obligation to pursue a non-profit aim, which basically means that any revenues that exceed expenses must be committed to the organization's purposes and not taken

<sup>42</sup> Capo II Delle associazioni e delle fondazioni (04 April 1942) Gazzeta Ufficiale. [www.gazzettaufficiale.it/eli/id/1942/04/04/042U0262/sg](http://www.gazzettaufficiale.it/eli/id/1942/04/04/042U0262/sg)

<sup>43</sup> Decreto del presidente della repubblica 10 febbraio 2000, n. 361 (07 December 2000) Gazzeta Ufficiale. [www.gazzettaufficiale.it/eli/id/2000/12/07/000G0410/sg](http://www.gazzettaufficiale.it/eli/id/2000/12/07/000G0410/sg)

by parties. However, associations could exercise economic activities. Some specific aspects could be regulated by legal provisions explicitly established for public entities and their associations or for private organizations controlled or owned by public entities, such as procurement or anti-corruption obligations. Associations receive a flexible tax treatment. Associations could exercise an economic activity, even if they cannot distribute the revenues obtained by it. The revenues need to be invested in the association itself.

### Example:

**The European University Institute (EUI)**<sup>44</sup> is a unique international centre for doctorate and post-doctorate studies and research, situated in the Tuscan hills overlooking Florence. Since its establishment 40 years ago by the six founding members of the then European Communities, the EUI has earned a reputation as a leading international academic institution with a European focus. The four departments – Economics, History and Civilization, Law, and Political and Social Sciences.

## 7. Under Romanian law

### a) *Non-for-profit association*

In Romania, non-for-profit associations are legal persons constituted by natural or legal persons exercising activities of general interest shall be governed by civil law according to the Law No. 246/2005 for the adoption of Government Regulation No. 26/2000 on associations<sup>45</sup>. According to Government Regulation No. 26/2000, the status of public utility confers an association several obligations and rights; including the right to receive free public property, the preferential right to resources from the state budget and local budgets and the obligation to maintain at least a level of activity.

### Requirements for setting up an association:

- The association must be composed of at least seven persons, there is not condition related to citizenship.
- The Association acquires legal personality by registering in the Register of Associations at the Registry of the Court in whose territorial jurisdiction it is based.
- Limited liability
- Location: the Statutory seat must be located in Romania.
- In order to established the association a small capital is needed, around 200 lei.

<sup>44</sup> EUI (2022) *About the EUI*. <https://www.eui.eu/en/public/about>

<sup>45</sup> ORDONANȚĂ nr. 26 din 30 ianuarie 2000 (February 2000) Portal Legislativ. <https://legislatie.just.ro/Public/DetaliiDocument/20740>

## B. European options

Those options are all European Legal Persons and have specific legal framework. In general, the same rules on European Companies apply in all the EU countries but there may be some differences for some specific aspects.

### 1. European Research Infrastructure Consortium (ERIC)

It is a specific European legal form that facilitates the implementation of missions from Research Infrastructures with European interest in accordance with the European Regulation EC n° 1261/2013<sup>46</sup>. The ERIC regulation has a common legal framework based on Article 187 of the Treaty on the Functioning of the European Union (TFEU)<sup>47</sup>. The ERIC becomes a legal entity at the date defined by the European Commission. The process of establishing the ERIC is faster than an international organisation.

#### Requirements for setting up an ERIC:

- It must be a European joint-venture.
- The ERIC must be composed by at least one Member State.
- The statutory seat must be within the territory of a member of the ERIC which is a Member State or an associated country.
- There is no minimum capital to subscribe.

#### Key points:

This infrastructure objective is to carry out research programmes and projects representing added-value in the development of the European Research Area (ERA). The ERIC form is a significant improvement in scientific and technological fields since it contributes to the mobility of knowledge and researchers not only at European but also at international levels. It contributes to the mobility of knowledge and/or researchers within the ERA and increases the use of intellectual potential throughout Europe.

The ERIC can carry out only limited economic activities based on its mission since it is mainly set up for non-economic purposes. Regarding taxation and procurement procedures, an ERIC has more freedom and can be exempted from duties and taxes. An ERIC will not be bound by the procedures of the Public Procurement Directive but may set its own procurement rules based on transparency, non-discrimination and competition. Following, Article 7.3 of the ERIC Regulation, an ERIC is an international organisation within the meaning of the Public Procurement Directive.

<sup>46</sup> Council Regulation (EU) No 1261/2013 of 2 December 2013 (2 December 2013) EUR-Lex. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1261>

<sup>47</sup> Article N°128 Joint undertakings (2018) EUR-Lex. <https://eur-lex.europa.eu/EN/legal-content/glossary/joint-undertakings.html>

The internal functioning of the ERIC shall be governed by Union law and by the law of the state where ERIC has its statutory seat<sup>48</sup>.

### Example:

**DARIAH-EU**<sup>49</sup> is a pan-European infrastructure for arts & humanities scholars created in 2014. Nowadays, DARIAH has 20 members. This ERIC is a network of people who aims at enhancing and supporting digitally-enabled research and teaching across the arts and humanities. "DARIAH brings together individual state-of-the-art digital arts and humanities activities and scales their results to a European level".

## 2. European Grouping for Territorial Cooperation (EGTC)

European Grouping for Territorial Cooperation enables public and private partners to pool resources for the implementation of missions in accordance with the European Regulation EC N° 1082/2006 amended by the EC N° 1302/2013<sup>50</sup>. The EGTC is a legal person with administrative and financial autonomy under public or private law.

### Requirements for setting up an EGTC:

- The registered office of an EGTC shall be located in a Member State under whose the EGTC's members is established.
- It must include members from at least two-member states of the EU.
- There is no minimum capital to subscribe.

### Key points:

The EGTC facilitate cross-border, transnational cooperation between the Member States. It has full capacity to contract, employ staff, manage budget, participate in regional, national and European tenders, and acquire and dispose of asset property. The EGTC is now currently supported by the European authorities as one of the most suitable options for the organisational structuring of Alliances of European universities according to the Proposal for the Council Recommendation on building bridges for effective European higher education cooperation adopted by the European Commission and the Council of Europe in 2022. The applicable law shall be governed by the regulation aforementioned otherwise, the national law of the Member

<sup>48</sup> European Commission (2022) *European Research Infrastructure Consortium (ERIC)*. [https://research-and-innovation.ec.europa.eu/strategy/strategy-2020-2024/our-digital-future/european-research-infrastructures/eric\\_en](https://research-and-innovation.ec.europa.eu/strategy/strategy-2020-2024/our-digital-future/european-research-infrastructures/eric_en)

<sup>49</sup> DARIAH-EU (2014) *DARIAH in a Nutshell*. <https://www.dariah.eu/about/dariah-in-nutshell/>

<sup>50</sup> Regulation (EU) No 1302/2013 (20 December 2013) EUR-Lex. <https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=celex%3A32013R1302>

State where the EGTC has its registered office<sup>51</sup>. For this reason, is key to determinate the best location for the statutory seat.

### Example:

The **Universities of the Upper Rhine (EUCOR)**<sup>52</sup> is currently the only example within the higher education and research. It's an alliance of five universities from Germany, France and Switzerland. It was created in 1989 as a confederation and later in 2015 reorganised as EGTC in order to reinforce their bonds via a dedicated legal entity. It's the only EGTC coordinate exclusively by universities.

The Galicia-Norte de Portugal (**IACOBUS**)<sup>53</sup> Program has as its main objective to foster cooperation and exchange between human resources from Universities, higher education institutions and technological centres in the Euroregion Galicia – North of Portugal - Teachers; Researchers; Administration and Services Personnel (PAS); Innovation Managers; R+D+i technicians, facilitating the sharing of training, research and dissemination activities. This Euroregion initiative is a pioneer in Europe and the GNP, EGTC is the managing entity of the IACOBUS Program.

### 3. European Company (SE)

The European Company, also known as Societas Europea (SE) in Latin, is a type of public limited-liability company that allows to run business in different European countries using a single set of rules. Set up in accordance to Regulation 2157/2001 establishing the Status for a European Company<sup>54</sup> and Directive 2001/86/EC supplementing the Status with regard to the involvement of employees<sup>55</sup>.

### Requirements for setting up a European Company:

- The Head office must be in Europe.
- The members need to be at least two EU Members States.
- You must have a minimum subscribed capital of EUR 120 000.
- It must be governed by the law of one of the EU countries where it has been registered or must be governed by the law of at least two different EU countries.

<sup>51</sup> European Committee of the regions (2006) *What is the EGTC*. EGTC Platform. <https://portal.cor.europa.eu/egtc/about/Pages/egtc.aspx>

<sup>52</sup> EUCOR (2015) Eucor – *The European Campus*. European Committee of the Regions.

<https://portal.cor.europa.eu/egtc/CoRAactivities/Pages/eucor.aspx>

<sup>53</sup> Galicia-Norte de Portugal (2008) *Galicia-Norte de Portugal*. European Committee of the Regions.

<https://portal.cor.europa.eu/egtc/CoRAactivities/Pages/Galicia-Norte-de-Portugal.aspx>

<sup>54</sup> Council Regulation (EC) No 2157/2001 of 8 October 2001 (November 2001). EUR-Lex. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32001R2157>

<sup>55</sup> Council Directive 2001/86/EC of 8 October 2001 (November 2001). EUR-Lex. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32001L0086>

## Key points

The creation of the European Company Status means in practice, that companies established in more than one Member State are able to merge and operate throughout the EU on the basis of a single set of rules and a unified management and reporting system. Therefore, they avoid the need to set up a financially costly and administratively time-consuming complex network of subsidiaries governed by different national laws. The SE has legal capacity to make procurement decisions independently and to contract.<sup>56</sup>

## Example:

**SAP AG<sup>57</sup>** is changed into SAP SE, a European company. The German subsidiary of the firm becomes a simple subsidiary of the group. A decision taken with the unanimous agreement of the shareholders. Recognition of a European status means a recognition all over Europe and the world. SAP also explains that the transition to an SE is logical in view of the current composition of its supervisory board, which increasingly includes members from all over Europe.

## 4. European Economic Interest Grouping (EEIG)

European Economic Interest Grouping enables public and private partners to pool resources to implementation missions in accordance with the European Regulation EEC N° 2137/85<sup>58</sup>. The EEIG is a legal person with administrative and financial autonomy under public or private law.

## Requirements for setting up a European Company:

- The Head office must be in Europe.
- It must be formed by companies governed by public or private bodies under the law of an EU country.
- The members need to be at least two different EU Members States.
- The contract must present at the registry designated by each EU country.
- The EEIG must not invite investment by individual citizens.
- No minimum capital is required.
- The EEIG cannot employ more than 500 persons.

<sup>56</sup> European Commission (2022) *Setting up a European Company (SE)*. Your Europe. [https://europa.eu/youreurope/business/running-business/developing-business/setting-up-european-company/index\\_fr.htm](https://europa.eu/youreurope/business/running-business/developing-business/setting-up-european-company/index_fr.htm)

<sup>57</sup> SAP <https://news.sap.com/sap-se-now-european-company/>

<sup>58</sup> Council Regulation (EEC) No 2137/85 of 25 July 1985 (August 1985) EUR-Lex. <https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=celex:31985R2137>

## Key points

It introduces a legal instrument at the European level in the form of a European Economic Interest Grouping (EEIG) designed to minimise the legal and fiscal difficulties that natural persons, companies, firms and other bodies face in cooperating across borders. The purpose is to facilitate and develop the economic activities of its members by a pooling of resources, activities or skills. This is intended to produce better results than the members acting alone. Each member is free to use different financing. As a counterpart to the contractual freedom and the fact that members are not required to provide a minimum amount of capital, each member of the EEIG has unlimited joint and several liabilities for its debts.

## Example:

**Association European Television (known as ARTE)**<sup>59</sup> : The most famous EEIG is the Franco German television channel ARTE. This EEIG was created in 1992. The headquarter is in Strasbourg in France. 95% of the incomes comes from public funding. This EEIG is well known across Europe as a European public media, “ARTE is committed to issues that are important to European citizens: combating inequality, whether social, cultural, economic, geographical, gender- or disability-related, and promoting sustainable development”.

<sup>59</sup> ARTE G.E.I.E. (2022) *Who we are*. ARTE. <https://www.arte.tv/sites/corporate/en/who-we-are/>



## C. Pros & cons

Type of legal status	PROS	CONS
<b>Association (Under French law)</b>	<ul style="list-style-type: none"> <li>- The constitution is very easy.</li> <li>- Freedom of organisation and financing its operation</li> <li>- In the case of a non-for-profit association the tax regime is very interesting.</li> </ul>	-
<b>Foundation (Under French law)</b>	<ul style="list-style-type: none"> <li>- Donors receive income tax reduction.</li> <li>- The administrative functioning is similar to a public limited company.</li> <li>- Partnership foundation is exempted from commercial taxes when the non-profit activities remain significant.</li> </ul>	<ul style="list-style-type: none"> <li>- There is no European Status for the foundation.</li> <li>- The aim to a foundation is receive more private donations that public funding.</li> <li>- The fundraising is very time consuming for few results, what means an important team to obtain enough funding.</li> <li>- Due to current economic context, individuals are less eager to donate.</li> </ul>
<b>PIG (Under French Law)</b>	<ul style="list-style-type: none"> <li>- There is no minimum capital to subscribed.</li> <li>- Provision of staff to the GIP by its members</li> </ul>	<ul style="list-style-type: none"> <li>- Controls on legal matters</li> <li>- Auditing of accounts by the <i>Chambre régionale des comptes</i></li> <li>- Administrative burden because of the necessity of involving French authorities (Préfet) in the set-up of PIG.</li> </ul>
<b>AISBL (Under Belgium law)</b>	<ul style="list-style-type: none"> <li>- International legal person.</li> <li>- Flexible entity.</li> <li>- Community owned.</li> <li>- Clear legal regime across MS, since it is based on civil law with similar regulation in every MS.</li> <li>- Facility to manage funds.</li> </ul>	<ul style="list-style-type: none"> <li>- Possible less commitment from MS because of the type of entity. (Economically speaking)</li> <li>- Non-for-profit entity could not distribute profits or benefits to their members.</li> <li>- Their economic activities could be limited by each national legal system.</li> <li>- Limited as bound to public procurement directive.</li> </ul>
<b>Association (Under German Law)</b>	<ul style="list-style-type: none"> <li>- No initial capital is needed.</li> <li>- Exemption from VAT and corporation taxes</li> <li>- Flexible entity.</li> </ul>	<ul style="list-style-type: none"> <li>- Since the will members receive a salary their liability is engaged in case of intent or gross negligence.</li> </ul>
<b>Trading company with public capital (Under Spanish Law)</b>	<ul style="list-style-type: none"> <li>- Interesting model with possible profits.</li> </ul>	<ul style="list-style-type: none"> <li>- Initial capital is needed.</li> <li>- The VAT is applicable.</li> <li>- Possible evaluation from independent experts.</li> <li>- The hybrid model could be contradictory with new regulations in the private side and none in the public one.</li> </ul>

<b>Consortium (Under Spanish Law)</b>	<ul style="list-style-type: none"> <li>- No initial capital is needed.</li> <li>- Participation of private entities.</li> </ul>	<ul style="list-style-type: none"> <li>- Limited freedom in terms of organisation.</li> <li>- Public servants are to be given preference.</li> </ul>
<b>Foundation (Under Spanish Law)</b>	<ul style="list-style-type: none"> <li>- No initial capital is needed.</li> <li>- Special tax regime.</li> </ul>	
<b>Foundation (Under Portuguese Law)</b>	-	- No specific tax regime.
<b>Benefit corporation (Under Italian Law)</b>	<ul style="list-style-type: none"> <li>- Not initial capital is needed.</li> <li>- Flexible entity.</li> <li>- Special regulation for staff recruitment.</li> </ul>	
<b>Association (Under Italian Law)</b>	<ul style="list-style-type: none"> <li>- Not initial capital is needed.</li> <li>- Flexible tax treatment.</li> </ul>	
<b>Association (Under Romanian Law)</b>	<ul style="list-style-type: none"> <li>- Preferential right to resources.</li> <li>- Free public property.</li> <li>- No condition related to citizenship.</li> <li>- Not initial capital is needed.</li> </ul>	
<b>ERIC (European Level)</b>	<ul style="list-style-type: none"> <li>- A faster process than creating an international organisation.</li> <li>- Exemptions from VAT and excise duty.</li> <li>- Clear Legal regime across MS.</li> <li>- Flexibility to adapt to specific requirements of each infrastructure.</li> <li>- It is a practical guideline to set up this structure.</li> </ul>	<ul style="list-style-type: none"> <li>- Limited economic activities closely related to its purpose.</li> <li>- In case of new amendment, The European Commission must be notified and they have the right to object to a new amendment.</li> <li>- No direct control by the community.</li> <li>- The ERIC still cumbersome administratively.</li> </ul>
<b>EGTC (European Level)</b>	<ul style="list-style-type: none"> <li>- Member State involvement and commitment.</li> <li>- Clear legal regime across Member State.</li> </ul>	<ul style="list-style-type: none"> <li>- Only suitable for public sector bodies.</li> <li>- Too heavy in administrative aspects.</li> <li>- This entity does not have access to Erasmus+ funding.</li> </ul>
<b>SE</b>	<ul style="list-style-type: none"> <li>- Flexible entity.</li> <li>- Clear legal regime across Member State.</li> </ul>	<ul style="list-style-type: none"> <li>- Initial capital required.</li> <li>- More suitable for companies.</li> <li>- No Member States commitment.</li> <li>- Suitable for commercial endeavours.</li> </ul>

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