

FOUNDATION AS PUBLIC BENEFIT ORGANISATION

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ABSTRACT

The article concerns acquisition of a public benefit organisation status by foundations. Therefore the subject of the study encompasses an analysis of legal regulations with regard to requirements that must be fulfilled by a foundation to achieve such status. Bearing in mind that foundations operate mainly based on the principles stipulated in the Act on foundations, when foundations seek to acquire a public benefit organisation status they must meet a number of prerequisites of the Act on public benefit and volunteer work. In consequence the statutory provisions need to be adapted to the requirements of both acts.

Key words: foundation, public benefit organisation, public benefit work

INTRODUCTION

Public benefit work is one of the most important areas of activity of non-governmental organisations in Poland and foundations are undoubtedly predestined to pursue this type of activity. One should bear in mind that according to Article 1 of the Act of 6 April 1984 on foundations¹, they can be established solely to pursue socially or economically useful

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¹ Act of 6 April 1984 on foundations, i.e.: Journal of Laws of 1991, No. 46, item 203, as amended.

objectives that are consonant with the basic interests of the Republic of Poland. It can be easily noticed that the first objective is particularly in line with Article 3 para. 1 of the Act of 24th April 2003 on public benefit and volunteer work². This provision describes public benefit work as work performed by non-governmental organisations to the benefit of society in the area of public tasks as set out in the Act. The similar wording of the mentioned regulations does not mean that they must be interpreted in the same way. In fact, each of them was stipulated for the purposes of the given Act it appears in. In consequence, for example, even though foundations should be established for socially useful objectives not all of them automatically become public benefit organisations within the meaning of the Act on public benefit and volunteer work. In each and every case, a foundation should fulfil a number of conditions in order to achieve such status.

Hence, the aim of the study is to present the rules for acquiring a public benefit organisation status by foundations. One should bear in mind that in addition to the conditions set out in the Act on public benefit and volunteer work foundations must operate also in accordance with the Act on foundations which, in consequence, often leads to the necessity to adapt the statutory provisions to the requirements of both acts. Therefore the subject of the study will encompass an analysis of provisions of the above mentioned legal acts with regard to requirements that must be fulfilled by a foundation to achieve a public benefit organisation status.

Due to the above, firstly, the author refers to the concepts of foundation and public benefit work. The next part of the study includes the analysis of legal conditions that must be fulfilled to acquire a public benefit organisation status. The author only incidentally refers to the legal effects of granting a public benefit organisation status and situations when such status may be lost.

² Act of 24 April 2003 on public benefit and volunteer work, i.e. Journal of Laws of 2014, item 1118 as amended.

Before discussing requirements that must be fulfilled by foundations in order to acquire a public benefit organisation status a few general remarks must be made about the very concept of foundation. The establishment of a foundation on the basis of the Act on foundations takes place through combining prescriptive and registration model. This means that the Act on foundations provides the legal framework that must be fit in order to create a foundation. Therefore, if a sponsor fulfils the requirements set out by law, he or she is not obliged to apply for approval from state authorities to establish a foundation. This does not mean, however, that sponsor's actions are not subject to inspection. The mentioned control consists in the necessity to enter a foundation into a register³. The entry is of a constitutive nature as once a foundation is entered into the register of foundations, it acquires legal personality. Foundations created on the basis of the Act on foundations are solely foundations of private law. However, this does not mean that it is possible to create foundations for the benefit of individuals, but refers to establishing foundations through a sponsor's declaration of intent within the confines of private law. The Act on foundations does not provide a legal definition of foundation but only indicates the features and elements necessary for its creation. According to the Article 1 of the Act on foundations, a foundation may be established to pursue socially or economically useful objectives that are consonant with the basic interests of the Republic of Poland. Such objective particularly are: health protection, advancement of the economy and science, education, literacy, culture, art, social services, environmental protection, and protection of historical landmarks. A foundation is established by a sponsor. Depending on the needs, the founder can be one or more natural or legal persons. The

³ In accordance with Article 9 para. 1 of the Act on foundations, the court enters a foundation into the National Court Register upon finding that legal activities on which the entry is based have been carried out by an authorised person or body and are valid. Moreover, the decision to enter a foundation into the National Court Register is taken by the court after finding that the purpose and statute of the foundation are consonant with the provisions of law.

basis for the establishment of a foundation is a deed of foundation understood as a declaration of intent to establish a foundation which indicates objectives and assets intended for their implementation⁴. As for the system of managing foundations, a foundation is statutorily obliged only to have the governing board which does not exclude, however, establishing other bodies, for instance, counselling or audit bodies.

Based on the Act on public benefit and volunteer work, foundations can apply for being granted a public benefit organisation status at any stage of their operation provided that they fulfil the prerequisites set out in Article 20 para. 1 subpar. 1-6 of the Act on public benefit and volunteer work. At the same time it is indispensable for them to perform public benefit work. This notion is defined in Article 3 para. 1 of the Act on public benefit and volunteer work as work performed to the benefit of society by non-governmental organisations in the area of public tasks as set out in the Act. The above mentioned definition indicates that only an activity corresponding to these three prerequisites is of a public benefit nature. That is why each of them requires further explanation. According to the statutory definition stipulated in Article 3 para. 2 of the Act on public benefit and volunteer work non-governmental organisations are entities which do not form part of the public finance sector as defined in the Act on Public Finance and do not operate for profit – corporate and non-corporate entities, which according to separate legal provisions have capacity to perform acts in law, such as foundations and associations⁵. The placement of non-governmental organisations outside entities making part of

⁴ H. Cioch, *Istota aktu fundacyjnego*, „Nowe Prawo” 1986, no. 10, p. 17; idem H. Cioch, *Prawo fundacyjne*, Warszawa 2002, p. 55-56; as well as J. Strzępka [in:] B. Sagan, J. Strzępka, *Prawo o fundacjach. Komentarz*, Katowice 1992, p. 20-21; A. Kidyba, *Ustawa o fundacjach. Prawo o stowarzyszeniach*, Warszawa 1997, p. 17.

⁵ In addition to the legal definition of a non-governmental organisation provided in the Act on public benefit and volunteer work, a number of doctrinal definitions can be found in the literature on the subject matter. Examples of the most distinctive ones are presented by: D. Moroń, *Organizacje pozarządowe – fundament społeczeństwa obywatelskiego*, Wrocław 2012, p. 17-21 as well as in the said literature. The author points out that the definitions are quite similar therefore the most characteristic features of non-governmental organisations can be indicated on their basis: they have an organisational form, do not form part of the public sector hence they are independent of public authorities, do not operate for profit, are self-governing and of a voluntary nature, *ibidem*, p. 16.

the public finance sector indicates a lack of organisational and financial links between them and the state structures (including government structures) and local government bodies⁶. Hence, the status of a non-governmental organisation will not be available to entities within the public finance sector referred to in Article 9 of the Act on foundations. Moreover, a non-governmental organisation cannot operate for profit. This condition excludes entities whose activity is aimed at making profit (income), i.e. surplus of revenue over the costs incurred in the generation of such revenue⁷. Both legal persons and entities which do not have legal personality are considered as non-governmental organisations as per the Act on public benefit and volunteer work. In the light of the presented definition, foundations and associations constitute basic types of non-governmental organisations. In the literature on the subject matter it is emphasised that despite fundamental differences between foundations and associations, they have a number of common characteristics. Above all, they are legal instruments aimed at achieving non-economic and socially useful objectives. Both entities may act as legal persons (independent foundations, registered associations) or as organisational units without legal personality (dependent foundations, ordinary associations). They can conduct business activity only in an incidental manner and benefit from the same tax relieves and privileges. It is also stressed that both institutions possess their own assets which they are entitled to hold as legal persons. Nevertheless, those assets do not constitute private property but a certain kind of public or community property⁸. In this context, it's easy to agree that foundations should be classified as community organisations⁹ as they pursue public (socially useful) objectives¹¹.

⁶ J. Blicharz, *Ustawa o działalności pożytku publicznego i o wolontariacie. Ustawa o spółdzielniach socjalnych*, Warszawa 2012, p. 47; P. Staszczuk, *Ustawa działalności pożytku publicznego i wolontariacie*, Warszawa 2013, p. 15.

⁷ J. Kopyra, *Ustawa o działalności pożytku publicznego i o wolontariacie. Komentarz*, Warszawa 2005, p. 37.

⁸ H. Cioch, *Status polskich fundacji w świetle judykatury*, „Rejent” 2000 no. 5, p. 19 and 20.

⁹ The term “community organizations” was often used before 1989. It referred to the organisations that at that time did not operate for profit but performed tasks aimed at aiding their target audience. However, due to its negative connotations with the former polit-

The above analysis of the definition of public benefit work allowed to explain the concept of non-governmental organisation. As it has already been emphasised, it is one of the prerequisites that determine public benefit work that must be performed by a particular entity (a non-governmental organisation). A subsequent condition is that the activity should be pursued within the area stipulated in Article 4 para. 1 of the Act on public benefit and volunteer work¹¹. It is emphasised in the literature that

ical system in Poland (communism), it is used less and less frequently. It has been pointed out by J. Kopyra, *Ustawa o działalności pożytku publicznego i o wolontariacie. Komentarz*, op. cit., p. 33; J. Blicharz, *Ustawa o działalności pożytku publicznego i o wolontariacie. Ustawa o spółdzielniach socjalnych*, op. cit., p. 48

¹⁰ H. Cioch, *Status polskich fundacji w świetle judykatury*, op. cit., p. 20. The same opinion was expressed also by: J. Blicharz, *Ustawa o działalności pożytku publicznego i o wolontariacie. Ustawa o spółdzielniach socjalnych*, op. cit., p. 47-48; P. Suski, *Fundacje i stowarzyszenia*, op. cit., p. 319.

¹¹ The material scope is defined in reference to the area of public tasks covering tasks related to: 1) social assistance, including aid offered to disadvantaged families and individuals, and ensuring equal opportunities to such families and individuals; 1a) supporting family and foster care system; 2) professional and social integration and reintegration of persons threatened with social exclusion; 3) charity work; 4) preserving national traditions; sustaining Polish identity and developing national, civic, and cultural awareness; 5) work to support national and ethnic minorities and regional languages; 6) protection and promotion of health; 7) work to support the disabled; 8) promoting employment and professional activation of the unemployed and individuals threatened with job loss; 9) promoting equal rights of women and men; 10) work to support the elderly; 11) promotion of economic growth and entrepreneurship; 12) promotion of development of new technologies, inventions and innovation, transfer and implementation of new technologies for companies; 13) work to support the development of local communities; 14) science, education, coaching, and upbringing; 15) recreation of children and youth; 16) culture, art, protection of culture and national heritage; 17) promoting physical culture and sports; 18) ecology, animal protection, protection of natural heritage; 19) tourism and knowledge touring; 20) public order and security; 21) national defence and the activity of Armed Forces of the Republic of Poland; 22) promoting and protection of human and civil rights and freedoms, work to support the development of democracy; 23) rescue systems and protection of residents; 24) aid to victims of calamities, natural disasters, armed conflicts and warfare – in Poland and abroad; 25) promoting and protecting consumer rights; 26) work to support European integration, and the development of contacts and co-operation between societies; 27) promoting and organising volunteership; 28) aid extended to Poles and Polish community abroad; 29) work to support the veterans and persons who have undergone State repression; 30) promotion of the Republic of Poland abroad; 31) work to support families,

the activities of almost every foundation remain within the limits of the so-called area of public tasks. Arguments in support of this opinion have been derived from Article 1 of the Act on foundations according to which a foundation may be established to pursue socially or economically useful objectives that are consonant with the basic interests of the Republic of Poland, whereas areas of socially useful activities distinguished on the basis of the Act on foundations constitute only an exemplary list¹². In the context of these considerations, it is more convincing that foundations can operate within the area of public tasks and at the same time support public administration, as well as fall outside this category and pursue socially useful activities that do not constitute public benefit work¹³.

The last of the prerequisites defining public benefit work indicates that the activity must be socially useful. At this point one should support the opinion that the concept of social utility used in Article. 3 para. 1 of the Act on public benefit and volunteer work should be interpreted in the same way as the concept presented in Article 1 of the Act on foundations¹⁴. That is why the presented context quite extensively indicates that socially useful activity is helpful from the point of view of the public. Hence, the argument that socially useful activity is oriented primarily towards a wide public and not focused on satisfying particular interests of the founders of the given organisation or the members of its bodies must be deemed sufficient¹⁵.

promote motherhood and parenthood; promote and protect the rights of children; 32) prevention of addictions and social pathology; 33) work to support non-governmental organisations and entities listed in article 3, para 3 active in the areas listed in subpar. 1-32. The catalogue of public tasks is an enumerative list but according to Article 4 para. 2 it may be extended by a regulation of the Council of Ministers.

¹² A. Ceglarski, *Organizacje pożytku publicznego*, Warszawa 2005, p. 18.

¹³ G. Radecki, *Fundacje zakładane przez osoby prawne Kościoła katolickiego w Polsce*, Katowice 2009, p. 53.

¹⁴ G. Radecki, *Fundacje zakładane przez osoby prawne Kościoła katolickiego w Polsce*, op. cit., p. 53; N. Kowal, *Tworzenie i rejestracja organizacji pożytku publicznego. Komentarz*, Kraków 2005, p. 21; K. Pokryszka, *Administracyjnoprawne przywileje fundacji użyteczności publicznej. Wybrane problemy prawne*, „Monitor Prawniczy” 2014, no. 9, p. 468.

¹⁵ Similar stand expressed by, among others, A. Ceglarski, *Organizacje pożytku publicznego*, op. cit., p. 16; J. Ruszewski, *Organizacja pożytku publicznego*, „Państwo i Prawo” 2005, vol. 7, p. 84-85.

PREREQUISITES FOR ACQUIRING PUBLIC BENEFIT
ORGANISATION STATUS

As indicated in Article 20 para. 1 subpar. 1 of the Act on public benefit and volunteer work, the first of the prerequisites that must be fulfilled by a foundation seeking to be granted a public benefit organisation status concerns performing public benefit work to the benefit of the entire society or to the benefit of a specific group of individuals provided that such group can be distinguished from the society due to difficult living conditions. In the absence of defined by the legislator concepts of society and community, when interpreting the above provision it is pointed out that community constitutes a narrower category understood as a group of people linked by social or cultural ties¹⁶. Community relationship is emphasised here which distinguishes the community from the whole society. In this context, one may find convincing the argument that activities of a foundation seeking to be granted public benefit organisation status should be performed to the benefit of a particular but wide audience¹⁷. This group can be distinguished on the basis of certain criteria such as environment, ethnic origin or territory. A foundation can acquire a public benefit organisation status also in a situation when it does not operate to the benefit of the entire society but only to the benefit of a specific group. This will be possible only provided that such group is distinguished from the society due to particularly difficult living conditions or financial situation¹⁸.

In the light of Article 20 para. 1 subpar. 2 of the Act on public benefit and volunteer work, pursuing business activity does not constitute an obstacle to obtain a public benefit organisation status by a foundation. Such activity may be pursued solely as an activity auxiliary to public benefit work. It is also necessary to allocate the surplus of revenues over expens-

¹⁶ N. Kowal, *Tworzenie i rejestracja organizacji pożytku publicznego. Komentarz*, op. cit., p. 56; J. Blicharz, *Ustawa o działalności pożytku publicznego i o wolontariacie. Ustawa o spółdzielniach socjalnych*, op. cit., p. 122; P. Staszczyk, *Ustawa działalności pożytku publicznego i wolontariacie*, op. cit., p. 78.

¹⁷ K. Pokryszka, *Administracyjnoprawne przywileje fundacji użyteczności publicznej. Wybrane problemy prawne*, op. cit., p. 469.

¹⁸ J. Ruzzewski, *Organizacja pożytku publicznego*, op. cit., p. 84.

es to public benefit work. In the context of this regulation, certain interpretative doubts arise in the absence of criteria that can decide whether a business activity can be deemed auxiliary in relation to the public benefit work. It is assumed that the revenue from pursuing such an activity constitute a smaller part of all revenues generated by an organisation. One also need to point out a widespread belief that business activity can be solely of an auxiliary nature which means that it is pursued exclusively in order to raise funds for the completion of statutory tasks¹⁹.

The possibility to acquire a public benefit organisation status by a foundation is also associated with the necessity to have a statutory collegial audit or supervision body, separate from the management body and not reporting thereto in matters related to internal audit or supervision²⁰. For a number of foundations this requirement may constitute an obstacle to obtain the status of public benefit organisation²¹. It is especially due to the content of Article 10 of the Act on foundations that envisages only one mandatory body which is the governing board. In this regard, one cannot lose sight of the content of Article 5 para. 1 of the Act on foundations that allows to establish other bodies of a foundation in addition to the governing board. Hence, foundations will not be able to acquire public benefit organisation status in two cases: firstly, when they have no audit or supervision bodies, secondly, when there are no applicable statutory provisions that allow to establish an audit or supervision body before applying to the registration court for such status.

In such situation it seems reasonable to change the statute and introduce a provision on the possibility to establish an audit or supervision

¹⁹ J. Blicharz, *Ustawa o działalności pożytku publicznego i o wolontariacie. Ustawa o spółdzielniach socjalnych*, op. cit., p. 123; P. Staszczuk, *Ustawa działalności pożytku publicznego i wolontariacie*, op. cit., p. 79; K. Pokryszka, *Administracyjnoprawne przywileje fundacji użyteczności publicznej. Wybrane problemy prawne*, op. cit., p. 469.

²⁰ See Article 20 para. 1 subpar. 4 of the Act on public benefit and volunteer work.

²¹ H. Cioch expressed an opinion that the requirement to have a statutory collegial audit or supervision body is contrary to the Act on foundations, which is why he called for removing it. The author substantiates his position by emphasising that foundations essentially have no audit or supervision bodies and therefore they will not be able to acquire a public benefit organisation status which does not seem to correspond to the intentions of the legislator, see. H. Cioch, *Organizacje pożytku publicznego i wolontariat – nowe regulacje prawne*, „Rejent” no. 2003, p. 20-21.

body. However, such action requires careful consideration in order to verify whether the new provisions are not contrary to the will of the sponsor who has not envisaged such a body when drafting the statute²². Moreover, members of the management body of the foundation that seeks to be granted a public benefit organisation status should not have been convicted by virtue of a final court judgement for any crime involving intentional fault or for a tax offence.

Acquiring a public benefit organisation status by a foundation involves as well the obligation to include a number of prohibitions in the statute²³. Their nature indicates that the legislator's intention was to prevent transferring the assets out of the foundation.

²² J. Kopyra, *Ustawa o działalności pożytku publicznego i o wolontariacie. Komentarz*, op. cit., p. 93.

²³ The provision of Article 20 para. 1 subpar. 6 prohibits the following:

- granting loans or pledging the organisation's property to secure any financial liabilities of such organisation's members, members of management bodies, employees, or their spouses, domestic partners, next of kin or relations in lineal or collateral affinity thereto, or persons related to them on the basis of adoption, custody or guardianship, all of whom jointly referred to as "relatives";

- the transfer of the organisation's property to its members, members of its management bodies, employees or their relatives under terms and conditions other than those applying to unrelated third parties, in particular should such transfer be free of charge or on preferential terms;

- the use of the organisation's property to aid its members, members of its management bodies, employees or their relatives under terms and conditions other than those applying to unrelated third parties, unless such use stems directly from the statutory objectives,

- the purchase of goods or services from entities with which such organisation's members, members of management bodies, employees or their relatives are involved, under terms and conditions other than those applying to unrelated third parties or at prices that are higher than market prices. The above mentioned prohibitions must be clearly reflected in the statute of the foundation. This issue was addressed by the Supreme Court in its resolution of 11th May 2005, III CZP 16/05, Lex no. 148431. The resolution states that an association seeking to acquire a public benefit organisation status should include the provisions on prohibitions provided for in Article 20 subpar. 7 of the Act on public benefit and volunteer work in the content of the statute. In the justification, the Supreme Court stated additionally that including these prohibitions in an internal act, which is the resolution of the relevant authorities of the organisation, is not sufficient for granting the association a public benefit organisation status.

In the light of Article 22 of the Act on public benefit and volunteer work, a foundation shall be granted a public benefit organisation status as of the entry of data proving conformity to requirements specified in Article 20 of the Act on public benefit and volunteer work into the National Court Register. The entry is made according to the rules and in the manner specified in the Act on the National Court Register. The entry is of a constitutive nature. Nevertheless, in this context it also should be noted that Article 22 para. 2 of the Act on public benefit and volunteer work is quite imprecise regarding the constitutive nature of the entry of data proving conformity to requirements specified in Article 20 of the Act on public benefit and volunteer work. It's due to the fact that in order to obtain such entry the applicant must meet the requirements set out in other provisions of the Act. One of the requirements is that foundations (as well as other non-governmental organisations and entities mentioned in Article 3, para. 3, subpar. 1 and 4 the Act on public benefit and volunteer work) should perform public benefit work continuously for at least two years prior to the submission of the request to the court²⁴. In this respect, it is indispensable to supply documentary evidence of performing public benefit work, for instance, to present implementation reports and financial statements. Another prerequisite to be fulfilled by a foundation seeking to be granted a public benefit organisation status is to manage unpaid work, paid work and business activity separately in terms of accounting as well as in a manner and to an extent enabling a calculation of revenue, cost and overall result of each activity. Furthermore, the scope of unpaid or paid public benefit work performed by foundations should be defined in their statutes²⁵. The cited regulation on separation of accounting entails a clear separation of all financial activities in a way that it is possible to allocate them to a particular type of paid or unpaid public benefit work or business activity. In order to fulfil this requirement it is necessary to define revenue, cost and result of each type of conducted activity in the accounting books beforehand²⁶.

²⁴ Article 22 para. 1 of the act on public benefit and volunteer work.

²⁵ Article 10 of the Act on public benefit and volunteer work. In addition, it should be noted that the requirement to cover the scope of unpaid or paid public benefit work in the statute will often require changes in the statute of the foundation.

²⁶ P. Staszczyk, *Ustawa działalności pożytku publicznego i wolontariacie*, op. cit., p. 37-38.

In the light of the above observations it should be stated that a foundation shall be granted a public benefit organisation status as of the entry of data proving conformity to requirements specified in Article 20 of the Act on public benefit and volunteer work into the National Court Register. Nevertheless, the fulfilment of the specific requirements does not entail an entry into the register *ex lege* as the submission of an appropriate request is required to allow such entry. The request for an entry into the National Court Register shall be made on a court form. The set of forms can be divided into the forms for entities that are already registered in the National Court Register²⁷ and forms for the entities that are not obliged to register in the National Court Register²⁸. Acquiring a public benefit organisation status will take place by means of the registration process, which is why all rules that were applicable during the registration of the foundation will apply where relevant.

Being granted with a public benefit organisation status is coupled with the following privileges: exemption from the corporate income tax, property tax, tax on civil law transactions, stamp duty, court fees in relation to the performed public benefit work; on terms specified in separate legal provisions a public benefit organisation may gain the right to use property owned by the State Treasury or by local self-government units, on preferential terms; the right to receive 1% of personal income tax; the possibility to being provided by public radio and television facilities with free of charge broadcasting time to inform the general public of their activities; benefiting from the labour of conscripts dispatched for substitute military service²⁹.

²⁷ This case concerns foundations and it is a request to change details of an entity (KRS-Z20, appendix no. 24 to the regulation on template forms); request to register or change the data of an entity in the National Court Register - public benefit work, (KRS-W-OPP, appendix no. 73 to the regulation on template forms).

²⁸ The correct form is: a request to change the data of an entity in the registry of associations, other community and professional organisations, foundations and independent public healthcare facilities - public benefit organisation (KRS-Z21, appendix no. 71 to the regulation on template forms); request to change the data of an entity in the National Court Register - change – public benefit organisation (KRS-Z-OPP, appendix no. 74 to the regulation on template forms).

²⁹ See Article 24 para. 1 and 2 of the Act on public benefit and volunteer work as well as Articles 25-27 therein.

A foundation loses the public benefit organisation status as of the date of its deletion from the National Court Register *ex officio* or at its own request or through the deletion of data proving its public benefit organisation status. Deletion at the request of the Minister of Labour and Social Policy takes place in the case of: failure to remove irregularities defined in the post-audit findings; refusal to be subject to the audit by the public benefit organisation; a serious breach of the law revealed in the course of the audit or failure to confirm to the requirements specified respectively in Article 20 and 21 of the Act on public benefit and volunteer work (prerequisites to acquire a public benefit organisation status) identified in the course of the audit³⁰.

CONCLUSION

In conclusion, acquiring a public benefit organisation status by a foundation requires the fulfilment of two types of prerequisites. On the one hand, the foundation must fulfil the obligations specified in the Act on public benefit and volunteer work that are related among others to the necessity to meet the conditions of a material nature (for instance, performing public benefit work, need for statutory collegial audit or supervision body separate from the management body, including a number of prohibitions in the statutes that are intended to prevent transferring the assets out of the foundation, perform public benefit work continuously for at least two years prior to the submission of the request to the court) and of a formal nature (submitting a request to the National court Register). Acquiring a public benefit organisation status by a foundation is coupled with many benefits and privileges such as the possibility to receive 1% of personal income tax or tax exemptions. That is why the statutory prerequisites that must be fulfilled to seek a public benefit organisation status do not provide an easy way to acquire such status.

³⁰ See Article 33 para. 2 of the Act on public benefit and volunteer work.

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