

# RIPE NCC Tax Governance Paper

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## Introduction

The purpose of this document is to explain to all stakeholders, including members, the public and tax authorities, how the RIPE NCC carries out its tax governance responsibilities in a sustainable and transparent way. It is our role to support the stability of the Internet globally and, in this position, we want to disclose how we cope and comply with domestic and international fiscal rules and regulations.

The principles of our tax framework are outlined below.

## Sustainable tax principles

### **Principle 1: No commercial activities**

As a not-for-profit member-owned organisation, the RIPE NCC does not compete with commercially operating organisations.

### **Principle 2: Tax compliant behaviour**

The RIPE NCC is compliant with national and international fiscal rules, and we follow best practice guidelines as provided by international organisations. We pay taxes promptly and in accordance with applicable regulations, taking into account both the letter and the spirit of the law.

### **Principle 3: No aggressive tax planning**

The RIPE NCC strives not be engaged in any arrangements that could be viewed as “aggressive tax planning”. It does not do this for itself nor does it do so at the request of its members.

### **Principle 4: Transparency and full cooperation**

We seek to establish and maintain an open and constructive dialogue with local tax authorities, other government bodies and our members, based on the disclosure of relevant fiscal facts. We are transparent about our tax position.

### **Principle 5: Potential double taxation/disputes**

If the RIPE NCC is confronted with potential double taxation or (new) taxation that may influence its financial position, it will address those issues with the relevant tax authorities if it is necessary to do so. We also support our

members by providing the necessary documentation to assist their communication with relevant tax authorities in order to seek solutions and clarifications.

## **RIPE NCC organisation and activities**

The RIPE NCC is an independent, not-for-profit membership association that supports the infrastructure of the Internet through technical coordination in its service region. The RIPE NCC is incorporated in the Netherlands and is one of five Regional Internet Registries (RIRs) in the world that provides these functions. We are the RIR responsible for Europe, the Middle East and parts of Central Asia.

We have over 16,000 members who hold over 20,000 Local Internet Registry accounts. Our main functions are to provide registration of members' Internet number resources and to help our members to coordinate to ensure the stability of the Internet.

By acting as a neutral source of information, the RIPE NCC contributes to the health and stability of the Internet and the understanding of how it functions. Members who join the RIPE NCC are able to access benefits such as training courses, security protocols for IP addresses, and a range of measurement tools that allow members to monitor their networks and access statistics.

Besides that, there is a number of initiatives and projects that are available publicly and that serve the good of the Internet, which are supported by the membership contributions. These tools and projects include RPKI, RIPE Atlas, RIPEStat, the RIPE Database, hosting RIPE meetings and supporting technical community events across the globe. We also support Academia with RACI and Fellowship programs. All these projects contribute to the stability and resiliency of the Internet and to knowledge sharing and education.

## **Legal structure**

Based in the Netherlands, the RIPE NCC is organised as an association ('vereniging') in accordance with Dutch law (article 2:26 of the Dutch Civil Code, see appendix tax governance paper). Our Articles of Association can be found on [our website](#). The RIPE NCC has one branch office in Dubai (cost centre), which facilitates a set of regionally based staff to work with a special focus on Middle Eastern stakeholders.

The RIPE NCC has an international Executive Board ('Het Bestuur') that is elected by the members. The Executive Board appoints a Management Team ('Directie'). The members of the Executive Board are charged with the management of the Association and are nominated and appointed by the members. The Executive Board has delegated all operational decisions to the Management Team, which consists of the Managing Director.

The RIPE NCC office is based in Amsterdam. The RIPE NCC has approximately 155 full-time staff members, of which the majority is located in the Netherlands. General Meetings are where the members vote on key resolutions for the RIPE NCC (e.g. the RIPE NCC Charging Scheme) and this is the main decision-making forum for the RIPE NCC. General Meetings are organised twice a year in the Netherlands and in different parts of our service region. Full remote participation is available.

## **Not for profit**

Our Articles of Association stipulate that it is not our objective to make profit. The RIPE NCC Clearing House Procedure explains what happens when the membership contribution exceeds costs. The General Meeting will decide whether to add any surplus to the financial reserves of the RIPE NCC or to redistribute the year's financial surplus back to the members.

## **Tax treatment in The Netherlands**

### **Corporate Income Tax**

An association like the RIPE NCC is only subject to corporate income tax in the Netherlands to the extent the association runs a business and strives to make profits. Although the RIPE NCC is a not-for profit organisation, it is considered to be a taxable entity and it must file a Corporate Income Tax (CIT) return. If the fiscal surplus is redistributed to the members, reducing membership fees, effectively no CIT is due for that specific financial year.

### **Payroll taxes/wage taxes/social security contributions**

Dutch law prescribes that wage tax/social security premiums need to be withheld on any salary paid to employees. The RIPE NCC withholds required payroll taxes and, as requested, assists non-Dutch employees in correctly filing their income tax returns.

## Value Added Taxes

The membership fees are subject to VAT. However, depending on the jurisdiction in which the member is located (in or outside the EU) or whether or not the member is considered to be an entrepreneur for tax reasons, VAT may be shifted to the jurisdiction of residence of the respective member. The same applies for other services that are provided by the RIPE NCC to its members or to others.

As VAT rules are changing, the RIPE NCC is monitoring whether these developments could lead to double taxation and, if that is the case, it will investigate how such double taxation could be avoided. If possible, this will be done together with the tax authorities of the respective jurisdictions.

The RIPE NCC website provides for an [overview](#) of the cases in which Dutch VAT is to be charged, or whether or not the VAT charge is shifted to the other EU member state or should be taxed in a non- EU state.

## Other relevant information

### Privacy

The RIPE NCC maintains a duty of confidentiality towards its members. In case tax (or other) authorities request to be provided with a member's confidential or private information that is held by the RIPE NCC, the RIPE NCC will evaluate this request according to the relevant RIPE NCC procedures and the obligations under the laws that is subject to.

### Audit

The financial statements of the RIPE NCC are audited by independent parties and give a fair reflection of the financial organisation. We are transparent about our annual activities and financial results, and we prepare our statements in accordance with Dutch law and accounting standards on recognition and measurement (RJ640). All financial reporting is available on [our website](#).

*This document will be reviewed on a yearly basis by the RIPE NCC Executive Board.*

*The Executive Board of the RIPE NCC adopted this Tax Governance paper in Amsterdam on 13 December 2018.*

## Appendix

Extract from the Dutch Civil Code

### Title 2.2 Associations

#### Article 2:26 Definition of a normal 'Association'

- **1.** An Association ('*vereniging*') is a legal person with members, pursuing a particular purpose which is different from the purpose described in Article 2:53, paragraph 1 or 2.
- **2.** An Association ('*vereniging*') is formed by means of a more-sided (multilateral) juridical act.
- **3.** An Association ('*vereniging*') may not distribute profits among its members.