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**Act 1/1998, of 2 March, on Foundations of the Community of Madrid (1)**

PREAMBLE

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Organic Law 10/1994, of 24 March, on the Reform of the Statute of Autonomy of the Community of Madrid, granted to the Community of Madrid full legislative competences regarding foundations that conduct their activities mainly in the Autonomous Community. Said competences, after the aforementioned reform, are set forth in Article 26, paragraph 24 of Organic Law 3/1983 of 25 February, of its Statute of Autonomy.

After the granting of these competences to the Community of Madrid, the state-level Act 30/1994, of 24 November, on Foundations and Tax Incentives for the Private Participation in Activities in the Public Interest, was enacted, whose first final provision, “Act Implementation”, lists four groups of provisions applicable throughout the State, under Article 149.1.1, 6, 8 and 14 of the Spanish Constitution.

In strict compliance with this constitutional, statutory and legal framework, this Act aims to regulate those foundations under the jurisdiction of the Community of Madrid in order to promote the creation of these organizations, their development, and their connection to the scope of the Community of Madrid, and, therefore, the achievement in its territory of the purposes of public interest that represent the foundation’s purpose, the Community of Madrid considers that private initiative should be encouraged regarding the performance of activities in the public interest, providing support and protection to the leading role that society demands and exercises by means of a wide range of non-profit organizations, to which end, its legal framework is made more flexible in the aspects listed below.

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The most remarkable aspects of the Act are the following:

- Foundations are no longer entitled to gain family profits, in line with the public interest purpose that they should actually pursue.

- Regarding the capacity of public legal persons to establish foundations subject to this Act, certain conditions are set forth in order to prevent such persons from eluding the ordinary controls of the administration. Likewise, it sets forth certain safeguards aimed at avoiding confusion between the equity and legal framework of foundations created by public legal persons and the assets of such persons.

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1 .- [Official Journal of the Community of Madrid \[BOCM, as per the Spanish acronym\] 9 March 1998](#), corrigenda [BOCM 28 May 1998](#) and [BOCM 15 October 1998](#).

The text reproduced herein includes the amendments enforced pursuant to the following regulations:

- Act **24/1999**, of 27 December, on Tax and Administrative Measures ([BOCM 30 December 1999](#)).

- Act **2/2004**, of 31 May, on Tax and Administrative Measures ([BOCM 01 June 2004](#)).

- Judgement of the Board of the Constitutional Court **341/2005**, of 21 December, on the constitutional challenge 2544/1998 (BOE [Spanish Official Journal] of 20 January 2006).

- Act **9/2010**, of 23 December, on Tax and Administrative Measures and the Rationalisation of the Public Sector ([BOCM 29 December 2010](#)).

- Act **1/2011**, of 14 January, adapting Act 4/2003, of 11 March, on Savings Banks of the Community of Madrid, to Royal-Decree Law 11/2010, of 9 July, on the Governing Bodies and other Aspects of the Legal Framework of Savings Banks ([BOCM 24 January 2011](#)).

- Judgement of the Board of the Constitutional Court **120/2011**, of 6 July, on the constitutional challenge 2564/1998 (BOE [Spanish Official Journal] of 2 August 2011).

- Act **4/2014**, of 22 December, on Tax and Administrative Measures ([BOCM 29 December 2014](#)).

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- A Board of Trustees of at least three members is now mandatory. On the other hand, it is accepted that the legal representative of a minor trustee can act on behalf of the minor trustee, in order to safeguard the will of the founders in this regard. Finally, the exercise of the office of trustee is now flexible, allowing the delegation of voting rights provided that certain requirements are met.

- As regards the use of the foundations' assets, a flexible framework has been chosen consisting of the mere communication of such transactions to the Supervisory Board for an ex-post control, instead of an ex-ante control by the Supervisory Board by means of the requirement for prior authorization.

- The Council of Foundations of the Community of Madrid is created, being comprised of, as well as the competent Regional Departments in matters of Supervision or Registry, those foundations under the jurisdiction of the Community of Madrid. Its duties mainly consist of giving advice and issuing opinions on the regulations to be passed by the Community of Madrid as regards foundations, and proposing actions for the promotion, support and furtherance of such foundations.

- The purposes of the additional provisions are: first one, to give effect to the exercise of the powers of the Community of Madrid as regards foundations; the second and third provisions govern certain special cases regarding foundations or foundation-like organizations owned by the Community of Madrid and the fourth one provides for the future framework of tax incentives for all types of private participation in activities of public interest in the geographic scope of the Community of Madrid.

- The transitional provision establishes the term for the adaptation of foundations to the provisions of this Act.

- Finally, final provisions govern the entry into force of the Act and empower the Regional Governing Council for its subsequent regulatory development.

## PRELIMINARY TITLE

### **Article 1.** *Scope and Purpose.*

The purpose of this Act is to govern the management and operations of those foundations under the jurisdiction of the Community of Madrid, on the grounds that such foundations conduct their activities within its territory.

### **Article 2.** *Governing Regulations.*

Those foundations falling under the scope of this Act shall be governed by the will of their founder, by their by-laws and, in all cases, by the provisions of Article 149.1 of the Constitution, by the provisions of national laws on foundations that may be generally applicable, as well as by this Act.

### **Article 3.** *Goals and Beneficiaries.*

1. Foundations must benefit general groups of people and pursue goals in the public interest: including civic, educational, cultural, social action, scientific, sporting and health purposes and purposes related to cooperation for development, environmental protection, support of a model for sustainable development or promotion of the economy or research, promotion of volunteering and support for equal opportunities between men and women or any others of a similar nature.

2. Foundations may not be established for the purpose of providing benefits to the

spouse or relatives of the founder up to and including the fourth degree of consanguinity or kinship, or to those who have identical family or kinship ties with the trustees, directors and managers of the foundations. However, such family members or relatives may be beneficiaries of such benefits provided that they are part of the general groups of persons for whom the purpose of the foundation is intended. In this case, the founders, trustees, directors and managers of the relevant foundations shall refrain from taking part in the processes or decisions foreseen in the previous paragraph, and any awards or amounts granted in breach of this provision shall be null and void.

3. The prohibition stated in the previous section shall not apply in the event that the foundation's exclusive or main purpose is the conservation and/or management of Spanish historical heritage, provided that the requirements of Act 16/1985 of 25 June on Spanish Historical Heritage are met.

**Article 4. Address.**

1. The address of those foundations that conduct their activities mainly within the Community of Madrid must be located in the Community of Madrid.

2. The corporate address of the foundations must be located in the municipality where the headquarters of its governing body are located.

**Article 5. Capital Contribution.**

1. The capital contribution shall be made up of all the assets and rights of any kind that are allocated by the founder or founders to the fulfilment of the foundation's purposes at the time of establishment, as well as those that are received as such after said establishment, or, where appropriate, are allocated as a capital contribution by agreement of the Board of Trustees.

2. The amount of the capital contribution shall be established in pesetas, whether it is comprised of cash or non-cash contributions. In the latter case, the valuation criteria applied, and the relevant grounds must be included in the corresponding public deed.

3. The effective provision of the contributions shall be proven before a granting Notary Public.

4. The provision of the capital contribution may be made in successive instalments; in which case the initial disbursement shall not be less than 25 per cent of the established amount. Any remaining amount must be paid within a term of five years after the foundation's incorporation, or within a term under ten years if its disbursement is guaranteed, from the time of the contribution, by any means permitted by law.

5. The provision set out in the preceding paragraph shall also apply to the capital contribution consisting of contributions made by third parties.

**Article 6. Report by the Supervisory Board before the Registration of the Memorandum of Association.**

1. The registration with the Register of Foundations of the Community of Madrid of the foundations subject matter of this Act shall compulsorily require a favorable report from the Supervisory Board regarding the pursuit of public interest purposes and the confirmation that the capital contributions provided are sufficient to cover such purposes.

2. The term for the issue of such report shall be three months. In the event that, within such term, such report was not issued, it shall be construed as a favorable report for registration

purposes.

**Article 7. Legal Personality.**

Foundations shall be construed as having proper legal personality upon registration of its memorandum of association with the Register of Foundations of the Community of Madrid.

**Article 8. Mortis-Causa Memorandum of Association.**

By virtue of a mortis-causa memorandum of association, the founder may grant the public deed by himself or designate the persons who are to grant it. In the event that the founder merely established his will to create a Foundation and to dispose of the assets of the capital contribution, the public deed containing the other requirements under this Act shall be executed by the person or persons to whom the execution of the will or other mortis-causa provision may correspond under the law, in accordance with the applicable civil regulations.

TITLE I

**Special Provisions Applicable to Public Legal Persons**

**Article 9. Founding Competences.**

1. Founding competences shall be governed by the provisions of the generally applicable regulations on foundations pursuant to the provisions of Article 149.1 of the Constitution.

2. The exercise of this competence by the Community of Madrid shall be authorized by virtue of a Decree of the Regional Governing Council, which shall determine the conditions to be met for the establishment of the relevant foundation.

[By virtue of [Decree 25/1999, of 11 February](#), it is authorized the establishment of the Fundación Felipe II by the Community of Madrid]

[By virtue of [Decree 16/2000, of 3 February](#), it is authorized the establishment of the Fundación Camino de la Lengua Castellana (Foundation for the Promotion of the Spanish Language) by the Regional Secretary of Education]

[By virtue of [Decree 170/2000, of 13 July](#), is it authorized the establishment of the Fundación Canal de Isabel II]

[By virtue of [Decree 138/2001, of 30 August](#), is it authorized the establishment of the Fundación para el Mecenazgo y el Patrocinio Social de la Comunidad de Madrid (Foundation for the Social Sponsorship of the Community of Madrid) by the Community of Madrid]

[By virtue of [Decree 185/2003, of 24 July](#), is it authorized the establishment of the Fundación para la Investigación Biomédica del Hospital Universitario “La Princesa” (Foundation for the Biomedical Research of the “La Princesa” Teaching Hospital)]

[By virtue of [Decree 186/2003, of 24 July](#), is it authorized the establishment of the Fundación para la Investigación Biomédica del Hospital Universitario Príncipe de Asturias (Foundation for the Biomedical Research of the Príncipe de Asturias Teaching Hospital)]

[By virtue of [Decree 187/2003, of 24 July](#), is it authorized the establishment of the Fundación para la Investigación Biomédica del Hospital Universitario Ramón y Cajal (Foundation for the Biomedical Research of the Ramón y Cajal Teaching Hospital)]

[By virtue of [Decree 188/2003, of 24 July](#), is it authorized the establishment of the Fundación para la Investigación Biomédica del Hospital Universitario Puerta de Hierro (Foundation for the Biomedical Research of the Puerta del Hierro Teaching Hospital)]

[By virtue of [Decree 189/2003, of 24 July](#), it is authorized the establishment of the Fundación para la Investigación Biomédica del Hospital Universitario Doce de Octubre (Foundation for the Biomedical Research of the Doce de Octubre Teaching Hospital)]

[By virtue of [Decree 190/2003, of 24 July](#), is it authorized the establishment of the Fundación para la Investigación Biomédica del Hospital Universitario La Paz (Foundation for the Biomedical Research of the La Paz Teaching Hospital)]

[By virtue of [Decree 191/2003, of 24 July](#), it is authorized the establishment of the Fundación para la Investigación Biomédica del Hospital Universitario Clínico San Carlos (Foundation for the Biomedical Research of the San Carlos Teaching Hospital Clínico)]

[By virtue of [Decree 192/2003, of 24 July](#), is it authorized the establishment of the Fundación para la Investigación Biomédica del Hospital Universitario de Getafe (Foundation for the Biomedical Research of the Getafe Teaching Hospital)]

[By virtue of [Decree 78/2005, of 2 August](#), it is thereby authorized the establishment of the “Fundación Madrid por la Excelencia” by the Community of Madrid]

[By virtue of [Decree 115/2005, of 13 October](#) of the Regional Governing Council , it is authorized the participation of the Community of Madrid in the creation of the Fundación “Madrid Olímpico”]

[By virtue of [Decree 50/2006, of 8 June](#), of the Regional Governing Council , it is authorized the participation of the Community of Madrid in the establishment of the Fundación de la Energía (Energy Foundation)]

[By virtue of [Decree 86/2006, of 26 October](#) of the Regional Governing Council , it is authorized the participation of the Community of Madrid in the establishment of the Fundación Instituto de Música de Cámara de Madrid (Foundation of the Chamber Music Institute of Madrid)]

[By virtue of [Decree 102/2006, of 16 November](#) of the Regional Governing Council , it is authorized the participation of the Community of Madrid in the creation of the Fundación “Centro de Poesía José Hierro” (José Hierro Poetry Centre Foundation)]

[By virtue of [Decree 120/2007, of 2 August](#) of the Regional Governing Council , it is authorized the establishment of the Fundación Dos de Mayo, Nación y Libertad by the Community of Madrid]

[By virtue of [Decree 135/2007, of 18 October](#) of the Regional Governing Council , is it authorized the establishment of the Fundación para la Investigación Biomédica del Hospital “Carlos III” (Foundation for the Biomedical Research of the “Carlos III” Hospital)]

[By virtue of [Decree 136/2007, of 18 October](#) of the Regional Governing Council , is it authorized the establishment of the Fundación para la Investigación Biomédica del Hospital Infantil Universitario “Niño Jesús” (Foundation for the Biomedical Research of the “Niño Jesús” Children’s Hospital)]

[By virtue of [Decree 29/2010, of 20 May](#) of the Regional Governing Council , it is authorized the participation of the Community of Madrid in the establishment of the Fundación para la Promoción e Innovación de las Pymes Madrileñas, Propymes (Foundation of the Promotion and Innovation of Madrid SMEs, Propymes)]

[By virtue of [Decree 115/2014, of 5 July](#) of the Regional Governing Council , is it authorized the establishment of the Fundación para la Investigación Biomédica del Hospital “Gregorio Marañón” (Foundation for the Biomedical Research of the “Gregorio Marañón” Hospital)]

[By virtue of [Decree 53/2015, of 21 May](#) of the Regional Governing Council , is it authorized the establishment of the Investigación e Innovación Biomédica de Atención Primaria (Foundation for the Biomedical Research and Innovation in Primary Health Care) of the Community of Madrid ]

[By virtue of [Decree 30/2018, of 17 April](#) of the Regional Governing Council , is it authorized the establishment of the Fundación para la Investigación e

Innovación Biomédica del Hospital Universitario Infanta Leonor y del Hospital Universitario del Sureste (Foundation for the Biomedical Research of the Teaching Hospitals Infanta Leonor and Sureste)]

[By virtue of [Decree 31/2018, of 17 April](#) of the Regional Governing Council , is it authorized the establishment of the Fundación para la Investigación e Innovación Biomédica del Hospital Universitario “Infanta Sofía” y del Hospital Universitario del Henares (Foundation for the Biomedical Research of the Teaching Hospitals “Infanta Sofía” and Henares Teaching Hospital)]

3. *Those foundations which conduct their activities mainly in the Community of Madrid and which are established by one or more public legal persons, regardless of the geographic scope of action of such persons, shall be subject to the provisions of this Act. (2)*

**Artículo 10. Liability of Foundations Established by Public Legal Persons.**

1. The capital contribution and equity of foundations subject to this Act and created by public legal persons are liable for the obligations of the former under the terms of private law and may not be combined with the equity of such founders.

2. The same legal framework foreseen for foundations set up by private natural or legal persons shall apply to the personnel working for the foundations mentioned in the previous paragraph.

3. The provisions of the previous paragraph are to be construed without prejudice to the fact that foundations in which the Administration of the Community of Madrid or its public bodies or other public sector entities of the Community of Madrid whose corporate purpose include scientific and technical research or innovation activities may be established as public research bodies of the Community of Madrid, and may hire research personnel pursuant to the terms and conditions approved for this purpose by national laws. (3)

TITLE II

**Governing Bodies of Foundations**

**Artículo 11. Board of Trustees.**

1. Every Foundation shall have a governing and representative body called “Board of Trustees”.

2. The Board of Trustees shall be in charge of fulfilling the purpose of the foundation and of managing the assets and rights that make up the foundation’s equity, fully maintaining the relevant returns and usefulness of the same.

**Artículo 12. Trustees.**

1. The Board of Trustees shall be comprised of a minimum number of three members.

2. The President of the Board of Trustees shall be a member of the Board whose appointment as such is provided for in the memorandum of association or by-laws. Lacking such provision, the President shall be appointed by means of agreement of the trustees.

3. The office of secretary, where appropriate, may be held by a person who is not a member of the Board of Trustees, in which case such person shall have speaking but no voting

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2.- Section 3 of Art. 9 was declared unconstitutional and, therefore, null and void, by virtue of judgement **120/2011**, of 6 July, of the Board of the Constitutional Court.

3.- Section 3 of Art. 10 added by virtue of Act **4/2014**, of 22 December.

rights at the meetings of the governing bodies of foundations, pursuant to their corresponding by-laws.

4. Those natural persons with full capacity to act and who are not disqualified to hold public offices may be members of the Board of Trustees. However, where a person without such capacity is to be an ex officio member, his or her legal representative shall act on his or her behalf. Legal persons may be members of the Board of Trustees; in that case, they must appoint a natural person to represent them.

5. Trustees shall commence to exercise their duties after having expressly accepted their office by virtue of public document, private document with a notarized signature, by means of personal appearance before the person in charge of the Register of Foundations of the Community of Madrid, or by any legally valid means that is reliably recorded.

6. Trustees shall exercise their duties without remuneration. However, they shall be entitled to be reimbursed for any duly proven expenses incurred in the performance of their duties.

Notwithstanding the provisions set forth in the preceding paragraph, and unless the founder has provided otherwise, the Board of Trustees may set an appropriate remuneration for those trustees who provide services to the foundation other than those directly related to the performance of their duties as members of the Board of Trustees, subject to the prior authorization of the Supervisory Board. (4)

7. If the office of trustee is held by a natural person, it must be personally exercised. Notwithstanding the foregoing, the trustees may delegate their voting rights, in writing and for a specific meeting of the Board of Trustees, in the event that they are unable to attend such meeting.

In the event of trustees exercising this duty by virtue of their office, any person acting as their replacement or any person who is expressly delegated the relevant powers may act on their behalf.

8. The replacement and termination of trustees shall be registered with the Register of Foundations of the Community of Madrid.

**Article 13.** *Delegation and Powers of Attorney.*

1. The Board of Trustees may delegate its powers in one or more of its members, or in specific Committees whether or not they are foreseen in the by-laws, unless otherwise provided therein. However, the approval of the budgets and accounts of the foundation, as well as any actions requiring the authorization of the Supervisory Board, may not be delegated.

2. The Supervisory Board may appoint general or special attorneys within the framework of the national laws on foundations, unless otherwise provided in the by-laws.

3. In the event of joint delegation of powers to two or more members of the Board of Trustees, or in the event of the granting of a power of attorney to two or more persons, their duties and liabilities may be joint or joint and several.

4. Any delegations and the granting and revocation of powers of attorney shall be registered with the Register of Foundations of the Community of Madrid.

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4 .- Paragraph added by virtue of Act 2/2004, of 31 May.

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TITLE III  
**Foundation's Equity**

**Artículo 14.** *Equity's Administration and Management.*

The Board of Trustees shall be in charge of the administration and management of the equity as set forth in the by-laws and pursuant to the provisions of national laws on foundations, which shall be generally applicable under provisions of Article 149.1 of the Constitution and under this Act.

**Artículo 15.** *Ownership of Assets and Rights.*

Foundations shall be listed as the owners of all the assets and rights that make up their equity, which shall be recorded in their inventory, and shall be registered, where appropriate, with the corresponding registers.

**Artículo 16.** *Disposal and Encumbrances.*

1. Any disposal or encumbrance, settlement by means of equitable arbitration or the transaction of the assets and rights comprising the capital contribution of the foundation, or directly related to the fulfilment of the foundation's purposes or representing a value greater than 20% of the assets of the foundation as per the last annual balance sheet, shall be communicated to the Supervisory Board within one month of its execution.

2. *Any amendments in the structure of the capital contributions executed under the provisions of paragraph 1 of this article shall be registered in the Register of Foundations of the Community of Madrid.* (5).

3. The Supervisory Board shall demand and monitor the compliance with those encumbrances established over the assets for the fulfilment of the public interest purposes.

4. Those actions set forth in this article shall be recorded in the Register of Foundations. The Supervisory Board may require that the relevant conditions and circumstances be proven and, where appropriate, it may exercise the corresponding liability actions against the members of the governing bodies.

**Artículo 17.** *Bequests and Donations.*

1. The acceptance of bequests or donations with encumbrances that could negatively affect the foundation's purpose shall require the prior authorization of the Supervisory Board.

2. Bequests or legacies may not be rejected, and donations may not be accepted without the prior authorization of the Supervisory Board *or, failing this, without judicial approval with the hearing of the Public Prosecutor's Office.* (6)

TITLE IV  
**Operation and Activities of Foundations**

**Artículo 18.** *Operational Principles.*

Foundations shall:

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5.- Section repealed by means of Act **24/1999**, of 27 December.

6.- Provision declared unconstitutional and, therefore, null and void, by virtue of judgement STC 341/05, of 21 December.

- a) Provide sufficient information about its purpose and activities to make them known to potential beneficiaries and other stakeholders.
- b) Effectively allocate its equity and its income, in accordance with this Act and the Foundation's By-Laws, to the fulfilment of the established foundational purposes.
- c) Act based on impartial and non-discriminatory criteria when establishing the beneficiaries.

**Artículo 19. *Economic Activities.***

1. Foundations may conduct economic activities whose purpose is related to the foundation's purposes or are complementary or accessory to them, subject to the regulations governing competition.

Likewise, they may conduct any economic activities through their participation in companies, as provided for in the following paragraphs.

2. Foundations may take part in trading companies in which they are not personally liable for corporate debts. When the interest they hold in such companies imply the ownership of a majority shareholding, they must inform thereof to the Supervisory Board as soon as this circumstance arises.

3. If the foundation receives by any means, either as part of the initial capital contribution or at a later date, any shares in companies in which it is personally liable for the corporate debts, it shall dispose of such shares unless, within a maximum term of one year, such companies are transformed into other type of companies in which the liability of the foundation is limited. (7)

**Artículo 20. *Generation of Income.***

Foundations may earn income from their activities as long as this does not imply an unjustified limitation of the scope of their potential beneficiaries.

**Artículo 21. *Accounting, Audit and Action Plan.***

1. Foundations must keep orderly accounts appropriate to their activity so as to enable them to keep a chronological record of the transactions carried out. To this end, they shall necessarily keep a Ledger and an Inventory and Financial Statements Book.

2. The President, or the relevant person according to the foundation's by-laws or to the resolution adopted by the corresponding governing bodies, shall prepare the financial statements, which must be approved within a maximum term of six months after the closing of the financial year by the Board of Trustees of the foundation.

The financial statements, which are comprised of the balance sheet, the profit and loss account and the report to the financial statements, are deemed a single unit and must be drawn up clearly and provide a true and fair view of the assets and liabilities, the financial position and the profit and losses of the foundation.

The report, in addition to completing, expanding and commenting on the information contained in the balance sheet and profit and loss account, shall include the foundation's

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7 .- Wording of this article as per Act 2/2004, 31 de May.

activities, changes in its governing, management and representative bodies, as well as the degree of compliance with the action plan, stating the resources used, their origin and the number of beneficiaries corresponding to each of the different actions carried out, the agreements, if any, that have been entered into with other entities for these purposes, and the degree of compliance with the provisions established in Article 22 herein.

The foundation's activities shall be broken down together with the requirements established by applicable regulations. Likewise, an inventory of the assets and liabilities shall be included in the annual report, the content of which shall be developed according to any applicable regulations.

3. Foundations may prepare their financial statements in the abridged forms when they comply with the requirements established on such matter for trading companies. Reference to the net annual turnover, as established in commercial legislation, shall be construed as the amount corresponding to the annual revenue from its own activity plus, if applicable, the turnover from its commercial activity.

4. A simplified accounting model shall be developed in accordance with applicable regulations, which may be applied by foundations in which, at the close of the financial year, at least two of the following circumstances are met:

a) The total assets do not exceed EUR 150,000. For these purposes, the total assets shall be the ones shown in the balance sheet form.

b) The amount of the annual revenue from its own activity plus, where applicable, the turnover from their commercial activity, is less than EUR 150,000.

c) The average number of employees during the financial year does not exceed 5.

5. There is an obligation to submit the financial statements of all foundations to external audit if, at the end of the financial year, at least two of the following circumstances are met:

a) The total assets exceed EUR 2,400,000.

b) The net amount of its annual revenue from its own activity plus, where applicable, the turnover from their commercial activity, is more than EUR 2,400,000.

c) The average number of employees during the financial year exceeds 50.

The audit shall be commissioned and carried out in accordance with the provisions of Act 19/1988, of 12 July, on the Auditing of Accounts, and the auditors shall have at least one month from the time the annual accounts are delivered to them to prepare the audit report. Appointment and termination provisions of auditors shall comply with applicable regulations.

[By virtue of [Resolution of 20 September 2011](#) of the Directorate General for Security and Internal Affairs, publishing the letter of the alphabet establishing the order for the appointment of auditors who must intervene under the circumstances foreseen in Article 31.2 of Royal Decree 1337/2005, of 11 November]

6. Regarding the circumstances set out in paragraphs 3, 4 and 5 above, these shall apply in compliance with the following provisions:

a) If, at the end of the financial year, a foundation no longer meets or ceases to meet two of the above-mentioned requirements, such a situation shall only have an effect in this respect if it is repeated over two consecutive financial years.

b) During the first financial year following their establishment or merger, foundations shall comply with the provisions of the above-mentioned paragraphs if they meet, at the closing of that financial year, at least two of the three circumstances stated.

7. The Board of Trustees of the foundation shall approve the financial statements and they shall be submitted to the Supervisory Board within a term of ten business days after their approval. Where appropriate, they shall be submitted together with the audit's report. The Supervisory Board, after having examined the financial statements and after verifying that they comply with the applicable regulations shall deposit them in the Register of Foundations. Any person may obtain information regarding the documents so deposited.

8. The Board of Trustees shall prepare and submit to the Supervisory Board, during the last three months of each financial year, an action plan, which shall include the objectives and activities to be carried out during the following financial year.

9. When economic activities are conducted, the accounting of foundations shall comply with the provisions of the Code of Commerce, and consolidated financial statements must be prepared when the foundation meets the requirements set forth therein for the parent company.

In any case, detailed information must be included in a specific section of the report to the financial statements, indicating the different assets and liabilities allocated to the business activity. (8)

#### **Artículo 22.** *Allocation of Income and Revenues.*

1. At least 70% of the revenues of the economic operations carried out and of the income obtained for any other concept, deducting the expenses incurred to obtain such revenues or income, must be allocated to the fulfilment of the foundation's purposes; whereas any remaining amount must be allocated to increase either the capital contribution or the reserves according to the resolution adopted by the Board of Trustees. Any expenditure incurred in obtaining such revenue may include, where appropriate, the proportional share of expenditure on external services, personnel expenses, other management costs and financial charges and taxes, in so far as they contribute to the obtaining of revenue, excluding from this calculation any expenditure incurred in the fulfilling of the foundation's purpose. The term for the compliance with this provision shall commence at the beginning of the financial year in which the respective revenue and income were obtained, and it shall end four years after the closing of that financial year.

The calculation of income shall not include those allocations or donations received as capital contributions at the time of establishment or at a later time, nor income obtained from the transfer for valuable consideration of any property in which the organization carries out the activity corresponding to its purpose, provided that the amount of said transfer is reinvested in a property in which this requirement is met.

2. Administrative expenses are construed as those expenses directly incurred in the administration of the assets and rights that make up the equity of the foundation, and those others for which trustees are legally entitled to compensation pursuant to Article 12.6. The maximum share of such expenses shall be established under legal provisions applicable.

Administrative expenses shall be duly stated in the corresponding section of the annual report, distinguishing between those reimbursed to the trustees and those paid directly by the foundation, without prejudice to their allocation in the corresponding statements. (9)

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8 .- Wording of this article as per Act 2/2004, 31 de May.

9 .- Wording of this article as per Act 2/2004, 31 de May.

**Artículo 23.** *Self-dealing.*

Trustees may enter into contracts with the foundation, either in their own name or in the name of a third party, subject to the prior authorization of the Supervisory Board.

TITLE V

**Amendment, Merger and Dissolution of Foundations**

[By virtue of [Resolution of 30 June 2016](#) of the General Technical Secretariat of the Regional Department of the Presidency, Justice and Government Spokesperson, the publication of the standard forms corresponding to the Protectorate of Foundations is ordered.]

**Artículo 24.** *Amendment of the By-Laws.*

1. Any amendment to or new wording of the by-laws agreed by the Board of Trustees must be communicated to the Supervisory Board, which may reject it on due legal grounds and by means of a resolution, within a maximum term of three months from the notification of the corresponding resolution of the Board of Trustees to the Supervisory Board.

2. Such amendment to or new wording of the by-laws must be granted by means of a public deed and be registered with the Register of Foundations of the Community of Madrid once its approval has been notified by Supervisory Board or once the established term has elapsed without the Supervisory Board having passed a resolution.

3. *The Board of Trustees may agree to amend the foundation's by-laws, provided that it is in the best interests of the foundation and has not been prohibited by the founder, in which case it shall require the prior authorization of the Supervisory Board.* (10)

**Artículo 25.** *Merger.*

1. The Board of Trustees of the foundations may agree on its merger with other foundations, provided that such merger is in the best interest of all of them. The merger shall require the approval of the Boards of Trustees of the foundations concerned, which may be challenged by the Supervisory Board on due legal grounds by means of a well-founded resolution within three months from the notification of such resolutions.

2. The merger shall be registered with the Register of Foundations of the Community of Madrid.

**Artículo 26.** *Dissolution.*

The agreement or judicial resolution for the dissolution of foundations must be registered with the Register of Foundations of the Community of Madrid.

**Artículo 27.** *Liquidation.*

1. The liquidation procedure after the dissolution of foundations, except in the case of mergers, shall be carried out by the Board of Trustees under the control of the Supervisory Board.

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10.- Section 3 was declared unconstitutional and, therefore, null and void, by virtue of judgement STC 341/2005, of 21 December.

2. Those assets and rights resulting from the liquidation of a terminated foundation shall be allocated according to the wishes of the founder. (11)

11.- Judgement STC 341/2005, of 21 December, declares that Article 27.2 of this Act is not unconstitutional, “interpreted according to the terms stated in legal ground 7”, which is reproduced below:

“7. The debate having been posed in these terms, the examination of the content of Art. 27.2 of the Act on Foundations of the Community of Madrid must be carried out in the light of the consideration of foundations as non-profit organizations. A consideration that deserves to be qualified as a core element of their legal personality and in which -in addition to its consideration as a basic requirement for the exercise of the right of establishment, as it is obvious from the provisions of arts. 1.1 of Act 30/1994 and 2.1 of Act 50/2002, both provisions set forth under the competence attributed to the State by Art. 149.1.1 of the Spanish Constitution-, the logical reasoning of the declaration of the right of foundations to be established “for purposes of public interest” (Art. 34.1 of the Spanish Constitution) is evident, as this conclusive component excludes in itself the satisfaction of private interests through the obtaining of benefits (whose constitutional reference must be sought, where appropriate, in Art. of the 38 Spanish Constitution).

The same concern arises from the national regulations on the purposes that foundations can pursue (arts. 2.3 of Act 30/1994 and 3.3 of Act 50/2002, both issued based on Art. 149.1.1 of the Spanish Constitution), according to which, in the remarkably broader wording of the latter Act, “in no case may foundations be established with the main purpose of providing their services to the founder or trustees, their spouses or persons related to them by an equivalent relationship, or their relatives up to the fourth degree of kinship inclusive, as well as to individualized legal persons who do not pursue purposes of public interest.” However, although it is obvious from its literal wording that the rule is aimed at the moment of the establishment of the foundation, the control of the foundation’s purposes must be present throughout the entire life of the foundation until its dissolution.

At this point, it is worth stating once again that, as we stated in our judgement STC 49/1988, of 22 March, and recalled in Legal Ground 4 of this ruling, the concept of foundation to which such constitutional provision refers, and which matches that generally accepted among jurists, “considers the foundation as the legal person established by means of a set of assets allocated by the founder or founders to a specific purpose of public interest. The foundation is born, therefore, from the allocation of assets made by the founders, who associates them to a purpose decided by them and set the rules by which they are to be managed so that they fulfil the desired purposes in a permanent or, at least, lasting manner (Legal Ground 5).

In other words, it cannot be inferred from the constitutional doctrine developed in this area that the permanent allocation of assets or rights to the fulfilment of public interest purposes is part of that specific nature of the organization set forth in Art. 34 of the Spanish Constitution. The legal interest protected by Art. 34 of the Spanish Constitution provides that the assets and rights which the foundation is allocated need to serve a “public interest” as long as the foundation remains in existence, but it does not provide for the permanent allocation after the dissolution of the foundation. Thus, the aforementioned constitutional provision does not entirely limit the legislator’s options, since it does not restrict its freedom of structuring the foundations by imposing, as the essential content of the right preserved, what the destination of the assets and rights which the foundation is allocated should be, once it has been terminated. Moreover, we have already seen that the legal provisions set forth by the State under Art. of the 149.1.1 of the Spanish Constitution do not contain restrictive criteria on this aspect.

In view of the above, when Art. 27.2 of the Autonomous Community Act provides that “those assets and rights resulting from the liquidation of a terminated foundation shall be allocated according to the wishes of the founder”, what it does, above all, is to prioritize the founder’s will in order to decide on the allocation of the assets of the terminated foundation. This provision, which is not contradictory to the provisions of both Art. 31 of the Act of the General Courts 30/1994 and Art. 33 of Act 50/2002, where the founder is expressly recognized as having the same right of choice, cannot, on its own, be used as grounds for any hint of unconstitutionality since it does not affect the definition of foundations as non-profit organizations.

Therefore, what the appellants are really challenging regarding the contested autonomous provision is that it does not expressly prohibit the establishment of clauses for the

3. In the event that the founder had not established any allocation, such allocation shall be decided by the Board of Trustees, when the founder had assigned it such competence. Failing that, the Supervisory Board shall be in charge of deciding on the allocation.

4. In those cases foreseen in the preceding paragraph, such assets shall in any event be allocated to foundations, private non-profit organizations or public entities pursuing public interest purposes, which mainly carry out their activities in the Community of Madrid, and which have their assets allocated, even in the event of their dissolution, to the pursuit of such purposes.

## TITLE VI

### Supervisory Board and Register of Foundations of the Community of Madrid

#### **Artículo 28.** *Supervisory Board.*

1. The Supervisory Board is the administrative body providing advice, technical support and control to foundations, which will facilitate and promote the correct exercise of the right to create foundations and ensure the legality of their establishment and operation.

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taking back of the foundation's equity, i.e. that its wording does not limit the founder's right to choose. The analysis of this possible grounds for unconstitutionality must be based on our doctrine, which is reproduced above, on the right to establish a foundation and on the fact that such a prohibition is not explicit in the regulations issued under Art. 149.1.1 of the Spanish Constitution, bearing in mind the oft-repeated principle that support the interpretation of legal provisions in accordance with the Constitution (all judgements STC 24/2004, 24 February, Legal Ground 6).

Therefore, focusing on the public interest foundations must pursue, in accordance with provisions of Art. 34 of the Spanish Constitution, from their establishment to their dissolution, the omission that is being challenged may not prevail over the purpose of pursuing such interest established by means of Act of the Community of Madrid for foundations under its jurisdiction (Art. 3), as well as over the reference that such Act makes to the national legislation regarding its "general application" (Art. 2); this latter legislation particularly refers to Art. 3.3 of Act 50/2002, enacted under art. 149.1.1 of the Spanish Constitution, and which also preserves the public interest. Furthermore, it should not be forgotten that in our legal system, the dissolution of the foundation —not governed as such by the contested Act— materially misses the will of the founder, expressed outside the foundation's business, or of the governing body of the organization, which helps to prevent its meaning from being altered (pursuant to Article 32 of Act 50/2002, issued under Article 149.1.8 of the Spanish Constitution and the corresponding Article 26 of the Autonomous Community Law). Therefore, if in specific cases a pathological deviation in the application of the Law was to arise, so that the liquidation was to produce a profit for the founder (or for the natural or legal persons designated by him), incompatible with the public interest that should be pursued by the foundation, the rule of law has sufficient instruments to enforce the relevant controls that each case may require, in view of the civil legislation and the specific regulations on foundations. In this regard, it should be borne in mind that the definition of foundations as non-profit organizations would not be compatible with possible reversion clauses covering assets or rights other than those which the founders themselves allocated the foundation.

In short, the omission which, as we have already said, the appellants state as grounds for unconstitutionality of Art. 27.2 of the Act on Foundations of the Community of Madrid, cannot be understood as allowing the founder to make provisions to be applied after the dissolution of the foundation, which ignore or contradict the purpose of public interest the Constitution imposes as the core of the legal nature of the organization and which, in turn, is also established in the Civil Code, in the national Act on Foundations and in the contested Autonomous Community Act itself.

Pursuant to the foregoing, we need to rule that Art. 27.2 of the Act on Foundations of the Autonomous Community of Madrid is not unconstitutional in accordance with the arguments stated above".

2. The Supervisory Board shall be in charge of the following:

a) To ensure the effective fulfilment of the foundation's purposes in accordance with the founder's wishes and taking into account the pursuit of the public interest.

b) To advise foundations that are in the process of being established or are already registered, on any matter relating to their legal or economic framework, or to the activities to be carried out in the pursuit of their purposes.

c) To disseminate the existence and the activities of foundations.

d) To verify whether the economic resources of the foundation have been applied to the foundation's purposes, being able to request from the Board of Trustees the necessary information for this task, as well as, if necessary, the appropriate expert report under the terms established by regulations. (12)

e) To prepare the report established in Article 6 herein, for which purpose the Supervisory Board may require the foundation to provide any documentation it may require. (13)

f) Any other duties established in the national legislation on foundations that may be generally applicable under the provisions of Article 149.1 of the Spanish Constitution, under this Act and /or under any other applicable legislation. (14)

3. The Regional Departments of the Community of Madrid, to be determined pursuant to the relevant regulations, shall act as Supervisory Board.

4. Within the scope of each Regional Department, the person responsible for the Supervisory Board shall be the Regional Secretary, without prejudice to the possibility of sharing this responsibility or delegating the exercise of their competences.

[By virtue of [Order 165/2004, of 17 February](#), passed by the Regional Department of Health and Consumption, the management of the competences regarding the Supervisory Board for Health Affairs of the Community of Madrid is delegated to the Director of the Technical General Secretariat]

[By virtue of [Order 11634/2012, of 27 November](#), passed by the Regional Department of Education, Youth and Sports, the management of certain competences is delegated to the directors of the different directorates of the Regional Department]

[By virtue of [Order of 20 July 2015](#), passed by the Regional Department of Transportation, Housing and Infrastructures, the management of the competences of the Supervisory Board for Foundations is delegated to the Regional Department of Transportation, Housing and Infrastructures]

[By virtue of [Order of 14 September 2015](#), of the Regional Department of Finance, Employment and Treasury, the exercise of certain competences is delegated, and the Supervisory Board is decentralized]

[By virtue of [Order 1/2018, of 25 May](#), of the Regional Department of the Environment and Urban Planning, the exercise of certain competences and the execution of agreements is delegated and the Supervisory Board for Foundations is decentralized, and the permanent members of the procurement committees of the Regional Department are appointed]

[By virtue of [Order of 5 September 2019](#), passed by the Regional Department of Housing and Local Administration, the competences of the Supervisory Board for Foundations are delegated to the Director of the

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12.- Wording of this letter d) as per Act 2/2004, 31 de May.

13.- Wording of this item e) as per Act 2/2004, 31 de May.

14.- Letter f) added by virtue of Act 2/2004, of 31 May.

Technical General Secretariat]

[By virtue of [Order 41/2019, of 20 November](#), of the Vice-Presidency, the Regional Department of Sports, Transparency and Government Spokesperson, the exercise of certain responsibilities are delegated, and the Supervisory Board for Foundations is decentralized]

[By virtue of [Order 6/2020, of 17 January](#), of the Regional Department of the Presidency, the management of certain competences and the execution of agreements is delegated, and the Supervisory Board for Foundations is decentralized]

[By virtue of [Order 92/2020, of 4 February](#), of the Regional Department of Social Policies, Families, Equality and Natality, the exercise of the competences regarding the Supervisory Board for Foundations are delegated to different entities within the Regional Department]

[By virtue of [Order 2/2020, of 7 February](#), passed by the Regional Department of Sciences, Universities and Innovation, the management of certain competences is delegated to the directors of the different directorates of the Regional Department]

[By virtue of [Order 88/2020, of 13 February](#), of the Regional Department of Justices, Home Affairs and Victims, the management of certain competences, the execution of agreements and the competences Supervisory Board for Foundations are delegated]

[By virtue of [Order 102/2020, of 12 February](#), of the Regional Department of the Culture and Tourism, the management of certain competences, the execution of agreements and the Supervisory Board for Foundations are delegated]

#### **Artículo 29.** *Authorizations.*

The term for deciding on the granting of those authorization foreseen in this Act shall be three months. Once this term has elapsed without an express decision having been made, the applications for authorizations may be deemed to have been accepted. The term for the making of any decision shall be discontinued when the application does not meet the necessary requirements or is not duly documented and the Supervisory Board so decided by means of a duly grounded report which shall be notified to the Board of Trustees. The term shall be restarted from the time such defects or omissions have been remedied.

#### **Artículo 30.** *Temporary Intervention.*

Any court decision deciding on the temporary intervention of the foundations shall be entered in the Register of Foundations of the Community of Madrid.

#### **Artículo 31.** *Register of Foundations of the Community of Madrid.*

1. The Register of Foundations of the Community of Madrid, being managed by the official in charge of the Register appointed for this purpose, shall be under the direction of the Regional Department to which it is assigned by virtue of the relevant regulation, and its purpose shall be the registration of foundations, and of the documents that may be registered in accordance with the provisions of the national legislation on foundations that may be generally applicable pursuant to the provisions of section 149.1 of the Spanish Constitution, this Act and any other applicable legal provisions.

2. Registrations must be made within the legally established terms.

3. The Register of Foundations shall be a public entity. Communications shall be made by means of the certification of the relevant entries issued by the Registrar or by means of an uncertified informative note or copy of the entries.

4. Those documents that may be subject to registration and which are not register will not negatively affect bona-fide third parties. Bona-fide third parties shall be any third party provided that it is not proven that such third party was aware of the existence of the document subject to registration which remained unregistered.

5. The structure and operation of the Register of Foundations of the Community of Madrid shall be governed by applicable legal regulations.

[By virtue of [Decree 20/2002, of 24 January](#) the Register of Foundations of the Community of Madrid is regulated]

**Artículo 32.** *Cooperation between the Supervisory Board and the Register of Foundations of the Community of Madrid.*

1. The Register of Foundations of the Community of Madrid shall inform the Supervisory Board of all entries registered and it may request the former any information deemed convenient.

2. The Supervisory Board and the Register of Foundations of the Community of Madrid shall provide each other with any documents they may request.

#### TITLE VII

#### ***Council of Foundations of the Community of Madrid***

**Artículo 33. Creation. (15)**

1. *The Council of Foundations of the Community of Madrid is hereby created as a consultative body, which shall report to the Regional Department responsible for the Register of Foundations.*

2. *The Council of Foundations of the Community of Madrid shall be made up of representatives of the autonomous Administration and of the foundations subject matter of this Act.*

3. *The Council of Foundations of the Community of Madrid shall be governed, regarding its composition and structure by any legally established regulations applicable.*

**Artículo 34. Duties. (16)**

*The duties of the Council of Foundations of the Community of Madrid shall be the following:*

*a) To advise, inform and give an opinion, when requested to do so, on any legal or regulatory provision that directly affects the Foundations, as well as to submit proposals.*

*b) To plan and propose the necessary actions for the promotion and furtherance of Foundations, carrying out the necessary studies for this purpose.*

*c) Any other duties that may be assigned by means of legally applicable provisions.*

#### ADDITIONAL PROVISIONS

**One.**

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15.- Article repealed by virtue of [Act 9/2010, of 23 December](#), on Tax and Administrative Measures and the Rationalization of the Public Sector suppressing this Council.

16.- Article repealed by virtue of Act **9/2010**, of 23 December, on Tax and Administrative Measures and the Rationalization of the Public Sector.

1. The Community of Madrid may request from the national Register of Foundations, and until such time as the latter has been set up, from the national Supervisory Board, the documentation and information relating to the foundations registered in the territory of the Community of Madrid, in order to determine their territorial scope of activity.

2. *For the purposes of Article 1.1 of this Act, it shall be understood that the foundations established by the Public Universities of the Community of Madrid conduct their activities mainly in the territory of the Community of Madrid of Madrid. (17)*

**Two (18).**

1. Within a maximum term of three years from the entry into force of this Act, a Decree by the Government of the Community of Madrid shall regularize the status of those foundations whose management, administration or representation corresponds to the Community of Madrid and of those foundations under analogous circumstances, in existence at the entry into force of Act 1/1998, of 2 March, on Foundations of the Community of Madrid.

2. Such regularization may consist in their total or partial absorption and integration into the Community of Madrid or any of its organizations, in their total or partial absorption and integration into other organizations, in the transformation into other types of organizations, in their dissolution or in their adaptation to the provisions of the national legislation on foundations that may be generally applicable, pursuant to the provisions of Article 149.1 of the Spanish Constitution and Act 1/1998, of 2 March, on Foundations of the Community of Madrid.

3. The Community of Madrid or, where appropriate, its organizations or any acquiring third parties shall be transferred for all purposes (and without discontinuation) all rights, relationships, actions and obligations of such foundation-like organizations or foundations.

**Three.**

Regarding the transferred publicly owned organizations qualifying as private foundations or foundation-like organizations, the Regional Governing Council of the Community of Madrid, by virtue of decree, may choose either to carry out any of the operations set forth in the previous additional provision, in which case the legal transfer established in the previous additional provision shall also apply, or to maintain their specific nature. (19)

**Four.**

Notwithstanding the tax incentives for private participation in activities of public interest, which are governed by the State, the Community of Madrid may, within the framework of the national legislation on the transfer of taxes to the Autonomous Communities, and by virtue of any specific State laws on the transfer of taxes to them, establish new tax incentives for such participation, either by means foundations or associations pursuing the public interest purposes that conduct their activities mainly in the Community of Madrid, or by means other regimes for asset allocation to public interest purposes carried out in that geographic area, or by means of any other patronage, sponsorship or business collaboration activities or programs.

**Five.**

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17.- Section 2 of the First Additional Provision was declared unconstitutional and, therefore, null and void, by virtue of judgement **120/2011**, of 6 July, of the Board of the Constitutional Court.

18.- Wording of this Second Additional Provision as per Act **24/1999**, of 27 December.

19.- By virtue of Decree 102/1998, of 11 de June, it is authorized the establishment of the “Fundación Universitaria Fray Francisco Jiménez de Cisneros”, pursuant to the provisions of the Third Additional Provision of Act 1/1998, of 2 March, on Foundations of the Community of Madrid.

Any other foundations already in existence having been legally established shall be subject to the provisions of this Act, with the exception of those provisions whose application may involve, pursuant to the express wishes of the founder, the compliance with a dissolution requirement involving the dissolution of the Foundation.

**Six.**

The legalization of the foundations' Books under the jurisdiction of the Community of Madrid, which corresponds to the Register of Foundations, shall be carried out by such Register regardless of whether or not they carry out economic activities. (20)

**Seven.**

The rules for the adaptation of the General Accounting Plan to non-profit organizations, as well as the updates thereof that may be in force from time to time, shall be compulsorily applicable to the foundations under the jurisdiction of the Community of Madrid, without prejudice to any special provisions that may be established by the Community of Madrid. (21)

**Eight.- Special Foundations**

Those Special Foundations referred to in Article 6 of Royal Decree-Law 11/2010, of 9 July, on governing bodies and other aspects of the legal framework of savings banks, which are established as a result of the transformation of a savings bank with address in the Community of Madrid, and those regulated by virtue of Article 74.2 of [Act 4/2003, of 11 March](#), on Savings Banks of the Community of Madrid, shall be governed by the provisions of this Act with the particular provisions established in Act 4/2003, of 11 March, and other applicable regulations, and must adapt their by-laws according to the provisions of the aforementioned regulations and those issued for the implementation thereof. (22)

[By virtue of [Order of 05 July 2012](#), of the Regional Department of Finance and Treasury, the structure and operating rules of the Board of Trustees of special foundations under the jurisdiction of the Community of Madrid, arising from the transformation of Savings Banks, are regulated]

TRANSITIONAL PROVISION

**One.**

Those foundations that fall within the jurisdiction of the Community of Madrid shall, where appropriate, adapt their by-laws to the provisions of this Act within a maximum term two years from its entry into force, or from the time the Community of Madrid becomes competent.

**Two.**

Until the regulatory development of the Action Plan is duly implemented, the foundations under the jurisdiction of the Community of Madrid will continue to submit their budget within a term of three months prior to the beginning of the corresponding financial year, and its liquidation together with their financial statements. Those foundations required by law to be audited shall use the forms included in Royal Decree 776/1998 of 30 April, approving the

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- 20 .- Sixth Additional Provisions added by virtue of Act **2/2004**, of 31 May.
  - 21 .- Seventh Additional Provisions added by virtue of Act **2/2004**, of 31 May.
  - 22 .- Eighth Additional Provisions added by virtue of Act **1/2011**, of 14 January.

rules for the adaptation of the General Accounting Plan to non-profit organizations and the rules for the budget-related information of such organizations. (23)

**Three.**

Until the regulatory development of the provisions of this Act is duly implemented, national regulations shall be applicable in all matters that fall within the exclusive jurisdiction of the Community of Madrid. (24)

**Four.**

Provisions of Articles 12(6)(2), 21 and 22, as per the wording given by this Act, shall apply to those foundations that submit their financial statements after the entry into force of this Act, regarding the accounting periods commencing on or after 1 January 2003, without prejudice to the provisions of the Second Transitional Provision. The remaining provisions shall come into force the date after its publication in the Official Journal of the Community of Madrid. (25)

**Five.**

Until the Register of Foundations is provided with the appropriate means, the legalization of the Books of the foundations under the jurisdiction of the Community of Madrid will continue to be carried out by the corresponding Supervisory Board. (26)

REPEALING PROVISION

1. Any regulations of equal or lower rank that may contradict or challenge the provisions of this Act are hereby repealed.

2. Article 4.2 of Regional Decree 26/1996 of 29 February, for the creation of the Register of Foundations of the Community of Madrid is hereby expressly repealed.

3. Decree 40/1999, of 11 March, laying down the accounting and budget-related reporting rules applicable to the foundations under the jurisdiction of the Community of Madrid is hereby repealed. (27)

FINAL PROVISIONS

**One.**

The Regional Governing Council of the Community of Madrid is hereby authorized to issue any regulations as may be necessary for the development and application of this Act.

**Two.**

This Act shall entry into force thirty days after its publication in the “Official Journal of the Community of Madrid”, and it must also be published in the “Official State Journal”.

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- 23 .- Transitional Provision added by virtue of Act 2/2004, of 31 May.  
24 .- Transitional Provision added by virtue of Act 2/2004, of 31 May.  
25 .- Transitional Provision added by virtue of Act 2/2004, of 31 May.  
26 .- Transitional Provision added by virtue of Act 2/2004, of 31 May.  
27 .- Item 3 added by virtue of Act 2/2004, of 31 May.