

GLOBAL INVESTING: Extending the art of donating overseas

By Sarah Murray

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On most nights, Alberto Vilar, founder of Amerindo Investment Advisors, can be seen at the opera, conducting quietly from his front row seat. And it's not just from his seat that the Cuban entrepreneur conducts. Mr Vilar is one opera's biggest benefactors, funding institutions from London's Royal Opera to Russia's Kirov and the Vienna State Opera.

Like Mr Vilar, a growing number of wealthy individuals want to contribute to non-profit organisations outside the US. The problem is that donors who give directly to a non-US charity cannot claim the tax benefits available under US law.

There are ways around this, however. One possibility is for the institution you want to support to set up an "American Friends" organisation in the US - a 501(c)(3) public charity that is either a trust or a corporation run by an independent board of directors. Growing numbers of European organisations are doing this as they look to wealthy US philanthropists to supplement their dwindling state funds.

Educational institutions such as Oxford and Cambridge universities have long been active in this way, as have many UK arts institutions, such as the British Museum, the Royal Opera and Sadlers Wells Theatre.

Continental European institutions are catching on too, albeit more slowly. The Louvre, for example, plans by the end of 2003 to have an office in New York able to receive tax-deductible funds from US donors.

Like US charities, the new organisation must be incorporated within a given state - with a board, a registered agent and a tax ID number - before applying to the IRS for tax-exempt status.

If the organisation has been incorporated but tax-exempt status is pending, you may still be able to receive the tax benefits associated with your gift. As long as the organisation receives its letter of tax exemption status within 15 months of being incorporated, any money given to it is retrospectively tax deductible. Tax-exempt status for any charity can be

