European
Commission

COMPARATIVE LEGAL ANALYSIS OF ASSOCIATIONS LAWS AND REGIMES IN THE EU

FINAL REPORT

Written by RAS Institute
September – 2022

Research,
Analysis & Strategy
INSTITUTE

EUROPEAN COMMISSION
Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
Directorate Grow G — Ecosystems II: Tourism & Proximity
Unit G 2 — Proximity, social economy, creative industries
E-mail: GROW-SOCIAL-ENTERPRISE@ec.europa.eu

European Commission
B-1049 Brussels

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PDF ISBN 978-92-76-53948-3 doi 10.2873/05056 ET-07-22-605-EN-N

Luxembourg: Publications Office of the European Union, 2022

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1. DEFINITION, CHARACTERISTICS AND TYPES OF ASSOCIATIONS

1.1 Definition

There is no single definition of association for all EU Member States. However, some patterns emerge.

The first one is that the term “association” refers to a non-profit organization. Non-profit associations therefore exist in all Member States[1]. Therefore, making profit cannot be a primary objective. It can also be observed that associations target those activities that aim to benefit the entire community (public benefit) (AT, BG, CZ, DE, EE, EL, HU, IE, IT, LU, LV, MT, PL, SK) or the members of the association only (mutual benefit) (BE, CY, DK, ES, FI, FR, HR, LT, NL, PT, RO, SE, SI).

Another essential feature of associations is the “profit non-distribution constraint” among the associations' members. What profit non-distribution means is that distributing the profit from economic activities among the associations’ members is not allowed. It doesn’t mean, however, that associations cannot carry out economic activities (AT, BE, BG, CY, CZ, DE, DK, ES, FR, HU, IE, IT, LT, LU, LV, MT, PL, PT, RO, SE, SI, SK), which they can if such activities are in connection with the primary objectives of the association.

1.2 Characteristics

A common aspect is that a number of persons is required to form an association. Differences do exist in terms of the number of persons required. It varies from two to three natural and/or legal persons (AT, BE, BG, DE, DK, ES, FI, FR, HR, IT, LT, LU, LV, NL, PL, PT, RO, SE, SI). However, in the case of HU, a minimum of ten natural persons, legal persons, or organizations without legal personality is required. In the case of EL, a minimum of twenty persons is required.

1.3 Types of associations

There are a number of typologies that can be used to categorize associations. Common ways consider whether associations are more formal or informal, what types of activities they have, and whether their activities aim for a public or mutual benefit.

Formal and informal associations

A first classification concerns Member States that distinguish between formal and informal associations, such as: de facto associations and registered associations (BE and FR); common regime associations and associations under a specific regime (ES); registered and

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[1] A very limited number of Member States also have « economic associations » in addition to « non-profit » associations (DE, SE, DK).

unregistered associations (FI); associations with legal personality (all MSs except from SK and PL in terms of ordinary associations) and associations without legal personality (SK and PL in terms of ordinary associations) and associations with limited legal capacity (IT and NL); ordinary associations and registered associations (PL). All these countries, regardless of the terminology used, distinguish between more formalized associations and less formal ones.

Type of activity

The second type of classification distinguishes associations based on their activity. For example, in LV and DK there are voluntary associations (i.e., a landowners' association or a cultural association), cooperative housing associations, and special associations, such as purchasing associations. At the same time in PT, there is a distinction between mutual associations, mercy associations, community and self-managed subsectors, and associations with altruistic purposes. In HR, for instance, associations can be categorized on the basis of the following types of activities: technical education, protection and rescue, environmental protection, health care, sport, social activity, sustainable development, education, science and research, international cooperation, human rights, culture and art, economy, spirituality, politics, victim representation. As regards other Member States, similar categories exist.

Public or mutual benefit aim

Another classification is based on public or mutual benefit aim. Some Member States label associations as public benefit associations (AT, BG, CZ, DE, EE, EL, HU, IE, LU, MT, PL, SK), while others classify them as mutual benefit associations (BE, CY, DK, ES, FI, FR, HR, LT, NL, PT, RO, SE, SI). It is also possible, however, that both classifications exist next to each other (IT, LV).

A **public benefit association** carries out activities with the aim to benefit the entire community. From this point of view, the activities carried out for such purposes vary from Member State to Member State and can take either of the following forms: charitable activities, protection of fundamental rights and human rights, development of civil society, education, science, culture, promotion of health, support for sports, environmental protection, provision of assistance in cases of catastrophes and extraordinary situations, raising the social welfare standards of society (especially for low-income and socially disadvantaged person groups). A **mutual benefit association**, on the other hand, carries out activities with the aim to promote the interests of the members of the association.

Table 1: Overview of public benefit associations in the EU

Member State	Notion of "public benefit"
BE	No specific status
BG	The activities in public benefit must include specific areas, such as: developing and strengthening of spiritual values, the civil society, health care, education, science, culture, technologies, equipment or natural culture, and others.

CZ	Public benefit association is a legal entity which contributes to the general welfare of the society by performing its activities.
DK	No specific status
DE	An organization pursues public benefit purposes (gemeinnützige Zwecke) if "its activities aim to support the general public materially, intellectually, or morally." The beneficiaries of these activities should not be limited to a closed circle of people (such as, for example, members of one family or employees of one corporation).
EE	Each Non-Profit Association can apply for a status of public benefit and charitable organization for getting tax incentives.
IE	The concept of "public benefit" in Ireland is embodied in the charitable status which is granted when the organization is formed for a purpose that serves the public benefit. For an organization to be eligible for registration as a charitable organization in Ireland, it must consequently meet the following three conditions: (i) to operate in the Republic of Ireland, (ii) to have exclusively charitable purposes and (iii) to provide a clear public benefit, in the country or elsewhere. The Charities Act 2009 defines "charitable purpose" as follows: • the prevention or relief of poverty or economic hardship; • the advancement of education; • the advancement of religion; • any other purpose that is of benefit to the community.
EL	No specific status
ES	No specific status
FR	The specific association category of "*association reconnue d'utilité publique*" relies on the notion of public benefit, though French legislation does not define it as such. There are five conditions to obtain this status. The association must: • have a general interest purpose: • have an influence and reputation larger than on a local scale; • have at least 200 members and "an effective and real association life (that is to say an unquestionable participation to association's activities)"; • have a democratic governance recognised and ensured by the statute; • have "serious financial soundness" understood as yearly resources of EUR 46,000 minimum, public subsidies weighing less than half of its budget and a positive balance over the last three financial years. The definition of public benefit is therefore based on the definition of general interest (*intérêt general*), defined by public authorities as follows: • the organization is not-for-profit; • the organization has a selfless management; • the organization does not work for the good of a limited circle of people. The following range of activities qualify for this status: "philanthropy, education, science, social aid, humanitarian aid, sports, family, culture or promotion of art heritage".
HR	No specific status
IT	Associations can choose to pursue a public or mutual benefit aim. When they decide to pursue a public interest purpose, they must be engaged in one of the activities identified in the Law.

CY	No specific status
LV	Associations could be of mutual or public benefit. In order to obtain a public benefit status, an association must operate in one of the following areas: charitable activities, protection of civil rights and human rights, development of civil society, education, science, culture and promotion of health and disease prophylaxis, support for sports, environmental protection, provision of assistance in cases of catastrophes and extraordinary situations, and raising the social welfare of society, especially for low-income and socially disadvantaged persons groups.
LT	No specific status
LU	Associations can be of mutual or public interest, according to their purpose. Non-profit associations which pursue an aim of general interest may be recognized as being of public utility by a Decree of Grand-Duché. In order to gain this recognition, they are required to operate in one of the following areas: philanthropic, religious, scientific, artistic, educational, social, sporting or touristic.
HU	Associations qualify for public benefit status if they fulfil certain criteria. The most important one is that the organization must pursue a public benefit activity. That is, an activity, which directly or indirectly contributes to the realization of a public task (at a state or local government level). Moreover, the organization has to have adequate resources as well as social support.
MT	Public benefit associations cannot be established for commercial purposes. When a public benefit association wishes to carry out a business activity in order to raise funds to achieve its purposes, such an organization should establish an appropriate legal entity and the administrators should ensure that such activity does not overburden the human and financial resources of the association.
NL	No specific status
AT	Public benefit exists if the activity benefits the common good in an intellectual, cultural, moral, or material field. This applies to the promotion of art and science, health care, child, youth and family welfare, care for the elderly, the sick or people with physical disabilities, physical sports, public housing, school education, education, popular education, vocational training, the preservation of monuments, nature, animal and cave protection, local history, home care and fight against natural hazards.
PL	Non-profit associations constitute non-governmental organizations. These, in turn, conduct public benefit activity, i.e., socially useful activity in the sphere of public tasks, such as charity, social assistance, area of science, and culture.
PT	No specific status
RO	No specific status
SI	No specific status
SK	The following categories of activities are considered of public interest: health services; social aid and humanitarian care; development and protection of cultural and spiritual values; human rights protection; education; science; environment; employment; housing.
FI	No specific status
SE	No specific status

Agreement

An agreement between members is one of the most fundamental features of associations and it is very often specified in the definition of association provided in national law (AT, BE, DE, DK, ES, FR, EL, IE, IT, MT, PL, RO). Such agreements should be in writing in all the mentioned countries, while in Ireland in the past it was done orally.

Table 2: Summary of the Member States with association agreements

Member States	Existence of agreements
BE	As "an agreement between two or more persons to pursue a selfless goal following one or more defined activities, which constitute its legal status".
BG	No
CZ	No
DK	The members have entered into an agreement on the purpose of the association (usually as articles of association). Associations can conclude agreements and assume obligations in the same way as persons or companies and act in the form of "associations" according to Danish legislation.
DE	An association is defined as a coalition of natural or legal subjects organized to act over a certain period with the aim to achieve a common purpose.
EE	No
IE	The unincorporated association is based on the membership of participants under the form of an agreement. In the past, this agreement was concluded orally. Now, the written forms are common. The agreement contains the terms and conditions that are written in the association's constitution.
EL	For its creation, there must be a constituent act, meaning a written agreement between at least twenty persons, in which they declare their will to create the FC.
ES	Associations are non-profit entities that are formed by agreement of three or more individuals or legal entities that undertake to pool knowledge, means and activities to achieve lawful, common purposes of general or particular interest.

FR	An agreement between two or more persons for sharing, on a permanent basis, their knowledge or activities for any purpose, except sharing profits.
HR	No
IT	The association could be constituted through a private act or a non-formalized agreement between the members.
CY	No
LV	No
LT	No
LU	No
HU	No
MT	An association is as an agreement between three or more persons to establish an organization with defined aims or purposes to be achieved through the dedication of efforts and resources by such persons and others who may join voluntarily, assets and liabilities, if any, of the association being distinct from that of the members, its administrators or any beneficiaries.
NL	No
AT	Establishment is achieved through the adoption of the statute (founding agreement). The agreement requires at least two members, which can be legal or natural persons.
PL	The Polish doctrine assumes that the statute of an association, which is the source of the legal relation of membership, is a civil law agreement concluded by the founders of an association, which may be later joined by other (remaining) members.
PT	No
RO	The association is a private subject of law constituted of three or more persons who, on the basis of an agreement, share, without being entitled to restitution, their material contribution, their knowledge and their lucrative activity, in order to accomplish activities of general interest, for the interest of a collectivity or, if such be the case, of their personal non-patrimonial interest.
SI	No
SK	No
FI	No
SE	No

2. SOURCES OF LAW CONCERNING ASSOCIATIONS

All EU Member States recognize the freedom of association. However, exercising this right is not without restrictions. For example, it is generally recognized in all Member States that associations cannot operate in a way that would go against social or public order.

In addition to the recognition of the freedom of association by all constitutions, Member States have also adopted complementary legal acts that form the legal framework of associations. The French-speaking Member States (BE, FR, and LU), which are the pioneers of the social economy, were the first European countries to recognize associations from a legislative point of view. Belgium was the first country in the EU to recognize associations (see its Constitution of 1831), which was followed by France (see: law of July 1, 1901) and Luxembourg (see: law of April 21, 1928). Later, other European democracies, such as, Italy and Spain, and lastly, the post-communist countries, such as, Poland, Romania, and Bulgaria, have also legislated on associations.

Table 3: Overview of legal sources of associations in the EU

Member State	Most relevant legal sources
BE	Belgian Constitution (1831, modified 1994 and 2019)
BG	Art. 44 of the Constitution (1991) The national Social Economy Concept (2011, modified 2018) Non-Profit Legal Entities Act (2020)
CZ	The Constitution 1992 (art. 20) § 20 of Civil Code n°89/2012
DK	The Danish Constitution (1849) Law on Registered Socio-Economic Enterprises, Social Enterprises (LRSE) (2014)
DE	§§ 21 to 70 of the Civil Code (Bürgerliches Gesetzbuch, BGB). § 2 (1) of the Law for Governance of Public Associations (Gesetz zur Regelung des öffentlichen Vereinsrechts, Vereinsgesetz) § 52 (1) of the Fiscal code (Abgabenordnung) Art. 9 of the National Constitution of Germany (Grundgesetz)
EE	The Constitution (1992) The Non-profit Association Act (1996)
IE	The Constitution of Ireland (Article 40.6.1.iii) (1937) The Charities Act (2009) Companies Act 2014 for the Designated Activity Company (DAC: a company with share capital that can be limited by guarantee).

EL	Articles 78-107 of the Greek Civil Code Article 12 of the Greek Constitution (1975). Law N° 4172/2013
ES	The Spanish Constitution of 1978 (EC) The Organic Law 1/2002 of 22 March (LODA) The Code of Associations (2022) Law 5/2011 on Social Economy (article 5) The different regions have also been assigned legal responsibilities for associations, and five of them have regulated their own regional law.
FR	The Act of 1st of July (1901) The Act of 31st of July (2014)
HR	The Constitution of the Republic of Croatia (1990) The Law on Associations (2014)
IT	The Italian Constitution (article 18) (1947) Non-recognized or not associations: (Presidential Decree 361/2000). (Articles 36, 37, and 38 of the Civil Code) 2. Social Promotion Association: (APS) (L. 383/2000) Amateur sports association: (Law 289/2002 (art. 90)) The Civil Code: (recognized associations, legal personality, and unrecognized associations). The laws from the nineties of the last century onwards were enacted to regulate certain aspects of associations, mainly by fiscal regulations and were aimed at facilitating their activities and development: the Law of 11.8.1991, n. 266 (the so-called framework law on voluntary work), The Law 4.12.1997, n. 460 contains provisions regarding 'non-profit organizations with a social purpose' (Onlus). The l. 7.12.2000 n. 383 introduced the figure of social promotion associations (APS),
CY	Cypriot Constitution and the national Civil Code Law 104(I)/ 2017
LV	The Constitution of Latvia (1922) The two main laws with relevance to the associations are Associations and Foundations Law as well as the Public Benefit Organizations Law (2003)
LT	The Constitution of Lithuania (art. 35) (1992) Article 2 of the Law on Associations (2004 No IX-1969, modified 2021 XIV-684)

	Law on the Development of Non-Governmental Organizations 19 December 2013 - No XII-717 Vilnius (modified 2022 – No XIV-916) Law on Development of Community Organizations (2018 No XIII-1774, modified2020 – No XIII-3137)
LU	Law of 21 April 1928 on Non-Profit Associations and Public Benefit Entities The Constitution of the Grand-Duchy of Luxembourg (Article 26)
HU	Act V/2013 on the Civil Code under Sections 3:63 – 3:87. The Constitution of Hungary (2011); Act CLXXV/2011 on the Freedom of Association, Public Benefit Status, and the Operation and Support of CSOs Government Decree 350/2011 (XII.30) on Certain Issues of CSO Financial Management, Fundraising, and Public Benefit Status
MT	The Constitution of Malta (Chapter IV), article 42 (1964) The Voluntary Organizations Act XXII of 2007 (Chapter 492 of the Laws of Malta) The Civil code, Title III, Sub-Title I (from 26 to 28) and Sub-Title III (from 48 to 56)
NL	The rules governing associations are found in Book 2, title 2 of the Dutch Civil Code.
AT	Association Act (2002)
PL	The Constitution of 2 April 1997 (article 12) Articles 1 and 2 of the Act of 7 April 1989 – the Law on Associations
PT	The Portuguese Constitution (article 46) (1976) The Portuguese Civil Code (all under chapter II – section I regulates the general terms - article 157 to 166 - and section II specifically for associations – article 167 to 184)
RO	Art. 40 of the Constitution (1991) Important legal act in the field is also Government Ordinance no. 26/2000, approved by Law no. 246/2005.
SI	The Constitution of the Republic of Slovenia (art. 42) (1991)
SK	Article 28 of the Constitution of Slovakia (1992) The main piece of legislation regarding associations is the Civil Associations Act (§ 18-1 of Slovakian Code Civil; §829 of the Civil Code). The Law on Public Administration Budgetary Rules n. 523/2004, regulating the foundation proceedings of budgetary organizations and state-funded institutions is also relevant.

	Many other special laws which regulate the specificities of different association forms also exist in Slovakia: • Law on Non-Profit Organizations providing the general public benefits services n. 213/1997; • Law on Associations of Political Parties and Movements n. 424/1991; • Law on Religious Freedom and Church or Religious Organization Status n. 308/1991; • Law on Foundations n. 34/ 2002; • Law on Non-Investment Funds n. 147/1997.
FI	The Constitution of Finland (2000) Associations Act 503/1989
SE	The Swedish Economic Associations Act 2018:672 The Instrument of Government 1974: 152 The Act of Succession The Freedom of the Press Act and the Fundamental Law on Freedom of The Swedish Constitution

3. FORMATION REQUIREMENTS AND CONSTITUTIVE ACTS AND ELEMENTS

Most of the 27 EU Member States (AT, BE, BG, DE, ES, FI, FR, EL, HR, IT, LU, LV, NL, PL, PT, RO, SE, SI) require two main steps to form an association. The first step concerns the formation and the signing of the association's constitutive act (AT, BE, BG, CY, CZ, DE, EE, ES, FI, FR, EL, HU, IE, IT, LT, LU, LV, NL, MT, PL, RO, PT, SE, SI, SK). The constitutive act can take one of the following forms:

- statute (AT, BE, DK, CY, CZ, ES, FI, FR, EL, HR, HU, IT, LT, LU, LV, MT, PL, PT, RO, SK)
- memorandum of association (BG, EE, HU, IE, LT, PT, SK)
- articles of association (BG, DE, EE, EL, IE, NL)
- rules of association (SE)
- basic act (SI)
- charter (DK, FI, SE)

The second step involves the request for recognition (usually a request for registration) from the competent body (which is usually the Court of Registration, the Register of Associations, a ministry, or public office). However, Denmark is an exception. They do not have written legislation on associations, which is why the two-step process is also not in place with regards to Danish associations.

As regards the members of associations, they can consist of either natural persons, legal persons, or both (see section on membership).

As explained in Section 1, differences exist in terms of the minimum number of members that are required to form an association. AT, BE, DK, EE, FR, and LV require only two members, while at least three are needed in BG, CZ, FI, IT, LT, and LU. The rest of the countries require more than three members. For example, in the case of an association designated for carrying out public benefit activity, the associations in BG must be incorporated by at least seven individuals or at least three legal entities. EL is another example of diverging from the pattern, since associations in Greece are formed by a written constituent act that is signed by at least twenty natural persons. HU is another notable exception, since at least 10 natural persons, legal persons, or organizations without legal personality are required to form an association.

Usually, a notarial deed is not mandatory to form an association, except in BE and EL in case of donation, and in the case of IT (only for recognized associations).

Another aspect is the language that must be used to sign the constitutive act(s) necessary for forming associations. All EU Member States require their own national language to be used, while in BE, the constitutive act can also be written in any official languages of the European Union, if accompanied with a translation into an official language of Belgium (Dutch, French, or German).

Finally, members are usually required to provide the following information of the association in its constitutive act: name, registration office, the goals and means for their achievement, the determination of the types of activities, the type of any additional economic activity (if any), the branches, the powers of the different bodies of the associations, the rules regarding the manner of representation of the association, the rules regarding membership, the final date of existence of the association, the rules regarding the calculation of contributions, the way of distribution of any properties after reimbursement of any existing credit. EU Member States that do not require this information to be included in the constitutive act of the association are CY, CZ, EL, HR, and MT.

4. REGISTRATION REQUIREMENTS

Although registration process varies among EU Member States, four main tendencies can be observed:

- Registration is a prerequisite to acquire legal personality (AT, BE in case of ASBL, BG, CY, CZ, DE, DK, EE, FI, FR, HR, HU, IT, LT, LU, LV, MT, NL, PL in case of registered associations, PT, RO, SI)
- Registration is not a prerequisite to acquire legal personality since the association acquires legal personality when it is formed (SE, ES)
- Recognition by a public authority is a prerequisite to acquire legal personality and its procedure is similar to registration (EL, BE in case of AISBL)
- Registration is required but not for acquiring legal personality since the association cannot have legal capacity (SK, PL in case of ordinary associations)

As can be seen, **registration** is a prerequisite for an association to acquire legal personality in almost all Member States. In other Member States, it is **recognition** by a public authority (EL, BE in case of AISBL) or **formation** by the members (SE, ES), which has the same effect as registration in other Member States. Exceptionally, it can also be observed that registration is required by law, however, it does not grant the association legal personality (SK and PL in case or ordinary associations).

In those Member States where registration is required, its requirements change according to the type of association. For example, in Belgium, there is a difference between ASBL and AISBL. In the first case, documents must be submitted for registration within 30 days after the signature of the founding parties. While, in the case of AISBL, the recognition is made by Royal order, which must have received in advance the constitutive act and the related documents (the process takes thirty days). Similarly, in Greece, in order for an association to acquire legal personality, the competent Ministry examines the legality and the purpose of the association and approves its creation by issuing a Presidential Decree that is published in the Government Gazette.

The registration authority also varies among Member States. In some cases, it is a court (e.g. CZ, HU) or a ministry/public office (e.g. FR, EL), while in others, it is a separate entity, designated for registration (e.g. Registration of Associations in HR, Federal Registry in DE, or Finnish Register of Associations in FI).

Finally, it also should be examined, whether the registration of the association can be rejected and if so, on what grounds. Usually, an application may be rejected by the registration authority during the registration process if one of the required elements of the constitutive act or one of the registration requirements is missing. The request for registration can also be rejected if the association's goal or purpose goes against public order, endangers national security or constitutes a crime. For example, the French Ministry of Interior can decide to prohibit an association to pursue its activities if they have an illicit cause or purpose, as opposed to good moral standards, and thus, cause harm to the entirety of France and its democratic form of government.

5. ADMINISTRATIVE COSTS

The administrative cost for the registration of an association varies significantly among Member States. In FR, PL, and HU, it is free of charge. In other Member States, such as in BG and RO, it ranges from EUR 25 to EUR 30, while it is significantly higher in IT, for instance (ranging between EUR 290 and EUR 360).

Table 4: Administration costs

Member State	Administration costs
BE	The following administrative fees apply: for the constitution, equivalent to registration, EUR 206.91 if the association submits documents in hard copy and EUR 149.44 if it submits documents in e-form; for any modification to legal statute, as well as nominations and resignations, EUR 140.20 for documents either in hard copy or e-form.
BG	The cost for a primary registration of an association is 50 leva (EUR 25) for a primary registration. It could be done electronically for a reduced fee of 25 leva (EUR 12.5).

	The annual fee for submission of an annual report about the activities of the association is 40 leva (EUR 20). There is also a reduction if done electronically 20 leva (EUR 10).
CZ	The following administrative fees apply: proposal for first registration of an association: EUR 28.51; modification or completion of information: EUR 40.72.
DK	The registration for voluntary, ordinary and special associations is free of charge. Exceptionally, the establishment of an association with limited liability (fmba) involves a fee of EUR 90.
DE	The first registration with the court costs EUR 75. For later entries, for example in case of amendment of the statutes, the court will incur costs of EUR 50 plus minor publication costs, which vary according to federal States. The notary costs for the registration of the foundation of an association amount to EUR 20 and for the drafting of the application form for the register EUR 30 (total EUR 50).
EE	The administration fees as of 2022 are as follows: • EUR 30 for entry in the register of the association. • EUR 10 for changing the data entered in the register. • EUR 70 upon filing an appeal against a court ruling.
IE	The Charities Regulator does not currently charge a fee for registration. However, a fee of EUR 100 is planned.
EL	There is no administrative fee. However, the legal process involves a lawyer (the minimum amount set by the Bar Association is 95 euros plus VAT 24% for the application before the Court of First Instance and another 95 euros plus 24% VAT for the process itself).
ES	The fee for the establishment of an association is EUR 38.89.
FR	All the procedures are free of charge.
HR	The administrative cost for establishing an association is as follows: the first cost is an administrative cost of 9.30 EUR. After receiving the decision for registration in the Register of Associations, they should pay for a stamp from EUR 19.94 to EUR 33.23. After obtaining the stamp, it is necessary to send a request to the Central Bureau of Statistics for entry in the Register of Business Entities. The request should be accompanied by a payment of EUR 7.31.
IT	The registration of associations includes registration fee and stamps, which vary between EUR 290 and EUR 360.

CY	Fees vary depending on the required constitutive procedures. There are no set amounts as legal fees are also involved.
LV	The State fee for registration of an association or foundation is EUR 11.38.
LT	Two tariffs type of fees apply for the registration of an association: The price for documents submitted via post or at the customer service office is EUR 25.65. The price for documents submitted via e-system is EUR 11.99.
LU	The cost for the registration of an association is EUR 14.61.
HU	The registration is free of charge.
MT	The registration fees in Malta are EUR 350.
NL	The Registration of the association in the Netherlands with the Chamber of Commerce (Kamer van Koophandel) costs 51.95 EUR.
AT	For establishing an association in Austria, the administrative costs are as follows: for the application EUR 14.30; additional fees for enclosures (for enclosed articles of association): EUR 3.90 per sheet (max. EUR 21.80); for notification of the invitation to take up association activity upon application, if positive: EUR 6.50.
PL	The registration process is free of charge.
PT	Depending on the selected way to constitute an association, the costs are as follows: • Through public deed • The notary will arbitrarily define the cost • Constitution on the spot • Students' associations are free of charges; • Other associations will cost EUR 300. • Further registration costs (when not automatically registered) – EUR 50.
RO	The cost for registering an association is about EUR 30: • approximately EUR 20 - the tax for the judicial procedure; • approximately EUR 7 - the fee for reserving the association's name; • EUR 1 - the fee for legalizing the court decision at the end of the judicial procedure; the legalized court decision is issued by the Court's clerk.

SI	For registration of an association or registration of an association composed of several associations, the costs are EUR 31.70; The costs for changing the basic act of the association are EUR 22.60; For changing the name, headquarters or representative of the association the costs are EUR 9; The administrative cost for deleting an association is EUR 22.60.
SK	• Proposal for registering a civil associations EUR 66; • Modification of the statute EUR 50; • Registration of the new statutes EUR 13; • Copy of Register statement and of the Register information EUR 5; • Deletion of the civil association from the Register; modification of the registered information about the organization unit authorized to act in its own name; deletion of the registered information about the organization unit authorized to act in its own name; announcement of the information about the civil association's statutory organ: EUR 16.50; • Registration of the information about the organization unit authorized to act in its own name 66 EUR
FI	The administrative cost for registration of an association varies between EUR 50 and EUR 180 (depending of the type of association and the type of registration, paper/online).
SE	Registering a non-profit association with the Swedish Companies Registration Office costs EUR 142 (new registration). Registration protects the name of the association in the county where it is registered. The name can be registered in several counties (protection registration) and the charge is EUR 114 per county.

6. LIABILITY

The liability of the association is linked to acquiring legal personality.

If the association may not acquire legal personality, the association cannot be held liable for any of its own actions. An exception is Slovakia, where it is the members of the association who possess all rights and obligations and are legally responsible for the association’s actions and not the association itself, given the fact that associations in Slovakia are not legal persons. The same goes for ordinary associations in Poland.

It is important to determine when the association acquires legal personality since it determines the starting point for when it can be held liable. Before acquiring legal personality, it is the members who will be liable for all the acts of the association.

6.1 Liability in case of legal personality

If the association becomes a legal person, it will have a separate legal existence from its founders and members from the moment it acquires legal personality (all Member States, except for SK and PL in case of ordinary associations). Therefore, the association will be liable for its debts and obligations to the extent of its own present and future assets that are separate from the assets of its members.

All associations are bound by the decisions of their governing bodies. Therefore, members are not usually liable to third parties for the association's acts or omissions.[2]

However, people involved in the governance of the associations (i.e. members of the executive body or members acting in an official capacity on behalf of the association) may be held liable for their acts. The circumstances may vary from breaching the general duty of diligence (e.g. DK, IE) to intentional or grossly negligent acts in performing the duties of administration (AT, BE, CY, DE, DK, FI, RO, SE). Depending on the circumstances and jurisdictions, the liability may range from individual to collective, or joint and several liability[3]. The sanctions for voluntary directors and workers are less severe in some jurisdictions (e.g. AT, DE, FR). Executive officers or persons with representative powers may be also held liable. In this case, they are jointly and severally liable for any debts arising from a legal act that is certain and executed during their management (NL, PT).

6.2 Liability in case of the lack of legal personality

The liability of an association, which does not have legal personality (either operating without legal personality on a permanent basis or just for the period preceding its acquisition of legal personality) is treated by most national jurisdictions with direct reference to the founders' and members' individual liability. In some cases, all members of the association[4] are personally liable for any damage caused by any act or action of the association (e.g. AT, BE, EE, ES, EL, IE, MT, NL, SE).

7. LEGAL PERSONALITY

Associations have legal personality in all Member States, except for SK and PL in case of ordinary associations. Associations that have legal personality can be subject to rights and liabilities just as natural persons and can acquire rights, assume liability, and participate in judicial proceedings.

As regards the acquisition of legal personality, the following classification can be made:

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[2] In Czech Republic, the Civil Association Act stipulates that the members of an association shall be liable together to respect and accomplish all the obligations that they have in relation to a third party.

[3] Failure to ensure the payment of the association's fiscal duties is explicitly sanctioned with joint and several liability for the board members (PL, SE).

[4] There are reported cases when the liability for an obligation caused by an act made on behalf of an unregistered association rests with the persons who took part in the act or decided on it personally. In these cases, the other members of the association shall not be personally liable for such obligation (FI).

- Legal personality is acquired upon **registration** (AT, BE in case of ASBL, BG, CY, CZ, DE, DK, EE, FI, FR, HR, HU, IT, LT, LU, LV, MT, NL, PL in case of registered associations, PT, RO, SI)
- Legal personality is acquired by **recognition** of a public authority (EL, BE in case of AISBL)
- Legal personality is acquired upon **formation** (SE, ES)
- Legal personality cannot be acquired (SK, PL in case of ordinary associations)

Legal personality: YES	Legal personality: NO
• Registration (AT, BE in case of ASBL, BG, CY, CZ, DE, DK, EE, FI, FR, HR, HU, IT, LT, LU, LV, MT, NL, PL in case of registered associations, PT, RO, SI) • Recognition (EL, BE in case of AISBL) • Formation (SE, ES)	SK, PL in case of ordinary associations

In most EU Member States, (AT, BE in case of ASBL, BG, CY, CZ, DE, DK, EE, FI, FR, HR, HU, IT, LT, LU, LV, MT, NL, PL in case of registered associations, PT, RO, SI), associations acquire legal personality upon registration in a special register. The register can be held at the government level, such as in Belgium and Bulgaria. In these two countries, the Ministry of Justice must ensure that registered associations pursue a social goal and do not cause harm to public order. At the same time in Germany, the register of associations is kept at the local court (Amtsgericht) for the district in which the association has its seat (Eintragung).

In other Member States, it is not registration but recognition by a public authority, which is the precondition to acquire legal personality (EL, BE in case of AISBL). Exceptionally, formation in itself entails the acquisition of legal personality (SE, ES). As a last category, it is also possible that legal personality cannot be acquired at all by an association, which is the case for all associations in Slovakia and in case of ordinary associations in Poland.

8. DEFINITIONS OF PUBLIC INTEREST

There is no exhaustive reference to the notion of *public interest* at EU level or at Member State level. Its meaning differs in the context of public law (i.e., constitutional, administrative, fiscal) and private law. What can be observed in terms of associations in this regard is that while they are regulated mainly by private law, their legal and regulatory framework borrows features from public law as well, particularly in terms of fiscal benefits, transparency and accountability obligations, which can be attributed to their nature of being "providers of public good". This is also reinforced by interlinkages between government participation in the formation of associations and public benefit. For example, in Cyprus and in Greece, the state can participate in the formation of associations when there is a public purpose involved. In such cases, associations are ruled by public law, while they are generally subject to private law.

Public interest is commonly used when describing the activity of associations, and generally implies that the association is meant to serve the "broader public." Not-for-profit purpose[5] is part of the notion of public interest related to associations as it is explicitly required in order to benefit from a privileged fiscal status, such as tax-exemptions, for instance.

A great variety of terms are used for what is generally called *public interest*[6]*: common interest, general interest, public benefit, public utility, charitable purpose, and interest for the public good.*

The concept of public interest is also sometimes used to identify associations whose purpose benefits the society in general or a segment of the society: these are public benefit (or interest) associations.

On the contrary, associations whose purpose benefits only its members (e.g. professional organizations), are referred to as mutual benefit (or interest) associations.

In some Member States, the public interest concept is attributable and therefore implicit to all not-for-profit associations (IT, PL, PT, RO), hence they benefit from a different and more favourable fiscal regime as compared to a company.

The majority of the EU jurisdictions (AT, BG, DE, ES, FR, HR, HU, IE, LU, RO) entail a special public benefit status granted only for those not-for-profit associations that meet specific requirements. The most common requirements are related to the field of activity associated with the purpose defined in the constitutive act of the association (e.g. culture, education, health care, social protection, implementation of family policy, protection of human rights, protection of the environment, protection of animals, sports) and with the engagement to benefit the society or a specific part of it. Additional requirements exist and they usually relate to one or several of the following requirements: proof of a minimum number of members or income per year, the significance of results achieved, influence and reputation exceeding the local scale, or a minimum duration of existence before applying for public benefit status.

The public interest/benefit status plays a role in having access to fiscal support by public means:

- Indirectly via fiscal facilities - tax-privileged status for the private donors (e.g. EE, ES, HU, RO, SE, SI) or the recipient associations (AT, DE, BG, DK, EE, ES, FI); and/ or
- Directly preferential access to public funds and use of public assets (e.g BG, HR, RO).

Public benefit associations that have been granted any form of fiscal support by public means have additional reporting and transparency obligations (e.g. submitting and/or publishing annual reports on their accounts and activities performed to a designated supervisory body

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[5] Non-for-profit purpose implies that the association does not earn profit for its owners (i.e. members and board) and may be allowed to use economic/ commercial means for obtaining profit that will further be used for pursuing its statutory aim.

[6] Most Member States refer to public benefit organisations.

and disclosing the proportion of funds used for management and administration. (For more details, see section on reporting and transparency).

9. MEMBERSHIP REGIMES

An association is a membership organization composed of natural and/or legal persons (all Member States) or even of organizations without legal personality in case of Hungary. As a general rule, a member's entry, termination as well as the duties and rights are to be defined in the constitutive act of the association. All Member States acknowledge the competence of founders and members to regulate these matters. The same goes for the freedom of association.

All Member States acknowledge the right to freely associate. Citizenship does not generally limit the access to an association's membership. However, there are exceptions. In Czechia, for instance, only Czech citizens have the right to freedom of association. The same can be observed in Estonia, Italy, Lithuania, Poland, Slovenia, and Slovakia, in terms of the nationality requirement. In Finland, foreigners not residing in Finland are banned from being members of associations founded to influence state affairs. In Croatia, similar restrictions exist as foreign associations need to be entered in a separate register, called the Foreign Register of Associations. Another distinction is that foreign associations in Croatia do not acquire legal personality by registering, unlike domestic associations do. As opposed to direct restrictions on membership, indirect ones also exist. In Hungary, for instance, a special tax is levied to immigration-related activities that affect associations and their donors which thus has an indirect impact on membership as well.

Concerning the age limit of the members, it is common in all Member States that members cannot be underage. Nevertheless, minors' access to membership is allowed in some Member States if accompanied by the prior written consent of their legal representatives (FR, HR, HU, LT, RO, SE).[7] However, the extent and legal limitations of the minors' legal

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[7] FR: Access to membership for minors is allowed without any condition; however, they need their legal representatives' written permission to conduct any operation, excluding those related to ownership (property management, etc.).
HR: For minors to be able to be members of associations, a statement/consent from their legal representatives is required.
HU: The association can by statute define different categories of membership (including minors and persons deprived of legal capacity), where only one or some categories can include full members, there may be honorary members and similar categories.
LT: Persons under 18 years of age may be members of associations whose activities are related to needs of children and youth. Parents or guardians of persons who are under 14 years of age have to be present to the management body laid down in the statutes of the association the applications to become members of an association. Persons who are under 18 years of age may acquire the rights and duties in the association in accordance with the procedure laid down by the Civil Code.
RO: As a general rule, minors aged 14 - 18 have a limited form of legal capacity and they can only become members of an association with the consent of their parents (however they cannot be part of the governing bodies). Exceptionally, emancipated minors (minors who get the full legal capacity before turning 18 either thorough marriage or following a court procedure) may benefit from all rights and duties of a member.
SE: If a minor up to 7 years old or a person with deprived legal capacity wants to join the association, in that case, the statement for joining the association is signed by his / her legal representative. On the other hand, for

capacity vary largely amongst Member States.

As regards, the duration of membership, the majority of jurisdictions stipulate explicitly that no individual can be forced to be part of an association and that a member can withdraw at any time by specific procedures described in the association's constitutive act and internal rules (AT, BE, BG, CY, FI, FR, IT, LT, LV, MT, NL, SE, SI, SK). Most common causes for involuntary termination of a membership refer to unacceptable behavior detrimental to the interests of the association or breach of the constitutive act's provisions. A member may be excluded from an association on the basis of a decision made by the decision-making body (in most cases, this is the General Assembly). When such a decision is made by the executive body (generally, the Board), the member should have the possibility to request a review by the decision-making body.

When categorizing the types of membership, the following classification can be made: voting and nonvoting members, full rights or aspiring members, founders and associates' members, honoraria or supporting members. This is the case for AT, BE, CY, EE, EL, HU, IT, LV. Due to the *intuitu personae* character of membership, it is usually stipulated by the law that it is not transferable and not inheritable.[8]

The equality of members is also acknowledged by all Member States (i.e. having equal voting rights in the sessions of the decision-making body), unless provided otherwise in the constitutive act of the association. The right to be informed of the activity and financial status of the association, the right to be elected in the governing and representative bodies, and the right to have access to the association's programmes and infrastructure, well as the right to use its assets are also commonly observed in all EU Member States.

With regards to asset management, an important restriction has to be noted as the non-profit distribution constraint is stipulated in the national laws of all Member States. The asset-lock rule that prevents the distribution of assets to members in case of dissolution and to any person whose membership has terminated[9] are explicitly expressed in or deriving from the national laws' provisions.

Apart from asset management, transparency is another important issue to be upheld. While public disclosure of members' identity is rarely mandatory by law (LU[10]), associations are required to keep a record of their members in order to allow clear identification at any moment, should the members themselves or the competent state bodies require access to this

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a person aged 7 to 15, written consent must be submitted by the legal representative, before the person joins the association.

[8] In some jurisdictions (NL, PL) the law stipules that the general rule applies unless stipulated otherwise in the statute. In case of MT, the nontransferable character is mentioned only in case of public benefit organisations.

[9] ES: The statute may provide that, in the event of a member's voluntary withdrawal, the member may receive the initial equity participation or other financial contributions made, not including the membership fees paid by the member, subject to the conditions, scope and limits laid down in the statute. This shall be understood as long as the reduction of assets does not involve prejudice to third parties

[10] LU: Special provisions exist with regards to the management of the list of members. A list in alphabetical order including the surnames, first names, residences and nationalities of the members of the association must be submitted to the Registry of the civil court of the registered office of the association within one month of the publication of the statutes. It must be updated once a year. It is free and available for the public.

information (FI, HR, HU, IT, LT, LV). [11]

10. ECONOMIC ACTIVITIES PERMITTED

One of the main characteristics of associations is that they cannot be founded for the primary purpose to carry out economic activities. However, it does not mean that all economic activities are prohibited. Associations are allowed to pursue economic activities but only if the economic activity is directly linked to those objectives of the association that are defined in their constitutive act. It is an important safeguard, however, that the profit gained from such activities cannot be distributed among the members since they must contribute to the main objectives of the association. This is called the profit non-distribution constraint.

As pointed out, associations can carry out economic activities only if they are not intending to make profit for their members or third parties: profit distribution is therefore prohibited by law. The activities of the association should be based on the principle of non-profitability, which means that the association cannot be established for profit-making as a primary activity (such as the case with companies) and can perform economic activities *only* as a secondary activity in cases provided for in the constitutive act of the association or by law.

In the Netherlands, for instance, there is a more open policy regarding the type of economic activities authorized, which is the reason why associations in the Netherlands are active in most types of sectors, including business services, financial services and communications. Similarly, in Italy, an association can carry out any kind of economic activities, however, if it pursues them on a "professional basis," the association loses the qualification of "non-commerciality" and is considered, for tax purposes, a social enterprise. As regards Sweden, a similar open attitude regarding economic activities can be observed. The concept of economic association is well-established for those associations, whose purpose is to promote the financial interests of its members through economic activities as opposed to the concept of non-profit associations.

Despite all these examples described above, one of the main characteristics of associations in all Member States is that they are all considered "non-profit" (unless explicitly stated otherwise) and, therefore, cannot make profit as their primary goal when conducting economic activities. This raises the issue of defining the primary goal of the association.

Since carrying out economic activities must be in connection with the main objectives of the association, it is important to define clearly the association's main purposes/areas of

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[11] FI: A list of members of the association with their full name and domicile must be kept by the executive committee.
LT: The list of all members of the association must be kept in the registered office of the association, as well as in the registered offices of the branches and representative offices. Each member of the association shall have the right to get access to this list.
LV: Every association must keep its own membership register containing the name, surname, personal identity number (if none - date of birth, the number and date of issue of a personal identification document, the state and authority that has issued the document) and the place of residence of each member (name and address of a legal person).

operation in the constitutive act. The main areas of activities carried out by associations tend to be the following: sport; culture-art; health and social services; education, research, science, human rights. It can be generally observed in all Member States that social activities and economic activities relating to them are allowed in the pursuit of public interest if they do not go against the principles of ethics and public morality. They should not go against the law, undermine public order or put national interests or national security in danger.

To conclude, we note that the associations are mainly present in the sports and social-cultural sectors. Economic activities pursued by the association must remain secondary and profits must be reinvested in the main objectives of the association. It is recognized that it is not possible to redistribute profits to members. Through this unanimous approach, it is a question of not distorting the associations and of dissociating them from for-profit companies. However, this distinction is more nuanced in Member States where the "social enterprise" concept exists.

11. GOVERNANCE, OPERATING RULES AND BODIES

The legislation on associations in all Member States defines minimum requirements for the governance system of associations. However, the members can define the specific rules according to which the association they formed should operate. They can also decide what kind of governing bodies they wish to establish, unless establishing the body in question is specifically required.

As regards the structure of governance, it can be observed that associations have separate bodies for decision-making and management in all Member States. The decision-making body consists usually of all members of the association and is usually called the General Assembly, the General Meeting or the Member's Meeting.

The decision-making body is to be distinguished from the other main body of the association: the executive body. The management duties of the association are carried out by an executive body, which also exists under various denominations, such as: Board, Managing Board, Executive Committee, College, Board of Directors, Board of Trustees, Office, Administrative Management and Administrative Board.

Besides the decision-making and the executive body, setting up a body for the financial control of an association is also required by many Member States (AT, CZ, DK, FI, HU, LT, LV, MT, RO, SE, SI, SK). This function is usually performed by one or more auditors whose mandate may include financial control and may also extend to verification of the performance of the association.

Depending on the size and resources of the association, it may employ an executive director, an auditor, secretariat or staff for day-to-day manager (s) and may set up other bodies as well, such as a Supervisory Board.

11.1 Decision-making body

Membership is at the core of the association's governance system, which is why associations are legally bound to have a decision-making body, consisting of the association's members, unless provided otherwise by its constitutive act.

The voting system during the meetings of the decision-making body is based on the "*one person - one vote"* rule. As regards the regularity of meetings, the decision-making body is usually convened at least once a year in ordinary sessions and may be convened for extraordinary sessions whenever it is deemed necessary in light of the conditions specified in the constitutive act of the association.

The rules for convening, voting and decision-making must be specified in the constitutive act of the association. The proceedings should ensure access to the meetings and to the decisions made for any member, including those who are not present.

The most common competences of the decision-making body include the following: amending the constitutive act, electing, deciding upon the membership (e.g. receiving new members, level of membership fees, ending membership), appointing, revoking and setting the powers and duties of the executive body (and the internal controllers/ auditors in the cases when such a body exists), adopting the annual budget and approving the annual financial reports, deciding upon merger, division and termination of the association.

11.2 Executive body

The main functions of the executive body are to carry out the decisions of the decision-making body, to represent the association towards third parties (legal representation), and to manage the association with regards to its day-to-day operations. The latter includes taking care of the financial affairs of the association in accordance with the legal and regulatory environment and the objectives defined in the constitutive act of the association. Moreover, the executive body is usually responsible for preparing the meetings of the decision-making body.

The executive body may consist of one person (EE, HU, IT, LT, LV, MT in case of associations established for the promotion of a private benefit), several persons set up in a collegial structure. This can be formed by at least 2 natural persons (AT, DK), at least 3 persons (BE, BG, FI, ES, FR, MT), in case of public benefit associations (PT, RO, SK) or 5 persons (CY). There is no upper limit for the maximum number of members of the executive body. The decision-making body of the association can determine the maximum number of members in accordance with the specificities of the association.

12. STATE SUPERVISION

The first legality control of the associations is made during the registration procedure. Most jurisdictions impose administrative procedures under the authority of public bodies acting autonomously or under the authority of the central, regional or local government. Just a few jurisdictions (such as HU, PL and RO) entail judicial procedures conducted in court by the judges.

The State can initiate a procedure for involuntary termination of the association by the state prosecutor’s offices or by regulatory and control administrative bodies. This can happen in cases of violation of duties prescribed by the national laws. However, the administrative decision of termination must be authorized by a judge or at least subject to possible challenges in court even for associations that have been granted the legal personality *via* administrative procedure.

The state supervision of associations’ operations is exercised in most jurisdictions by public bodies falling under the central, regional or local governmental authority. Most jurisdictions include regular (at least yearly) financial reporting to fiscal authorities and the obligation to notify the competent authority about changes in the constitutive act and about the personal data of the beneficial owners. This is valid for persons entrusted to represent the association to third parties and in court. Separate reporting on expenditures and activities is submitted to the public contracting authority in case of grants awarded from public funds.

Public benefit associations (in other Member States, the denomination is public interest associations) are more thoroughly scrutinized by the state compared to other associations. The process of granting the public benefit status entails a longer and more complex procedure when contrasted with other associations. The functions of monitoring and control compliance with the public benefit status regulations are performed by the associations’ registries/ offices or by dedicated authorities in most of the jurisdictions and are accompanied or replaced by competent fiscal authorities in some cases (DE, AT).

13. REPORTING AND TRANSPARENCY

Annual reporting is mandatory in all Member States. Generally, the executive body reports to the members of the decision-making body about the activities and financial management of the association (AT, BE, BG, CY, CZ, EE, ES, FI, FR, LT, LV, NL, PL). Reporting can take several forms and includes one or more of the following elements:

13.1 Annual budget

As regards financial management, obligations regarding the annual budget are the most important. The budget must be prepared by the association’s executive body and approved by the shareholders (IT). The annual budget must be drafted in such a way as to indicate all income and expenses of the association (e.g. assets, membership fees, contributions, bequests, donations, sponsorships, various expenses, personnel costs). Additionally, the body of auditors reports to the executive body or to the supervisory board (AT).

13.2 Annual statements

Another commonly fundamental part of the financial management concerns annual statements. Annual statements are examined by an audit institution or by a sworn auditor (LV). The decision-making body may call for an external review or audit (EE). If an association has an auditor or revision committee, the sworn auditor's report or the opinion of the revision committee must be attached to the report (EE, ES). The requirement for auditing is prescribed by national regulations (AT, BE, CH, FI, FR, EL, HU, LV, PL, SE, SI). In case the association does not have an auditor, it must have an operations inspector (e.g. FI). The operations inspector must submit a report in writing to the decision-making body deciding on the annual accounts (FI).

13.3 Keeping accounting records

All types of associations that generate revenues from business activities are obligated to keep accounting records (AT, BE, BG, CH, DE, DK, EE, ES, FI, EL, HR, HU, IE, IT, LT, LV, MT, NL, RO, SK, PT). The related accounting items must be strictly separated from those that relate to the institutional activity of the entity, that is, the non-commercial activity carried out with the associates (IT). The record on the financial statements of the association which received the aid during the accounting year must also include information on the financial and non-financial support (LT).

13.4 Annual activity reports

Associations that have public benefit status are obliged to submit an annual activity report to the governmental agencies (AT, BE, BG, CZ, DK, EE, ES, HR, IE, LT, LU, LV, MT, NL, PL, RO, SK, PT).
Organizations benefiting from tax-exempt status, are obliged to file a report to the tax authorities on their accounts, the use of funds as well as the accumulation of reserves. Such reports must be submitted once a year (AT, BE, BG, CZ, DK, EE,ES, HR, IE, LT, LU, LV, MT, NL, PL, RO, SK, PT).

The annual reports must contain the activities undertaken during the year concerned, their relevance with respect to the strategic priorities of the association, the amount of donations received, the breakdown of the rest of the income obtained, the overall balance of the association (AT, BE, BG, CZ, DK, EE, ES, HR, IE, LT, LU, LV, MT, NL, PL, RO, SK, PT). If at least one tenth of the members request it, the executive body is obliged to provide the members concerned with such information within four weeks, provided that they identify the reasons for their request (AT).

13.5 Report on payments

If an association has employees, it must deduct taxes and contributions as other legal forms acting as an employer. The association is required to report payments to the tax agency, as well as to submit reports on its employees’ salaries and fees they are required to pay (AT, BE, CZ, DE, DK, EE, ES, FI, FR, HR, IE, IT, LT, LV, MT, LV, NL, PL, RO, SE, SI, SK).

13.6 Communicating the annual reports

Mandatory communication of annual reports varies between Member States. In some Member States, there is no obligation for the reports to be published (DE, SE). Associations can submit a cash accounting scheme with an inventory, or a commercial annual financial statement with a balance sheet and profit and loss account (SE). In some other Member States, information about annual revenues and expenditures of the association needs to be available on the Ministry of Finance’s website where all legal persons’ annual balance sheets can be found (AT, BE, CZ, ES, FR, HR, HU, IE, IT, LT, LV, MT, NL, PT, PL, RO, SE, SK).

It can be observed moreover that annual reports of associations are public and can be viewed for a fee (EE) or any person may view them and obtain copies of them from the Register and of any other documentation which has been submitted for free (MT).

Associations of public interest must submit the annual accounts for the previous year within six months (after the end of the year) and present a descriptive report on the activities carried out during the year to the body responsible for verifying their activities and registering them in the corresponding register, where they will be deposited. These annual accounts must give a true and fair view of the assets, results and financial situation, as well as the origin, amount, destination and application of the public income received (AT, BE, CZ, ES, FR, HR, HU, IE, IT, LT, LV, MT, NL, PT, PL, RO, SE, SK).

Associations implementing programs and projects of interest for the common good funded by public sources should inform the donor about their work at least once a year. This information should be published on their website (AT, BE, CZ, ES, FR, HR, HU, IE, IT, LT, LV, MT, NL, PT, PL, RO, SE, SK).

Associations can be obliged to submit a specific form on a state-owned platform, within 30 days of creation and any legal entity that fails to comply with this legal obligation should pay an administrative fine (PT).

13.7 Publishing

Associations are considered transparent if their members publish at least the following information: association’s purposes (reason of creation); its main activities; documents/information about its own organization; financial sources; information about its economy; list of its partners (CZ). In Belgium, every fundamental decision of the association must be registered, and such a decision is published in the Government gazette, or *Moniteur belge* (BE). Estonian associations have adopted a Code of Ethics. It deals with issues like democratic governance and management, civic courage and care, sustainable and responsible utilization of assets and resources, accountability and reporting, openness and transparency, independence and avoiding conflict (EE).

14. RESSOURCES AND ASSET MANAGEMENT

The main source of income for associations stems from membership fees (15 MS), non-profit activities (12 MS), donations (15 MS), economic activities (12 MS), public subsidies (9 MS), institutional funding (8 MS), project grants (6 MS). It is important to note that all these types of income may be present in more than one Member State. Please find below a detailed description on the sources of income per Member State.

Associations operate with the following main types of resources:

- **income from main non-profit activity** (AT, BG, CH, DK, HR, HU, PL, RO, SE, SI, SK, PT)

- **income from donations** (AT, BE, BG, CH, CY, DK, EE, EL, HR, HU, PL, RO, SI, SK, PT)
- **income from membership fees** (AT, BE, BG, CH, CY, DK, EE, EL, HU, PL, RO, SE, SI, SK, PT)
- **income from other economic activities** (AT, BG, CH, DK, EE, HU, PL, RO, SE, SI, SK, PT)
- **State/EU/institutional funding** (CY, EL, HR, HU, PL, RO, SE, SK)
- **project grants** (financed by local and international foundations) (EE, HR, HU, SE, SI, SK)
- **payments for products and services** (EE, FI, HU, MT, PL, RO, SE, SK, PT)
- **public subsidies** (BE, EE, FR, HU, PL, RO, SE, SI, PT)

Other sources of income include:

- **legacies of a person or last will** (BE, SK)
- **legacies by a living person or last will, issued by a notary, and donations declared to prefecture** (FR, SI)
- **income from heritage legacy** (CH)
- **state budget** (CH, HR, SK)
- **tax allowances and in-kind contributions** (EE)
- **contribution of time and energy by members and volunteers (**EE, HU)
- **real estate and other property** (HR, EL IE, PL, SI)
- **income from assets contributed by the founders and associates (for example, a property)** (IT)
- **specified part of personal income tax allocated in accordance with the constitutive act** (HU)
- **a charitable company, as an incorporated body, can own property, will be liable for its own debts, and can transact business with third parties** (MT)
- **conducting business with third parties** (IE)
- **revenue from exceptional economic activities on exceptional occasions, such as charity fair** (MT)
- **participation fees in competitions organized for members** (MT)
- **payment for residential accommodation and care** (MT)
- **interests and dividends resulting from financial placements of the available sums** (PL)

In most Member States, there is no clear distinction between resources and asset management; they consider it as a part of the same process (CY, DE, EE, ES, FI, EL, HR, HU, IE, IT, MT, NL, PL, RO). In those Member States, however, where the two are separated, the following can be observed: In most cases, the executive body (or the managers hired by the association) is in charge of managing the assets of the association during the period of its existence (ES). Rules are covered in the constitutive act (AT, BE, BG, CZ, CY, DE, DK, ES, EL, HU, SK). Apart from the executive body, the decision-making body may also be responsible for asset management (CY, EE, ES). In some Member States, it is in charge of collecting the contributions from members (AT, BE, BG, DK).

Specific regimes exist in some Member States for tax reduction for donors. In case a donation or a legacy given to an association exceeds a certain amount, it has to be authorized by the

Ministry of Justice (e.g. LU, BE).

Specific requirements exist for the transfer of assets as well. At least 2/3 of the members of the decision-making body are required to support a decision on the transfer of assets if it is made to one of the following categories of people: members of the other governing bodies of the association, their spouses or relatives; former members of the governing bodies or former donors of the association (BG). In many Member States, associations are not allowed to distribute their property or assets to their members or other private persons (LT, LV, RO, SI, PT). In other Member States, assets can be distributed without restriction if this is allowed by the constitutive act of the association (BG, SZ, DK, HR, LV, SE, SK). Also, such decision may be made by the executive body (AT, BE, BG, CY, DE, DK, SE, SK), the decision-making body (EE, ES, EL) or by the combination of both (ES, EL).

As a rule, the founders of the association or their relatives are not allowed to benefit from the association's assets after liquidation. The assets must be transferred to a non-profit entity, which carries out a similar activity or to local authorities. These entities are then obliged to utilize the assets for an activity that is very similar to those pursued originally by the association (BE, BG, CZ, DE, FR, EL, HU, IE, LT, LV, NL, SE).

Asset management is also key with respect to those associations, which have public benefit status. It can be observed in one of the Member States, for instance, that associations of public interest can own, manage and profit from real estate that has been acquired for free e.g. by donation (FR). As regards other Member States, it is more common that the use of income of an association of public benefit is regulated more strictly when it stems from donations. If the total amount of donations received exceeds a minimum of 12 monthly salaries in a given calendar year, the association is required to use at least 75% of this amount for those same activities on the basis of which it was granted public benefit status (LV). In another Member State, 25% of the general donations in the relevant taxation period (calendar year) for administrative expenses may be used (LV).

15. LIQUIDATION

Liquidation procedures are described thoroughly in many of the Member States' national legal acts. Most commonly, a resolution needs to be adopted if over two-thirds of the members who are present at the session of the decision-making body vote in favour of liquidation (provided that the constitutive act of the association does not prescribe a greater majority). In most Member States, liquidation procedures are very precisely regulated (CY, EL, PT, SE, SI, HU, IT, LT, LU, RO, BG, CH, DK, FR, SK).

In most Member States, the association ceases to exist on the day of its removal from the register (AT, HR, LV, LT, CZ, EE, ES, FI, FR, IT, SK, PL). Another possibility for termination is that the State Prosecutor's Office or the National Agency for Preventing and Fighting Money Laundering may ask for judicial dissolution of the association (RO). Additionally, the court can order the cancellation of the association from the register of legal persons after the closure of the liquidation procedure (IT). The association may be dissolved also by the decision of the decision-making body. In this case, the minutes from the meeting of the decision-making body must be submitted to the court and registered in the registry

(RO). An association is regarded as dissolved when such an entry has been made in the Register of Associations (FI).

15.1 Decision on liquidation - when does the associations have to be liquidated?

Liquidation may take place, either voluntarily or by court decision, in the following cases:

a) at any time following the decision-making body's decision or that of other competent bodies, such as, for instance, the executive body's decision (AT, BE, CY, NL, ES, DE, FR, EL, HR, EE, LU, LV, LT, RO, MT, SL, PT, SE, SI, FI, PT);
b) if the association has an insufficient number of members or if its members are less than twenty and they decide to terminate the association (CY); or upon a decrease of the number of members of the association below the required number of members e.g. two (EL, HR, LT); or in case by the death or disappearance of all members (PT).
c) due to the merger of the association with another association or by its division into multiple associations (HR, SL, PT);
d) due to the failure to organize general meetings in due time (usually once a year), or in case the deadline for holding a regular session of the decision-making body was not respected on two occasions (HR);
e) by initiating a bankruptcy procedure (HR, SL);
f) by following the Court's ruling; or upon request of the state or local administration, the majority of the association's members or that of the supervisory authority, if the conditions set in the constitutive act are not met, or if the association has failed to achieve its purpose or has deviated from its original purpose of establishment and is now pursuing different or illegal purposes (CY, ES, HR, MT, LV, RO, SL, PT, EL, IT, LU).

Compulsory dissolution takes place in the following cases:

- at the request of the Minister of Internal Affairs or that of another interested (legal) body (EE);
- if the activities of the association are not in alignment with the objectives defined in its constitutive act (EE);
- if economic activity becomes the main activity of the association (EE);
- By the decision of the Board of Directors Registrar (CY);
- by the decision of the Council of National Cooperation Fund (HU);
- by the decision of the Charities regulator (IE).

In Slovenia, it can also be observed that associations of public interest can be placed in insolvent procedure only if there is consent from the competent ministry. This consent can be given only if the bankruptcy of the association will not seriously jeopardize the performance of an activity that is of public interest.

15.2 The role of the liquidator

An essential part of the liquidation process is to appoint a liquidator. A legal guardian and a liquidator may be either an appointed third person or the executive body itself. If the association is dissolved by the Court, the Court orders the association's liquidation and appoints a liquidator (PL). In other Member States, the responsible administrative authority appoints the liquidators (AT, BE, DE, DK).

Designation of a liquidator can also be done by a decision of the decision-making body, with a simple majority vote; or by the ruling of the court on the request of a member, a third party or the *ministère public* (BE).

In many Member States, the State can also intervene in the liquidation process, e.g. by the Provincial Governor who has the right to intervene for the interest of asset management (CY, BE, RO, IT). It can be also observed that the names of the liquidators must be announced to the Registrar within 30 days and registered in the Registry (CY). In most cases, the administration of the association takes the role of the liquidator. This procedure is exclusively conducted by the liquidator and only the Provincial Governor has the right to intervene for a better management of the assets (CY).

Liquidators may have the legal status of the executive body and may be responsible to administer and sell the association's assets as well. They can terminate the ongoing businesses, collect claims of the association, and satisfy the association's creditors. It is also important to point out that there can be several liquidators acting as one body (AT, BE, DE).

For example, in Lithuania, as regards the role of the liquidator, the liquidator of the association must:

- publicly announce in the daily newspaper indicated in the constitutive act of the association about the liquidation of the association and submit to the Register the documents confirming the decision to liquidate the association as well as its data;
- identify the budget at the time of the start of the liquidation;
- transfer the remaining assets of the association in accordance with the procedure laid down by the Law;
- draw up an act of liquidation of the association (an act of liquidation of the association shall describe the process of liquidation and confirm that all liquidation-related actions have been carried out)
- transfer the documents for retention in accordance with the procedure laid down by the Law on Archives;
- submit to the manager of the Register of Legal Entities an act of liquidation of the association and other documents necessary to remove the association from the Register.

After the completion of the liquidation phase, the liquidators are responsible to inform the administrative authority of the termination of the liquidation (AT, ES).

15.3 Asset distribution after liquidation

Asset distribution after the liquidation of an association is regulated by almost all Member States. In many Member States, for instance, the founders of the association or their relatives are not allowed to benefit from the association’s assets after liquidation (BE, BG, IE, NL). Similarly, it is very common that the assets must be transferred to a non-profit entity carrying out a similar activity as the association or that the assets are transferred to a local authority, which is obliged to utilize them for an activity that is similar to the one pursued by the association (AT, BE, BG, CZ, DE, DK, FR, EL, HU, IE, LT, LV, NL, SK).

In the event of the voluntary dissolution of an association, the remaining assets may be distributed to the members of the association on the basis of a corresponding provision in the association's constitutive act, provided that the assets do not exceed the value of the contributions that was made by the members (AT, CY). It is also typical that any remaining assets are to be reported to a public body (e.g to the Council of National Cooperation Fund in HU). Subsequently, an open tender procedure is to be organized in a way that any artistic works or collections are transferred/designated to the State (HU).

In some particular cases, the remaining assets are taken over by the State through the Ministry of Finance, by the commune or by the city in whose territory the association has its headquarters. In some other cases, any remaining assets are transferred to the State and must be disposed of for the same purpose the association was designated for (HU, CY, LV, NL, SK). In case the association does not appoint a successor in the decision that is made on liquidation, the property of the association will be transferred to the local community on the territory of which the association had its seat (SI).

Further restrictions can be observed with regards to the transferring of assets to natural persons. In case the association is dissolved, the remaining assets cannot be transferred to natural persons, in Romania. However, the opposite can also be noticed. In Germany, the persons to whom the assets can be transferred to are specified by the decision-making body in case of dissolution.

Taking into account the interests of the creditors is another important part of the liquidation process. The interests of the creditors are taken into account in CY, MT, SI, PT. To ensure that the claims of creditors are satisfied to the highest degree possible, liquidators must convert the available assets into money. For this reason, liquidation has to be announced in a public notice so that all potential creditors will be able to pursue their claims against the association (DE, ES).

16. FUNDAMENTAL DECISIONS

In all Member States, the fundamental decisions of associations are taken by the decision-making body. Such decisions include, for instance:

- amending the constitutive act;
- appointing and removing the members of the executive body;
- approving the budgets and accounts;
- deciding on the association's dissolution, on the amount of the membership fees, on the budget or on changing the main purpose/objectives of the association.

Decisions that require a qualified majority vote depend on the specific type of the decision in question. For example, a qualified majority of votes is necessary to decide on the following issues in Spain:

a) Dissolution of the association;
b) Amendment of the constitutive act, including the change of the association's registered office;
c) Disposition or disposal of fixed assets;
d) Remuneration of the members of the executive body;

A simple majority is required for the rest of the decisions made by the decision-making body:

a) To approve the decisions of the executive body;
b) To examine and approve the annual statements/accounts;
c) To elect the members of the executive body;
d) To fix the ordinary or extraordinary fees;
e) Any other decisions that do not fall within the competence of another governing body of the association.

Some Member States even impose high quorums to deliberate, such as Portugal, where the assembly cannot deliberate without the presence of at least half of its members. Generally, decisions are considered to be adopted if an absolute majority of voters (50% + 1) exercise their right to vote.

17. TAXATION REGIMES

It is common in all Member States, with the exception of CY, that associations are generally exempted from value added tax (VAT). There are many exceptions from this general rule depending on the type of the association or the context in which its income is generated. In Belgium, for example, associations must pay an annual tax or inheritance tax.

The main taxes of associations relate to VAT, when applied, and corporate tax. In general, it is possible to classify tax regimes into three broad categories (See: Table 5).

Table 5: Classification of the tax regimes of the 27 EU Member States

Tax benefits	Bulgaria/ Czech Republic/ Denmark/ France/ Hungary/ Ireland/ Latvia/ Lithuania/ Malta/ Slovenia
Taxation identical to SMEs	Estonia/ Cyprus/ Finland/ Netherlands/ Slovakia/ Sweden/ Spain
Derogatory tax regimes	Croatia/ Austria/ Belgium/ Germany/Greece/ Italy/ Luxembourg/ Poland/ Portugal/ Romania

Table 6 shows the tax regimes of the 27 EU Member States.

Table 6: Summary Taxation regimes in EU

Country	Regimes
AT	Associations are subject to the same tax obligations as any other legal persons. <u>Corporate tax</u> (Körperschaftsteuer) In case the non-profit status is granted on the premises of altruistic or general public purposes (Gemeinnützigkeit) the association will be

	granted a tax privileged status or will be exempted accordingly for the profits concerned. In particular, membership fees, donations, grants, gifts of every form are tax-exempted (as stipulated in sections 35-37 of the Fiscal Code). For any other activity, there is corporate tax of 25% for the profits arising from such activities. Tax-free are the profits up to EUR 7.300 per year. There is a threshold for a turnover up to EUR 40,000 for secondary services. In case the limit is surpassed, an exemption from the tax office is required as well in addition to tax liability. <u>Tax on property</u> (Grundsteuer) There is a tax exemption from real estate/property tax (Grundsteuer) for those properties and estates that are owned by a non-profit association. <u>Value added tax</u> (VAT) Associations may be subject to sales tax only if they pursue entrepreneurial activities as well. The thresholds for small business apply also in the case of non-profit association until the limit of EUR 30.000 gross amount profits. From this limit and above, there is a reduced tax rate of 10 percent, which applies to these services/products. However, if the association does not make a profit in the long term, the activity of the association is classified as a "hobby" and is in principle not subject to sales tax. The sales tax must be calculated by the association itself and paid to the responsible tax office.
BE	If the association performs economic activities and has employees, the legal regime of tax law applies to it. Those economic activities that are considered exceptional, irregular or are in support of the primary activities of the association, such as charity fairs (fundraising events) are tax-exempt. Similarly, services provided for free are also not subject to VAT. Associations must pay a *taxe patrimoniale*. The tax base of this tax is every asset of the association, including intangible goods, owned by the association, except those that are located abroad. The tax rate is 0.17%. If the value of the assets is under 25,000 EUR, the association is exempt from taxes. If the amount of taxes is under 500 EUR, a tax return must be filled every three years, instead of once a year.
BG	Social enterprises in Bulgaria are not supported by significant tax exemptions. The taxation regime of associations follows the regime for companies. However, the legislation does provide some fiscal advantages that are particularly relevant for social enterprises. These include tax incentives provided by the Corporate Income Tax Act for donors of certain vulnerable groups (people with disabilities, socially disadvantaged, etc.). Benefits for employers of long-term unemployed people or people with disabilities are also available.

	As regards VAT, associations can be exempted from it on the basis of certain goods and services they provide.
CY	All types of associations are not VAT-exempt on the basis of the activities they pursue, which is also true for the income that stems from their membership.
HR	<u>Profit tax</u> An association is only obliged to pay income tax for the profit generated from economic activities. Income tax is calculated at a rate of 20% on the established tax base. <u>VAT</u> An association that independently performs economic activity regardless of the purpose and result of performing that activity is considered a taxpayer and is obliged to register in the register of VAT payers if the value of deliveries of goods and services made in the previous calendar year was more than 230,000.00 kuna (EUR 30,561). An association whose value of deliveries of goods or services made in the previous calendar year did not exceed 300,000.00 kunas (small taxpayer) can join the register of VAT payers voluntarily. An associations does not pay VAT and is not entitled to deduct tax on the following: • services and related supplies of goods for the benefit of its members for membership fees; • membership fees collected from members in order to fulfil the tasks determined by the statute, when the membership fee is determined according to a certain criterion equally for all members. • donations, voluntary contributions and gifts for the purpose of performing the activities for which the association was founded, grants from the State Budget, budgets of local and regional self-government units, as well as other funds acquired in accordance with the law for performing activities for which the association was established.
CZ	The Income Tax Act exempts associations from taxation, which concerns their non-business activities; reductions of the tax base of the associations are also possible based on this legal act. Associations are exempt from all tax obligations related to contributions received in the areas defined by their statute as their main purpose. Furthermore, the exemption is also applicable to grants received based on international treaties.
DK	An association is tax-exempt if its primary aim is exclusively non-profit or charitable, or if it has no income from business-related activities.

	In general, associations are exempted from VAT. However, if the association sells goods or generates income from holding events that are open to the public, the association may be subject to pay VAT if its annual income from such activities exceeds DKK 50,000 (EUR 6,723).
EE	Taxation rules applies for all legal entities, including associations, and consist of: • a social tax of a 33%, rate and • an income tax of a 20% rate. While associations in Estonia do not enjoy automatic tax exemption, there are nevertheless a few exemptions from this general rule. Associations do not have to pay any corporate income tax on any type of income, including donations. Moreover, non-refundable funds, received from foreign donors, in addition to membership and entrance fees are also tax-exempt. As regards VAT, the rules applicable to companies are the same as the ones that apply to associations. Associations become subject to VAT if they generate more than EUR 40,000 annually.
FR	Associations *Loi 1901* in France are exempted from corporate tax, if: 1) the primary aim of the association is of philanthropic nature; 2) the association does not compete with commercial businesses; 3) the non-profit activities carried out by the association are additional to its main objectives and the revenue from lucrative activities is under 73,432 EUR. Associations of general interest are exempted of value added tax in the cases of: • sales to their members, limited to 10% of revenue from the sale in question; • revenue from lucrative activities are below EUR 73 432; • sales in charity fairs, maximum six times a year. For donations and legacies, transfer tax law applies as follows: • for associations of public interest, 35% for the taxable fraction under EUR 24 430 and 45% above; • for associations of public interest using resources for social aid, protection of environment and animals, full exemption; • for associations of general interest acting for plurialism in the press sector, 0%; • for associations loi 1901, 60%.
FI	Under the Finnish Income Tax Act, if the association is deemed as non-profit, the following income is tax-exempt: income from lotteries, sales events, sports competitions, dance or other recreational events, collection of items and other comparable activities or food service and sales during such event organized by an association; income from membership magazines and other publications; income from the sale of petitions, badges, greeting cards, pennants and similar; income from products or

	services made during care, handicraft activities or for educational purposes at a hospital, prison, senior home, rehabilitation institute or other similar institutes; income from bingo games. Some of the income non-profit associations generate are subject to tax. They pay income tax on income received from business activities and income received from a real estate unit if the real estate unit has been used for purposes other than general or non-profit activities.
DE	Corporations, associations and endowments working for public benefit or religious purposes are generally exempted from corporate income tax and trade tax. Moreover, associations of public benefit are exempt from inheritance tax and gift tax as well. To those associations that are not pursuing public benefit objectives, different rules apply. Generally, the income of the association is exempt from corporate income tax and trade tax only if it does not generate a turnover of more than EUR 45,000. Similar rules apply to VAT. In order to be subject to VAT, an association has to have an annual turnover of more than EUR 22,000 in the previous tax year. If this requirement is fulfilled, the general VAT rate of 19% applies. Income generated from business activities that are related to the primary objectives of the association (*Zweckbetriebe*) is tax-exempt, but under specific conditions. This tax exemption does not extend to ancillary and secondary activities of the association that can be considered commercial business activities. Income from those business activities that are not related to the primary objectives of the association (*wirtschaftlicher Geschäftsbetrieb*) is subject to taxation at a rate of 15%.
EL	Generally, not all business activities of an association are tax-exempt. If the income is generated from those activities that are not regarded as non-profit (that is, having profit-generating objectives), the association is subject to a 29% income tax. As regards VAT, varying rules apply. For example, if the association holds a fundraising event, the income generated from the event is VAT-exempt, provided that such types of events are not held more than twice a year.
HU	To be exempted from VAT, an activity has to be carried out by an entity designated for public service. However, associations can also qualify for a VAT exemption if they have a public benefit organization status (PBO), which entails many advantages. Donations made to associations with a PBO status are tax-deductible under certain conditions. Also, individuals are entitled to donate 1 % of their income tax to one of those associations that carry out activities of public benefit.

	As regards corporate income tax, if the association's income is generated from pursuing public benefit objectives or other mission-related activities, it is exempt from corporate income tax. However, if the income is generated from any "entrepreneurial activities" of the association (such as income from the acquisition of property), it is subject to taxation. Regarding donations, the following tax deductions are available: • 20 % of the donation is tax-deductible if the donation supports the public benefit activity of a PBO; • 40 % of the donation is tax-deductible if it is provided to a PBO under a long-term contract; • up to 50 % of the donation is tax-deductible if it supports the Hungarian Relief Fund, National Cultural Fund, or the Damage Mitigation Fund; • 50 % of the donation is tax-deductible if it supports a higher education institution as a part of a grant. It should also be mentioned that a special tax is levied to immigration-related activities that affect associations and their donors. The law stipulates that all individuals are required to pay a special tax if they contribute financially to any activities that support immigration in Hungary or when such a contribution is made to an organization with a seat in Hungary.
IE	The tax regime in Ireland includes several types of tax reductions for charities, such as reductions relating to income tax, corporate tax (in case of companies), capital gains tax, Deposit Interest Retention Tax (DIRT), capital acquisitions tax, stamp duty, and dividend withholding tax. As regards VAT, organizations eligible for charitable status do not enjoy a general exemption from VAT. Nevertheless, many activities that are in connection with charitable activities are exempt. Charities, which are trading (such as for example selling publications or operating a restaurant) are obliged to register for VAT if they exceed the threshold for registration (€37,500 for the supply of services or €75,000 for the sale of goods). In addition, tax relief is available for donations to "approved bodies", including "eligible charities". The following donations qualify for tax relief: a minimum donation of €250 and a maximum donation of €1,000,000 in any one year.
IT	Regarding the taxation of commercial activities, two different regimes can be distinguished. The first one concerns those commercial activities that are carried out by the association on a marginal basis in order to complete and integrate the activity towards the members, which makes the association eligible for a

	favorable tax regime. This is applicable for entities that do not generate an income of more than EUR 400,000 in a given tax year. Furthermore, associations must prepare and publish their financial statements to benefit from tax advantages. The second tax regime concerns those commercial activities of the association that are carried out on a regular basis, if the income from these activities exceeds the one that is generated in the context of activities towards the shareholders. In this case, the association loses the requirement of non-commerciality and is considered, for tax purposes, a social enterprise in all respects. Therefore, all activities of the association are subject to the corporate tax regime, which also entails the obligation to keep the ordinary accounting records and prepare the formal financial statements.
LV	Associations in Latvia are exempt from income tax. As regards VAT, the following can be observed: If the annual turnover of the association that is generated from economic activity amounts to less than 40,000 EUR, the association is not subject to VAT.
LT	Associations in Lithuania enjoy several tax exemptions: associations with an income from commercial economic activities that does not exceed 300,000 EUR, benefit from a zero tax rate for the first 7,250 EUR of their profit; associations are VAT- exempt in connection with those revenues that are generated by providing services of public-benefit; companies donating to associations can consider such donations as expenses and reduce their taxable income; individuals can donate 2% of the personal income tax to charities, religious institutions, NPOs or public organizations.
LU	Corporate income tax Associations are considered corporate entities subject to corporate income tax (CIT) and municipal business tax (MBT). The corporate income tax maximum rate was 17% in 2020. • if the taxable profits do not exceed EUR 175,000 - 15%. • if the taxable income is between EUR175,000 and EUR 200,001 - EUR 26,250 plus 31% of the income exceeding EUR 175,000. VAT If an association performs economic activities independently and on a continuing basis (even if they are non-profit), it can qualify as a taxable person for value added tax (VAT) purposes.

	However, an association benefits in principle from the right to recover input VAT on costs incurred in the context of taxable activities. Other taxes Individual as well as corporate donors can deduct donations made to public benefit associations from their taxable base. Associations are subject to an annual tax on the basis of the value of their buildings owned in the Grand Duchy and their movable property, provided that this value exceeds 100,000 EUR.
MT	Associations are exempt from tax if their turnover for a given year does not exceed EUR 50,000. Otherwise, associations in Malta are taxed at rates capped at 15-35% from profit, depending on the objectives of the association.
NL	An association which operates as a business usually pays corporate income tax. It is exempt from corporate income tax: • if the taxable profit in any one year does not exceed € 15,000, or • if the taxable profit in any one year is higher than € 15,000, but together with the taxable profits in the 4 preceding years, does not exceed € 75,000. Whether an association is obligated to pay and charge VAT, or not, depends on its specific situation. What matters is whether the association is regarded as an 'entrepreneur' according to the tax authorities. If the association employs wage earning persons, it must withhold taxes on the wages it pays. Exemptions apply when the association employs volunteers.
PL	The entities that are exempted from income tax are associations whose statutory objectives are in the field of science; technological science; education (including higher education); culture; physical culture and sport; environmental protection; supporting social initiatives for the construction of roads and telecommunications networks in rural areas and water supply to rural areas; charity, and others. Moreover, the association's membership fees are also exempted from income tax.
PT	Associations whose primary objectives are not commercial, industrial, or agricultural in nature are taxed according to their "global income" (which corresponds to the sum of the net incomes of those categories that are considered for tax purposes, including asset increments obtained gratuitously). Regarding VAT, some exemptions granted by the VAT Code are only available to non-profit organizations.

RO	According to the Romanian Fiscal Code, associations are exempted from paying profit tax for several categories of income (membership fees, income from donations, resources obtained from public funds …). A separate fiscal regime applies to those associations that carry out direct economic activities. Associations are not required to pay profit tax if their income is generated from economic activities up to the equivalent of 15,000 euros per year. The maximum rate of payable tax cannot exceed 10% of the total income of the association generated from all those sources that are exempted from taxation. The profit tax rate is 16% for associations as well as for companies.
SK	The taxation regime of associations follows the regime applicable to companies. In general, the State is encouraged by law to support associations working for public benefit by the means of tax deductions or exemptions. The activities listed in the constitutive act determine the areas in which the association needs to pay taxes. All associations are obliged to keep their accounts. However, they have to submit tax returns only if they operate in an area for which they have to pay taxes.
SI	Associations are exempted from VAT only if their income does not exceed 50 000 EUR in a given financial year. The law on profit tax stipulates that all associations carrying out for-profit activities are obliged to pay profit tax. The general tax base is 17%. But, in case the associations have income only from non-profit activities, it can be taxed at 0%. Income collected from membership fees is not subject to taxation.
SE	The tax rules applicable to legal persons in the Swedish Income Tax Act generally also apply to associations. Therefore, associations are subject to tax on income and capital gains in the same way as other legal entities. Associations can, however, qualify for tax exemptions and thus, are only required to pay tax on those types of incomes that are generated from real estate or commercial business.
ES	In Spain, the same tax regime applies to all legal entities, therefore, to associations as well. Nevertheless, what can be observed is that a framework of benefits is established for associations by way of exemptions, especially when their main objectives are of general interest and they do not distribute profits among their members. Corporate tax treatment

The following income is exempt from corporate income tax:

- income derived from income obtained without consideration;
- income derived from the movable and immovable assets of the entity, such as dividends, interest, royalties and rents;
- income derived from acquisitions or transfers, by whatever title, of assets or rights;
- income obtained in the exercise of exempt economic operations;
- income which, in accordance with tax regulations, must be attributed or imputed to non-profit entities.

In relation to income derived from the exercise of economic activities that are complementary and auxiliary to those aimed at fulfilling the purposes pursued by these entities, they will be exempted as long as they respect the limits established in the regulation itself, as well as those derived from economic activities considered to be of little relevance.

As regards the corporate income tax base of these entities, it is established that only the income and expenses corresponding to non-exempt economic operations will be computable in its determination.

The taxable base for corporate income tax is a single rate of 10%.

VAT

Some economic activities carried out by associations, due to their nature, are invoiced as VAT exempt.

Other taxes

Associations will be exempt from Real Estate Tax on all assets subject to this tax that are owned by non-profit organizations, with the exception of those used for economic activities that are not exempt from Corporate Income Tax.

Likewise, the economic activities carried out by these entities will be exempt from Business Tax when they have been qualified as exempt by the Law itself.

Exemption from the Tax on the Increase in Value of Urban Land when the legal obligation to pay the tax falls on a non-profit entity, as well as donations made in favour of entities benefiting from patronage.

LANDSCAPE OF ASSOCIATIONS IN EU MEMBER STATES

1. NUMBER OF ASSOCIATIONS

Table 5: Number of associations

Member State	Number of associations
BE	110 000 (year: 2020)
BG	12 873 (year: 2021)
CZ	There were 142 664 registered NPOs in 2018, out of which 10 436 were corporates.[12] The number of corporates decreased to 9 666 (year: 2021).
DK	100 000 (year: 2020)
DE	603 886 (year: 2017)
EE	23 337 (year: 2021) It should be noted that there are around 6 000 associations that are not operating, but have still not been deleted from the Register.
IE	114 26 charities (year: 2020)
EL	No specific data available. Based on the official MoL registry, the estimated number of social and solidarity enterprises was between 573 and 673 in 2017, out of which 243 were social cooperatives, limited liability cooperatives and 27 were civil cooperatives and associations.
ES	150 000 (year: 2019)
FR	1.3 million active associations (year: 2018)
HR	50 634 (year: 2021)
IT	286 942 (year: 2015)
CY	3 306 (year: 2022)
LV	22 904 (year: 2021)
LT	19 318 (year: 2021)
LU	8 281 (year: 2021)

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[12] Corporates is the legal form, which is closest to the term association in most EU Member States.

HU	31 596 (year: 2020)
MT	No specific data available. There were 1 854 voluntary organizations in 2021, out of which associations had an essential share.
NL	No specific data available. There were 42 765 associations and foundations in the first half of 2022.
AT	124 627 (year: 2018)
PL	66 800 (year: 2020)
PT	71 885 (year: 2016)
RO	46 430 (year: 2020)
SI	23 634 (year: 2022)
SK	50 575 (year: 2020)
FI	107 733 associations, including chambers of commerce (year: 2021)
SE	No specific data available. There were 159 298 non-profit organizations in 2019, out of which the majority of the registered entities consisted mainly of associations.

2. NUMBER OF MEMBERS

Table 6: Number of members

Member State	**Number of members**
BE	220 000 members (year: 2020)
BG	No specific data available. Associations and foundations had 2 241 182 members in 2022. As regards the classification of members, 176 521 were legal persons, while 2 064 661 were natural persons.
CZ	30 000 members (year: 2021)
DK	200 000 (year: 2022)
DE	Over 50 million members (year: 2013) In 2019, every second German was a member of at least one association.

EE	No specific data available. In 2019, 88% of associations were founded by private individuals and 12% by non-governmental organizations. The share of founders shows the following rate: private companies (3%), local governments (2%), public institutions (1%).
IE	74 124 charity trustees (year: 2020)
EL	over 500 members (year: 2022)
ES	14 million members (year: 2022) 30% of the Spanish population are members of associations
FR	2,6 million members (year: 2022)
HR	150 000 members (year: 2021)
IT	1,8 million members (year: 2022)
CY	9 000 members (year: 2020)
LV	46 000 members (year: 2021)
LT	57 900 members (year: 2021)
LU	430 000 members (year: 2021)
HU	3 512 916 members (year 2020)
MT	3 000 members (year: 2014)
NL	No specific data available. In 2013, 78% of the Dutch population was a member of at least one association.
AT	No specific data available. Associations in Austria typically have a relatively huge number of members. Some of the biggest ones are the following: • ÖAMTC (2 225 132 members) • Rotes Kreuz (1.035.054 members) • Alpenverein Österreich (545 541 members).
PL	6,7 million members (year: 2020)
PT	140 000 members (year: 2022)
RO	300 000 members (year: 2021)
SI	70 000 members (year: 2022)
SK	150 000 members (year: 2020)
FI	2 million members (year: 2017) In 2017, 54% of the Finnish population over the age of 10 participated in the activities of associations.
SE	No specific data available. In 2019, a total of 6 284 000 (75,3%) Swedish people over the age of 16 was a member of at least one association.

3. ACTIVITIES COVERED BY ASSOCIATIONS

Table 7: Activities covered

Member State	**Activities covered by associations**
BE	- social and medical actions (23%) - arts (16%) - services (12%)
BG	- education (34%) - social services (29%) - regional development (24%) - youth (16%)
CZ	- culture, advertisement, recreation (41 281 associations) - education (36 321 associations) - health and social services (29 112 associations)
DK	- health and social services (40%) - research (6%) - education (5%) - retail (4.6%) - culture (2.8%)
DE	- care services - education - culture - housing - integration
EE	- local government associations (with their own law and regulations) - housing associations (with their own law) - industry associations (e.g. food association, machinery association, tourism association, etc.) - professional associations (union of dentists, union of kindergarten teachers etc) - religious organizations (congregations, rehabilitation centers) - associations uniting companies (union of HR companies etc.) - international associations (Mondo, Save the Children, Doctors without Borders, Women in International security)
IE	- education (33%) - alleviation of poverty or economic hardship (7,5%) - religion (6,6%) - any other purposes that benefit the community (53,9%)

EL	- culture (37%) - social solidarity (18%) - health and social protection (12%) - environment (12%) - child protection
ES	- ideology, culture, education and communication (38,10%) - women, equal treatment and non-discrimination (1,70%) - children, youth, seniors, family and well-being (3,50%) - environment and health (9,80%) - disability and dependency (2,20%) - victims, affected and injured parties (1,70%) - solidarity (10,70%) - economy, technology, profession and interest representation (18,10%) - sport and recreation (9,70%) - other (4,60%)
FR	- sports (24%) - leisure, entertainment, social life (19%) - rights and interest representation (15%) - art (14%) - education, training and research (7%) - social assistance, humanitarian aid, charity (excluding accommodation) (7%) - culture (excluding show, protection and promotion of heritage) (6%) - health (3%) - management of business services and local development (3%) - social or medical accommodation (1%)
HR	- sport (17,7%) - culture and art (12,9%) - sports (12,8%) - education, science and research (8,5%) - social activity (7,4%) - economy (6,4%) - human rights (5,7%) - international cooperation (5,6%) - democratic political culture (5,5%) - environmental protection (5,2%) - health care (3,7%) - sustainable development (3,2%) - defenders and victims (2,1%) - spirituality (1,5%) - hobby (1,2%) - other (0,7%)

IT	- culture, sport and recreation (70%) - social assistance and civil protection (6,6%) - trade union relations and interest representation (6%) - education and research (3,8%) - healthcare (3,3%) - protection of rights and political activity (2,4%) - environment (2,1%) - other (philanthropy, religion, economic development) (5,8%)
CY	- personal care services - education and training - environment - animal protection - waste management
LV	- real estate management (1976 associations) - sport clubs (1854 associations) - religion (1319 associations) - sport activities (1155 associations) - renting and operating real estate (674 associations) - hunting and related activities (671 associations) - recreational activities (593 associations) - activities of professional membership organizations (565 associations) - education (573 associations)
LT	- childcare and youth (32,2%) - social problems and health (25,4%)
LU	- collective social and personal services (60%) - health and social work (around 20%) - education, agriculture, manufacturing, electricity, gas and water, retail (less than 5%)
HU	- leisure (22%) - sports (22%) - culture (17%)
MT	- philanthropy (17,8%) - education and sport (41,2%) - religion (5%) - health (14%) - social and community (45,6%) - culture, arts and national heritage (38,6%) - environment and animal welfare (10,6) - promotion of human rights (9,9%)

NL	- business services - financial services - communications - sports - culture - recreation - healthcare
AT	- sports (24368 associations) - saving clubs (16001 associations) - charity (6649 associations) - profession (5841 associations) - gardening and animal protection (5425 associations) - conviviality (5655 associations) - parents (4024 associations) - formal military staff (1958 associations) - student affairs (1322 associations) - religion (1123 associations) - colleague (418 associations) - rotary clubs, Lions Club, Schlaraffia (414 associations) - other (18 276 associations)
PL	- sport, tourism, recreation, hobby (26,9%) - rescue services (15,3%) - culture and arts (12,4%) - education and upbringing, scientific research (10,5%) - social and humanitarian aid (8,3%)
PT	- culture (33 772 associations) - education (2594 associations) - human health services (2386 associations) - social services (6978 associations)
RO	- social field - sports & leisure - education
SI	- sports and recreation (35,3%) - helping people in need (13,0%) - culture and art (17,0%) - scientific research, education (9,3%) - environmental protection, animal and plant breeding (7,1%) - housing (5,9%) - local development (6,4%) - politics (1,2%) - spiritual life (2,6%) - other (2,1%)
SK	- culture - sport - education and research - health service - social service - environment

	- human right - clubs - regional and municipal services, tourism
FI	- not classified (29,2%) - culture (17,8%) - sports and exercise (13,6%) - profession and trade (10,1%) - leisure (9,6%) - social and health (6,2%) - other (6,0%) - political (4,3%) - national defense (1,9%) - religion (1,3%)
SE	- culture and recreation (27%) - social welfare (20%) - education and research (16%) - religion (14%) - employment (8%) - politics, identity and interest representation (5%)

4. REVENUES

Table 8: Revenues

Member State	**Revenues of associations**
BE	EUR 37 billion (year: 2014)
BG	No specific data available. In 2020, associations and foundations generated EUR 665 700 million in revenue
CZ	No specific data available. In 2018, the whole NPO **sector** generated EUR 365 700 million in revenue
DE	No data available. In 2018, associations' revenue was generated by the following resources: public grants and subsidies (29%), regulated service fees (38%), donations, sponsoring (13%), own revenues from sales, membership fees, return on capital market (19%)
DK	EUR 230 million (year: 2011)
EE	No specific data available. Associations are funded by a variety of sources, including membership fees, public sector appropriations, public grants, project grants (financed by local and international foundations), payments for products and services, and donations from private persons and businesses. Indirect assistance is received in the form of tax allowances, in-kind contributions and voluntary work.

IE	EUR 13.9 billion (year: 2021)
EL	No specific data available. In 2017, associations' revenue stemmed from the following resources: grants (21%), donations related to general objectives of the organization (15%), in-kind resources (17%)
ES	No data available
FR	EUR 111 billion (year: 2018)
HR	EUR 1 billion (year: 2019)
IT	EUR 5.7 billion (year: 2016)
CY	No data available
LV	EUR 462 million (year: 2019)
LT	EUR 415 million (year: 2020)
LU	No data available
HU	EUR 1.5 billion (year: 2020)
MT	EUR 17.4 million (year: 2014)
NL	Numbers are only available for one specific type of association: sports clubs. Data from 2020 indicates that a total of 26 130 sports clubs generated EUR 1.1 billion in revenue.
AT	EUR 5.9 billion (year: 2010)
PL	No specific data available. In 2020, the whole NPO sector generated EUR 7.3 billion in revenue
PT	EUR 4.8 billion (year: 2016)
RO	No specific data available. In 2015, associations and foundations generated EUR 2.5 billion in revenue
SI	EUR 557 million (year: 2020)
SK	EUR 200 800 million (year: 2020)
FI	EUR 5.4 billion (year: 2019)
SE	No specific data available. In 2019, the whole NPO sector generated EUR 26 billion in revenue

5. ECONOMIC WEIGHT

Table 9: Economic weight

Member State	Economic weight of associations
BE	No specific data available. Associations represented 2.52% of the registered economic businesses in 2020.
BG	0.40% of the GDP (year: 2020)
CZ	6 % of the GDP (year: 2018)
DK	0.12% of the GDP (year: 2011)
DE	No specific data available. In 2007, NPOs contributed by 4.1 % to the GDP by around 2.200 billion euros.
EE	No specific data available. 4-5% of the Estonian workforce was employed in the non-profit sector in 2020.
IE	No data available
EL	No data available
ES	No data available
FR	4.7 % of the GDP (year: 2018)
HR	No data available
IT	No data available
CY	No data available
LV	1.5% of the GDP (year: 2019)
LT	0.08% of the GDP (year: 2020)
LU	No data available
HU	3.7% of the GDP (year: 2020)
MT	0.16% of the GDP (year: 2014)
NL	No specific data available. In 2020, the economic weight of the associations representing sports clubs was 0.08% of the GDP.

AT	No specific data available. The economic weight of the entire NPO sector was 8% of the GDP in 2010.
PL	1.12% of the GDP (year: 2020)
PT	2.6% of the GDP (year: 2016)
RO	0.6% of the GDP (year: 2016)
SI	No data available
SK	0.2% of the GDP (year: 2020)
FI	3-7% of the GDP (year: 2019)
SE	No specific data available. Civil society’s contribution to Sweden’s GDP was 3.1% in 2019.

6. SHARE BETWEEN VOLUNTARY AND PAID WORK

Table 10: Share between voluntary and paid work

Member State	Share between voluntary and paid work
BE	In 2017, 497 400 people were employed by associations, either full time or part time. They amounted to 12,6% of the total employment rate. The total number of volunteers working for NPOs was estimated to be 185 000 in 2015.
BG	According to the data of the National Statistical Institute, 5985 people were employed by associations and foundations in 2013, which amounted to 0.13% of the total workforce. In 2020, 46 451 people were working for associations and foundations as volunteers. According to a study, prepared by the Open Society Institute, the majority of the employees work on a voluntary basis. Low quality jobs is another characteristic of the sector highlighted by the report and the dominance of short-term contracts. It is also a particularity that the salaries are lower than the ones in the public sector.
CZ	The Regional Volunteering Center of Liberec found that 117 000 paid employees and 37 455 volunteers were working for non-profit organizations in 2018. In 2015, there were 57 426 volunteers between the ages of 15 and 26, who contributed to NPOs.
DK	A report prepared by the Danish Institute for Voluntary Effort DIVE in 2019 found that 39% of the Danish population had performed voluntary work within the previous 12 months, which amounted to 2.264 million people between the ages of 16 and 85.

<table>
<tr><td>DE</td><td>A study conducted in 2012 indicates that only 53% of the registered associations employ paid personnel, which are mostly supported by part-time employment or mini-jobs. On the other hand, volunteering is quite common in Germany.</td></tr>
<tr><td>EE</td><td>According to a survey carried out in 2019, most associations have less than 10 members and only 18%-20% have about 50 members. 23% of associations have paid employees, while 53% involve volunteers from outside the organization. 13% of associations have full-time employees and 15% of NGOs have part-time employees.

In 2018, 49% of the population participated in voluntary activities and 70% of associations employed volunteers. Involving volunteers is generally more common among associations with a high turnover or among those ones that operate at an international level. As regards those associations that operate only locally, only 39% employ volunteers, while 67% involve volunteers when operating abroad. All this confirms that the involvement of volunteers is one of the main indicators of the growing capacity of associations.</td></tr>
<tr><td>IE</td><td>

<table>
<tr><th>Number of Volunteers</th><th>2018</th><th>2019</th><th>% Increase</th><th>% of charities</th></tr>
<tr><td>None</td><td>896</td><td>996</td><td>11%</td><td>15%</td></tr>
<tr><td>1-9</td><td>2,258</td><td>2,259</td><td>13%</td><td>38%</td></tr>
<tr><td>10-19</td><td>1,115</td><td>1,318</td><td>18%</td><td>19%</td></tr>
<tr><td>20-49</td><td>917</td><td>1,065</td><td>16%</td><td>16%</td></tr>
<tr><td>50-249</td><td>545</td><td>611</td><td>12%</td><td>9%</td></tr>
<tr><td>250+</td><td>184</td><td>230</td><td>25%</td><td>3%</td></tr>
<tr><td>Total</td><td>5,915</td><td>6,779</td><td>15%</td><td>100%</td></tr>
</table>
<i>Table 4: Volunteers Working for Charities in 2019 compared to 2018</i>

<table>
<tr><th>Number of Employees</th><th>2018</th><th>2019</th><th>% Increase</th><th>% of charities</th></tr>
<tr><td>None</td><td>2,569</td><td>2,849</td><td>11%</td><td>42%</td></tr>
<tr><td>1-19</td><td>2,498</td><td>2,941</td><td>18%</td><td>43%</td></tr>
<tr><td>20-49</td><td>456</td><td>535</td><td>17%</td><td>8%</td></tr>
<tr><td>50-249</td><td>286</td><td>319</td><td>12%</td><td>5%</td></tr>
<tr><td>250+</td><td>106</td><td>135</td><td>27%</td><td>2%</td></tr>
<tr><td>Total</td><td>5,915</td><td>6,779</td><td>15%</td><td>100%</td></tr>
</table>
<i>Table 5: Employees Working for Charities in 2019 compared to 2018</i>
</td></tr>
<tr><td>EL</td><td>According to the British Council Report from 2017, most social enterprises employ very few people and a considerable number operate without any paid employees.</td></tr>
<tr><td>ES</td><td>The table below shows the percentage of volunteering in Spain based on a survey carried out by the Observatorio del Voluntariado en España in 2020.

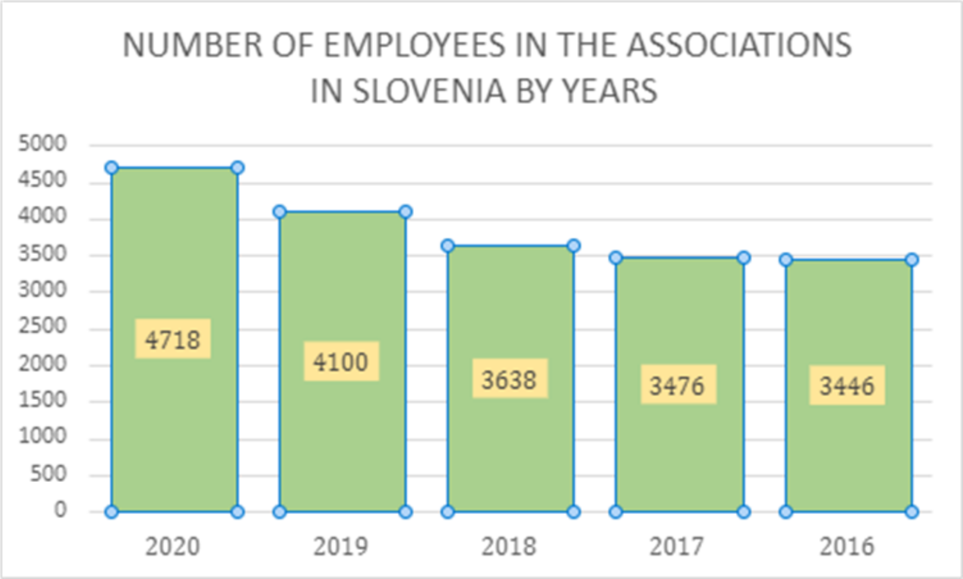
Percentage of volunteering in Spain 2020
<table>
<tr><th></th><th>2020</th></tr>
<tr><td>% Total del voluntariado</td><td>6,5%</td></tr>
<tr><td><u>Women</u></td><td>6,4</td></tr>
<tr><td><u>Men</u></td><td>6,5</td></tr>
<tr><td><u>Population age </u>14 - 24</td><td>6,2</td></tr>
</table>
</td></tr>
</table>

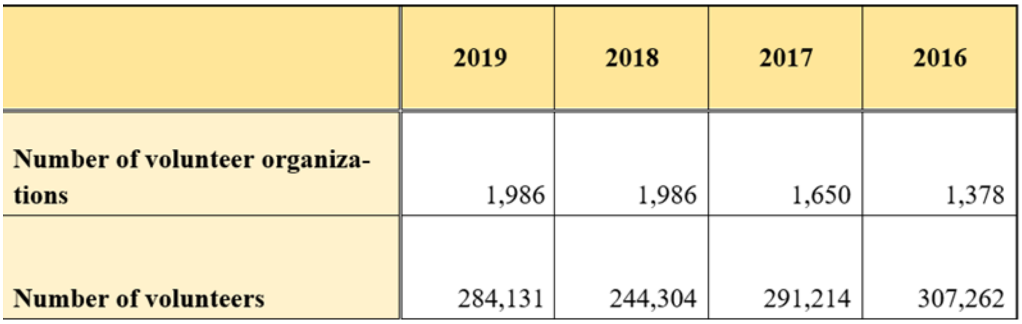
<table>
<tr><td></td><td><table><tr><td>Population age 25 - 44</td><td>7,2</td></tr><tr><td>Population age-45 - 64</td><td>5,9</td></tr><tr><td>Over age over</td><td>7,0</td></tr></table>Source: <i>Observatorio del Voluntariado</i></td></tr>
<tr><td>FR</td><td>In 2018, associations employed 2,2 million people and worked with 21 million volunteers. 53% of the employees held a part time job.</td></tr>
<tr><td>HR</td><td>According to a study conducted in 2019, 11.1% of associations do not have any employees at all, while 44.4% operate with 1 to 5 employees or have 6 to 10 employees. None of the associations have more than 10 employees.

It was also found that the main reasons for carrying out economic activities are the following:
• no income from non-profit activity (41,6%)
• to cover salary expenses (38,8%)
• for material costs (2,7%)
• for overhead costs (2,7%)
• for withdrawal from EU funds (13,9%).</td></tr>
<tr><td>IT</td><td>In 2015, out of a total of 336,275 NPOs, 286,942 were associations. Associations had 154,489 employees and 5,020,810 volunteers, while the whole NPO sector had 788,126 employees and 5,528,760 volunteers. As can be seen, associations represented 85.3% of the NPOs in 2015, but amounted only to 19.6% of the total number of persons employed in the whole NPO sector. Indeed, most employees working in the NPO sector are employed by social cooperatives that are the main types of NPOs in Italy. Nevertheless, as shown by the data above, 90,8% of the volunteers in the NPO sector worked for the associations in 2015.</td></tr>
<tr><td>CY</td><td>The number of people employed in the NPO sector (including associations, foundations and cooperatives) is relatively low. Their estimated rate is less than 2% of the total workforce. Less than 20% of the population is involved in volunteering activities. A survey by the Volunteer Network Project found that only 69 citizens were engaged in volunteering in 2017.</td></tr>
<tr><td>LV</td><td>According to a report conducted in 2018, the share of paid and unpaid workers varies within associations, which is also true for the number of volunteers. The number of volunteers varies according to the project and so does the nature of the work required. E.g. for managerial tasks, paid workers are preferred over volunteers.</td></tr>
<tr><td>LT</td><td><table>
<tr><td colspan="6">Number of employees in associations</td></tr>
<tr><td colspan="6"></td></tr>
<tr><td colspan="2"></td><td>2018</td><td>2019</td><td>2020</td><td>2021</td></tr>
<tr><td rowspan="6">Association</td><td>Total by number of employees</td><td>7445</td><td>7197</td><td>7168</td><td>7185</td></tr>
<tr><td>0–4 employees</td><td>7158</td><td>6917</td><td>6905</td><td>6868</td></tr>
<tr><td>5–9 employees</td><td>221</td><td>218</td><td>200</td><td>232</td></tr>
<tr><td>10–19 employees</td><td>44</td><td>42</td><td>39</td><td>58</td></tr>
<tr><td>20–49 employees</td><td>16</td><td>15</td><td>18</td><td>21</td></tr>
<tr><td>50–99 employees</td><td>4</td><td>3</td><td>4</td><td>4</td></tr>
</table></td></tr>
</table>

100–149 employees	1	1		
150–249 employees		1	2	1
250–499 employees	1			1
500–999 employees				
1 000 and more employees				

LU	In 2017, associations had 17,851 paid employees. 56% of associations worked with volunteers only, while 23% had both paid employees and volunteers, and 8% employed paid workers only. In 2009, 79% of associations were supported by volunteers.
HU	In 2020, non-profit organizations had 127 681 full-time employees and 311 357 volunteers.
MT	In 2015, voluntary organizations had 1198 employees (out of which many were public benefit associations).
NL	There is no general data on the number of registered associations. Data is only available for sports clubs, which are one of the most common types of associations. Data from 2020 indicates that there were a total of 26.130 sports clubs, which had 10.160 paid staff members.
AT	The share between paid and unpaid work in some of the biggest associations is as follows: • Caritas: 40 000 (paid workers) and 13 882 (unpaid) • Diakonie: 1600 (paid) and 7500 (unpaid) • Hilswerk: 20000 (paid) and 9894 (unpaid).
PL	In 2020, the overwhelming majority of non-profit organizations operated solely on the basis of community service (voluntary work). It is also known that 2.6 million people were volunteering in 2020.
PT	In 2016, associations had 234,886 paid employees, which amounted to 6% of the total workforce. A Survey on Volunteer Work conducted in 2018 found the following: Females volunteered more than males (8.1% vs. 7.6%). The highest volunteer rate was among people between the age of 15-24 (11.3%), which was followed by people between the age of 25-44 (8.6%). It was also found that the willingness to volunteer increases progressively with the level of education.
RO	No data available

<table>
<tr>
<td>SI</td>
<td>



<table>
<tr><th></th><th>2019</th><th>2018</th><th>2017</th><th>2016</th></tr>
<tr><td>Number of volunteer organizations</td><td>1,986</td><td>1,986</td><td>1,650</td><td>1,378</td></tr>
<tr><td>Number of volunteers</td><td>284,131</td><td>244,304</td><td>291,214</td><td>307,262</td></tr>
</table>
</td>
</tr>
<tr>
<td>SK</td>
<td>In 2020, associations had 37 951 paid employees and 109 006 volunteers. This shows the overrepresentation of volunteers, which remains one of the major characteristics of associations.</td>
</tr>
<tr>
<td>FI</td>
<td>According to the latest statistical data from 2017, 28% of the population from the age of 10 had volunteered in an association, club or group in the last 12 months.</td>
</tr>
<tr>
<td>SE</td>
<td>In 2019, 75 921 people were employed by non-profit organizations, out of whom 68,2% were full-time employees.</td>
</tr>
</table>

7. DATA ON CROSS-BORDER ACTIVITIES

Because of the limited integration of associations in the EU, data on cross-border activities is not available for all EU Member States. Data that is available for certain Member States are listed below.

Table 11: Data on cross-border activities

Member State	Data on cross-border activities
BE	In 2018, 2000 associations conducted cross-border activities as AISBL, according to the *Fédération des associations internationales en Belgique*.

BG	The number of international associations operating in Bulgaria is relatively low. In 2021, there were 67 branches of foreign non-profit legal entities that were registered in Registry of Non-Profit Legal Entities, out of which less than 10 were associations.
DE	Receipt of funding from foreign non-profit organizations is allowed by German tax law. In addition, donation deduction is also authorized, even if the recipient of the grant is located in another EU Member State. An important requirement is, however, that the foreign recipient of the grant has to meet those requirements of the German Fiscal Code (Abgabenordnung, or AO), which lays down the conditions for tax benefits of non-profit organizations. The German Fiscal Code, thus, has a significant cross-border influence.
EE	While the majority of associations (82%) operate at a local level, a significant share also operates abroad, especially the ones established in the capital city, Tallinn. Associations operating cross-border are active in the following fields: development, humanitarian aid, national defence, societal development, religion, communication, information technology, health care. Operating at the international level is more common in connection with those associations that function as umbrella organizations. The share of associations, whose activities are limited to the local level is the highest outside the capital city. These associations operate in the following main area: promoting quality of life in the neighborhood and regions.
IE	In Section 39 of the Charities Act 2009, there is a provision which facilitates the registration of charities established in other European Economic Area (EEA) jurisdictions.
HR	According to the data of the Register of Foreign Associations, 207 foreign associations are currently registered in Croatia, out of which 149 are active.
IT	Data on international associations that operate in Italy is scarce or not available, and there is no specific registry for foreign non-profit legal entities. The following four Italian NPOs play the biggest role at international level: • Link 2007 brings together 9 international NGOs • CINI (Italian Coordination of International Networks) brings together 5 NGOs belonging to other international networks • Concord Italia is the Italian Federation of 45 NGOs that operate in Europe for development cooperation, humanitarian aid, global education, and public awareness • Alliance 2015 is a network of 7 Italian and foreign NGOs engaged in humanitarian and development action.
LV	Associations are involved in different projects related to cross-border cooperation where the funding comes from EU funds.
NL	The tax-privileged status of foreign-based public benefit organizations are automatically recognized.
SI	Associations are not obliged to submit information on their cross-border activities and on the entities they collaborate with, which is the reason why there is no existing database from where the cross-border activities of associations in Slovenia could be monitored and reported.

SK	According to the National Register of Non-Profit Organizations, the total number of registered organizations with an international participation is 171.

THE MEMBER STATES’ REGIMES

Austria

Der Verein

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	According to the Federal Law on Associations (Vereinsgesetz - VerG)[13] an association is: "a voluntary, long-term legal entity established on the basis of the statute of association of at least two people for the pursuit of a specific, common, non-material purpose. Associations enjoy legal personality (§ 1 (1)". Associations cannot be used for the exclusive and predominant pursuit of economic interests and it must not gain profit; it should in principle be a non-profit. In this respect, it is also subject to regulations for non-profit organizations. Non-profit is a concept relevant to tax law which is developed mainly in the framework of the Fiscal Code. Furthermore, associations can be granted major tax benefits (Gemeinnützigkeit) in case they serve public benefit aims (gemeinnützige Zwecke), volunteering aims (mildtätige Zwecke) or religious aims (kirchliche Zwecke). Associations' assets may only be used for the purpose of the association.[14]
2. Sources of law founding associations	The freedom of association (Vereinigungsfreiheit/Koalitionsfreiheit) as a basic human right is firstly safeguarded by section 12 of the Austrian Constitution (Staatsgrundgesetz) and by international conventions, such as article 11 of the European Convention on Human Rights.[15] In Austria, the main legislative act regarding the formation of associations is the Federal Law on Associations (Association Act 2002 - VerG). In particular, it presents the regulation of the association's life cycle, namely: requirements and rules regarding formation, registration, management, dissolution and liquidation. Non-profit associations are also regulated by the Fiscal Code (Bundesabgabenordnung) with regards to the tax privileges granted to them.

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[13] Federal Law on Associations (Association Act 2002 -VerG), https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20001917

[14] §1(2) VerG.

[15] https://www.drda.at/a/360_DRDA_6/Die-Koalitionsfreiheit-im-oesterreichischen-Recht

3. Formation requirements and constitutive acts and elements	The creation process includes two phases, the establishment (Errichtung) and the formation (Entstehung). [16] Establishment is achieved through the adoption of the statute (founding agreement). The agreement requires obligatorily at least two members, which can be legal or natural persons. *A contrario*, there cannot be a single-person association, according to the paradigm of business companies. The statute is the constitutive act of the association, which has to be written in German[17] and must contain the following elements: • the name, • the seat of the association • a clear description of its purpose as well as the activities intended for the realization of this purpose, • provisions regarding acquisition and termination of membership, • the rights and obligations of the members, • the organs of the association, their tasks in a clear and comprehensive statement of who runs the association's business and association externally, • the type of appointment of the association's bodies and the duration of their term of office, • the requirements for valid resolutions to be passed by the association's bodies (convening and decision making) • the type of arbitration of disputes arising from the association relationship and • provisions on the voluntary dissolution of the association and the realization of the association's assets in the event of such dissolution.[18] The formation phase of the association initiates with the authority checking the statute for compliance with the law. If the outcome of this process is positive, then the association is allowed to start its activities.[19]
4. Registration requirements	Registering an association is conditional upon an administrative permission, which is granted through an administrative process. The founders or the organ representatives of the association who have already been

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[16] §2, VerG.

[17] https://www.oesterreich.gv.at/themen/freizeit_und_strassenverkehr/vereine/Seite.220300.html#AllgemeineInformationen

[18] §1(3), VerG.

[19] https://www.oesterreich.gv.at/themen/freizeit_und_strassenverkehr/vereine/Seite.220300.html#AllgemeineInformationen

	appointed must then report the establishment of the association with a copy of the statutes to the locally responsible association authority (district administrative authority or state police headquarters as security authority) (Errichtungsanzeige). The name of the association must allow an indication of the purpose of the association and must not be misleading. After approving the association, the administrative authorities are obliged to process the information of the registered association in a local register of the area under their competence, including important elements and data of the association (§4(1) VerG.).[20] All associations are also entered in the central register of associations for which the responsible authority is the Ministry of Interior (Bundesminister für Inneres).
5. Administration costs	The following administrative costs are incurred when establishing an association in Austria: • For the application (Errichtungsanzeige): EUR 14.30 • Additional fees for enclosures (for enclosed articles of association): EUR 3.90 per sheet (max. EUR 21.80). • For notification of the invitation to take up association activity upon application: • if positive: EUR 6.50 • if negative: Free of charge • The copy of the statutes is sent free of charge. The fees are owed after the completion of the process and for this purpose, the authority normally also sends an invoice. The total may amount to a sum of maximum EUR 45-50.
6. Liability	After the positive administrative decision/invitation to commence activity or the passing of the relevant time-period, the association has its own legal personality. Therefore, the liability of the association is limited to its assets and is differentiated from the assets of its members. The administrators and members of the association are only personally liable if this results from other legal regulations or due to personal legal obligations (§23 VerG). If a member of an association's body violates his legal or statutory obligations or lawful resolutions of a competent association, he is liable to the association for the resulting damage and not to third parties. (§24 VerG). Liability is limited to the bodies of the association and to auditors working on a voluntary basis: Voluntary association bodies and auditors are only liable in the event of intent or gross negligence, unless otherwise agreed

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	or specified in the statutes. If voluntary association bodies or auditors are directly claimed by an injured third party, they can also demand release from the association from the liability. For those actions that are carried out in the name of the association before its formation, the founders are severally and jointly liable (joint and several debtors).[21]
7. Legal Personality	Associations obtain their legal personality after an administrative confirmation or the passing of the respective period of time of 4 or 6 months. After the registered association obtains its legal personality, it can be subject of rights and liabilities just as the natural persons. This particularly means that it is able to act in its own name represented by its organs, conclude transactions, sue and be sued in its own name; it also has the right to possess property, including real estate. According to section 27 VerG, the legal personality of an association ends with the entry of its dissolution in the register of associations; however, if liquidation is required, it only loses its legal capacity upon registration of its termination.
8. Definition of public interest	In Austria, the concept of "public interest" is derived from the provisions of the Fiscal Code (Bundesabgabenordnung) and is granted to non-profit associations that mainly pursue altruistic and general public purposes (Gemeinnützigkeit). The Fiscal Code includes a definition of a tax-privileged purpose. There are three types of tax-privileged purposes: • Public benefit (Gemeinnützige Zwecke §35): the activity benefits the common good in an intellectual, cultural, moral or material area. • Benevolent purposes (Mildtätige Zwecke §37): the activity supports people in need, it provides humanitarian aid and it improves economic situations, physical, psychological, or mental conditions of people. • Church-related/ religious purposes (Kirchliche Zwecke §38); an organization pursues such purposes if legally recognized churches, dogmas and religions are being supported.

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[21] §2(4) VerG.

9. Membership regimes	The membership in the association is established on a contractual basis. In an association, there can be different kind of membership[22]: ordinary members, non-ordinary members and honorary members Members always retain the right to voluntarily terminate their membership. . In addition to this voluntarily termination provided by the statute, membership can also be terminated on the grounds of the death of one of the members, termination of the association or exclusion
10. Economic activities permitted	Associations are not allowed to make profits as their primary activity.[23] However, the pursuit of secondary economic activities are permitted if they relate to the non-profit purpose.[24]
11. Governance, operating rules and bodies	General Assembly (Mitgliederversammlung) The supreme body of the association is the General Assembly of its members, whose existence is mandatory for the association. Its sessions are revocable at any time. Every member of the General Assembly is entitled to vote with only one vote. The formal requirements for the decision-making of the Assembly are determined on the basis of the majority voting principle concerning those members that are present in the meetings. The General Assembly is responsible for the following tasks: • decision-making in those matters that do not fall within the competence of the Managing Board; • election of the members of the Managing Board, the Supervisory Board and the auditors; • amending the statute Managing Board (Leitungsorgan) The existence of a managing body of the association is also obligatory and is called the Managing Board. The Managing Board should consist of at least two natural persons who are jointly responsible both for the management and for the legal representation of the association. It should be noted that other organs of the association can also be entrusted with management and representation. The duties and powers of the Board include the following tasks: • management of the association

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[22] https://www.oesterreich.gv.at/themen/freizeit_und_strassenverkehr/vereine/Seite.220900.html; https://www.bmi.gv.at/609/zeitDanach.aspx#information.

[23] §39 (2), Fiscal Code.

[24] §39 Fiscal Code.

	• legal representation; • informing the members of the association about the audited income and expenditure accounts; • drawing up an income and expenditure account for the accounting year concerned, including an overview of assets within five months. Supervisory Board (Aufsichtsorgan) The statute may also provide for a supervisory body, which should be constituted of at least three natural persons. Its appointment is the responsibility of the general assembly. The members of a supervisory body must be independent and impartial. They may not belong to any body, with the exception of the General Assembly, whose activities are subject to supervision. The average number of employees who will be represented is determined according to the number of employees on the respective last day of the month within the previous financial year. The management body must determine the average number at the end of each year and inform the supervisory body. Under exceptional circumstances of section 5(5) VerG, it is charged with the election of the auditors. Auditors (Rechnungsprüfer) The General Assembly of the association should also appoint at least two auditors. Auditors should be independent and impartial, just as the members of the Supervisory Board.
12. State Supervision	In Austria, the State supervision of the associations is performed by the locally responsible association authority (district administrative authority or state police headquarters as security authority) (Errichtungsanzeige).
13. Reporting and Transparency	According to section 20 of the VerG, the managing body reports to the members of the General Assembly about the activities and financial management of the association. Additionally, the body of auditors' reports to the Managing Board or to the Supervisory Board, if there is any. This system releases tax authorities from doing detailed and thorough investigations. For example, sales tax -if owed- must be calculated by the association itself and paid to the responsible tax office.
14. Resources and assets management	Associations operate with the following main types of resources: • incomes from main non-profit activity,

	- incomes from donations, - incomes form membership fees, - income from other economic activities. Among the mandatory elements that must be covered in the statute are the rules for collecting the contributions from members, as well as the steps to be followed during a potential liquidation. The Managing Board is in charge of governing the assets of the association during the period of the association's existence. However, it must respect the requirements of the statute. In case of the termination of the association, its members may not participate in the distribution of the association's assets.
15. Liquidation	The legal personality of an association ceases to exist with the publication of its dissolution in the associations' register, unless liquidation is required. The liquidation phase -if needed- always occurs obligatorily before the dissolution of the association and its termination also designates the termination of the legal personality of the association. It is described in sections 29-30 of the VerG. The responsible administrative authority will appoint the liquidators. They have the legal status of the Board and are charged with the responsibility to administer and sell the association's assets. They have to terminate the ongoing business, collect the association's claims and satisfy the association's creditors. The remaining assets are, as far as possible and permitted, to be used for the purpose specified in the statute, or for related purposes - otherwise for social welfare purposes.
16. Fundamental decisions	Fundamental decisions are made by the General Assembly, such as: - amendment of the statute, - appointment of the members of the Board, the Supervisory Board, the auditors or the liquidators, - decision regarding dissolution, termination or merger of the association, - decision regarding membership fees and budgetary decisions - decision on changing the primary purpose of the association.
17. Taxation regimes	Associations are subject to the same tax obligations as any other legal persons. <u>Corporate tax</u> (Körperschaftsteuer)

	In case the non-profit status is granted on the premises of altruistic or general public purposes (Gemeinnützigkeit) the association will be granted a tax privileged status or will be exempted accordingly for the profits concerned. In particular, membership fees, donations, grants, gifts of every form are tax-exempted (as stipulated in sections 35-37 of the Fiscal Code). For any other activity, there is corporate tax of 25% for the profits arising from such activities. Tax-free are the profits up to EUR 7.300 per year. There is a threshold for a turnover up to EUR 40,000 for secondary services. In case the limit is surpassed, an exemption from the tax office is required as well in addition to tax liability.[25] Tax on property (Grundsteuer) There is a tax exemption from real estate/property tax (Grundsteuer) for those properties and estates that are owned by a non-profit association.[26] Value added tax (VAT) Associations may be subject to sales tax only if they pursue entrepreneurial activities as well. The thresholds for small business apply also in the case of non-profit association until the limit of EUR 30.000 gross amount profits. From this limit and above, there is a reduced tax rate of 10 percent, which applies to these services/products. However, if the association does not make a profit in the long term, the activity of the association is classified as a "hobby" and is in principle not subject to sales tax.[27] The sales tax must be calculated by the association itself and paid to the responsible tax office.

LANDSCAPE OF ASSOCIATIONS

1. Number of Associations	In 2018, there were 124,627 registered associations in Austria, out of which more than 50% were associations. [28]

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[25] https://www.ooekb.at/wp-content/uploads/2015/03/Vereine_und_Steuern_2_Auflage_2013_.pdf, p. 56

[26] § 2 Z 3 lit. b Grundsteuergesetz; https://www.ooekb.at/wp-content/uploads/2015/03/Vereine_und_Steuern_2_Auflage_2013_.pdf

[27] §2 Para. 5 Z 2 UStG 1994

[28] https://www.oegsw.at/de/news/%C3%B6gswissen/ausgabe_02_2017/der_verein_im_steuerrecht/index_ger.html

2. Number of members	Associations in Austria typically have relatively large membership bodies. Some of the biggest ones are the following: • ÖAMTC (2.225.132 members), • Rotes Kreuz (1.035.054 members), • Alpenverein Österreich (545.541 members). In 2020, 1.6 million people were members of at least one sports club in Austria. Men reported membership far more often than women (22% compared to 13%). These are the main results of a study on membership in sports clubs, which Statistics Austria conducted on behalf of the Federal Ministry for Art, Culture, Public Service and Sport in 2021.
3. Activities covered	The most common activities carried out by associations are the following: • sports (24368 associations) • saving clubs (16001 associations) • charity (6649 associations) • profession (5841 associations) • gardening and animal protection (5425 associations) • conviviality (5655 associations) • parents (4024 associations) • formal military staff (1958 associations) • student affairs (1322 associations) • religion (1123 associations) • colleague (418 associations) • rotary clubs, Lions Club, Schlaraffia (414 associations) • other (18 276 associations)
4. Revenues	In 2010, Austrian non-profit organizations generated EUR 5.9 billion gross value added.[29]

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[29] Pennerstorfer, A./Schneider, U./Badelt, C. (2013): Der Nonprofit Sektor in Österreich. In: Simsa, R./Meyer, M./Badelt, C (Hrsg.): Handbuch der Nonprofit Organisationen. Strukturen und Management (5., überarbeitete Auflage), Schäffer-Poeschel Verlag: Stuttgart.

5. Economic weight	In 2010, Austrian non-profit organizations generated EUR 5.9 billion gross value added.[30] The economic weight of the entire non-profit sector was 8% of the GDP at that time (including associations; no data on associations only).
6. Share between voluntary and paid work	According to studies, there were a total of 212,000 contractual relationships in the Austrian non-profit sector in 2010, which corresponds to a share of 5.2% of all employed persons over the age of 15.[31] Volunteering is quite common in Austria. In 2009, 43% (3.019.242)[32] of the citizens over 15 years old were engaged in volunteering. The sectors that attract the most volunteers are the following ones: culture (total hours per week 1 761 588), disaster relief (total hours per week 1 575 932), sports (total hours per week 1 418 408), religion (total hours per week 1 026 121)[33] Generally, more men than women were involved in formal volunteering: 1,100,000 men and 825,400 women. This represented 33.0% and 23.2% of the total male and female population in 2006.[34] The share between paid and unpaid work in some of the biggest associations in Austria is as follows: • Caritas: 40 000 (paid workers) and 13 882 (unpaid) • Diakonie: 1600 (paid) and 7500 (unpaid) • Hilswerk: 20000 (paid) and 9894 (unpaid).[35] According to a survey conducted by Statista in 2019, the most important associations are the following ones: • Caritas (16.109 employees)

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[30] Pennerstorfer, A./Schneider, U./Badelt, C. (2013): Der Nonprofit Sektor in Österreich. In: Simsa, R./Meyer, M./Badelt, C (Hrsg.): Handbuch der Nonprofit Organisationen. Strukturen und Management (5., überarbeitete Auflage), Schäffer-Poeschel Verlag: Stuttgart.

[31] https://gemeinnuetzig.at/wp-content/uploads/2012/11/OesterreichischerNPOSektor.pdf, p. 4 citing Pennerstorfer, A./Schneider, U./Badelt, C. (2013): Der Nonprofit Sektor in Österreich. In: Simsa, R./Meyer, M./Badelt, C (Hrsg.): Handbuch der Nonprofit Organisationen. Strukturen und Management (5., überarbeitete Auflage), Schäffer-Poeschel Verlag: Stuttgart.

[32] BMASK (2009). Freiwilliges Engagement in Österreich.1. Freiwilligenbericht

[33] http://www.ideellarena.se/wp-content/uploads/2016/02/reinhard-millner.pdf

[34] https://ec.europa.eu/citizenship/pdf/national_report_at_en.pdf

[35] http://www.ideellarena.se/wp-content/uploads/2016/02/reinhard-millner.pdf

	- Hilfswerk (10.519 employees) - Diakonie (9.000 employees) - Volkshilfe (9.000 employees) - Rotes Kreuz (8.384 employees).[36]
7. Cross-border activities	No data available.

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[36] https://de.statista.com/statistik/daten/studie/1075138/umfrage/groesste-gemeinnuetzige-organisationen-in-oesterreich-nach-mitarbeitern/

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Belgium

Association (fr), Vereniging (nl), Vereinigung (de)

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	An association is a non-profit organization pursuing a philanthropic goal following one or more defined activities, forbidding wealth allowance except for the goal determined in the legal status. There are three types of associations: • de facto association, which is not a legal entity: its members invest their own assets and are personally liable for decisions and actions they make; • registered association without lucrative goal, or "association sans but lucratif" (ASBL): its members are not personally liable for the decisions and actions the association make; • registered international association without lucrative goal, or "association internationale sans but lucratif" (AISBL): members are not personally liable for decisions and actions the association make.
2. Sources of law founding associations	Article 27 of the Constitution of 17 February 1994. Act of 24 May 1921 guaranteeing freedom of association and Act of 27 June 1921 on associations without lucrative purpose, foundations, European political parties and European political foundations Code of corporations and associations (hereafter "CSA"): the CSA contains details related to principles, procedures, organization and operating rules. It was passed by the Act of 23 March 2019 introducing the Code of corporations and associations and miscellaneous measures, or *loi du 23 mars 2019 introduisant le code des sociétés et des associations et portant des dispositions diverses*.
3. Formation requirements and constitutive acts and elements	Two natural persons at least are necessary for formation. A notarial deed is mandatory for AISBL while it is optional for ASBL[37]. The following information is required: founder's identity, identity of administrators, executive officers and people charged to represent the association to third parties; association's name and the exact address of its seat; a precise description of purpose and activities; conditions for members to join and withdraw; rules related to convening the assembly general, decisions and how these decisions are communicated; rules related to

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[37] Article 2:5, Code des sociétés et des associations.

	nominations, office term and termination of executive officers, as well as to representation to third parties; rules related to asset allowance to another non-profit organization in case of a dissolution. For ASBL only, they must contain the following additional precisions: • maximum fees for membership; • minimum number of members; • association's life duration if not unlimited. For AISBL only, they must contain the following additional precisions: • membership categories if applicable; and member's rights and duties; • minimum number of administrators; • conditions related to legal statute modification, dissolution and liquidation.
4. Registration requirements	Associations are registered by the Commercial court where the association has its seat. The final constitutive documents must be submitted for registration within 30 days for ASBL after signature of founding parties and also within 30 days following recognition by Royal order for AISBL, while providing constitutive act and related documents[38]. In addition, a version of the legal statute and a record of modifications, as well as an extract of the constitutive act must be provided.
5. Administration costs	The following administrative costs are incurred when establishing an association in Belgium: for the establishment: EUR 206.91 for hard copy and EUR 149.44 for e-copy. for any modification to the Statute, as well as nominations and resignations: EUR 140.20 (for either hard copy and e-copy).
6. Liability	An association in Belgium is a limited liability organization, therefore members, executive officers and administrators are not personally liable for decisions made by the association. ASBL and AISBL members are not liable for contracts signed by the association[39].

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[38] Article 2:9, op. cit.

[39] Articles 9:1 and 10:1, op. cit..

	The CSA applies civil and criminal laws principles to any legal entities[40]. More specifically: - members are not liable for contracts signed by the association[41]; - present and past executive officers and administrators are liable for faults they made in the name of the association, as well as for faults to third parties in absence of contract between these parties and the association[42]; - founding members are also liable for faults they made before the registration[43].
7. Legal personality	Legal personality is acquired the day the association submits its application with all necessary elements for registration for ASBL and the day a royal order is passed for AISBL. The Ministry of Justice has to make sure the AISBL is pursuing an international goal and not causing harm to public order.
8. Definitions of public interest	The Belgian legislation does not provide for any legal definition of public interest. However, a special form of certification exists and offers tax reduction to donors. This tax certification is granted by the Federal public service for finances if the association in question is active in at least one the following fields: - scientific research; - culture; - monuments and sites conservation and protection; - nature and environment; - victims of war; - disabled persons; - minors under protection; - indigent people; - victims of natural disasters in Belgium; - developing countries; - victims of major industrial disasters;

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[40] Article 2:1, *op. cit.*

[41] Articles 9:1 and 10:1, *op. cit.*.

[42] Article 2:56, *op. cit.*

[43] Article 2:2, *op. cit.,* Article 2:56, *op. cit.,* Article 2:2, *op. cit.*

	• sustainable development; • animals shelters.
9. Membership regimes	Membership and withdrawal is voluntary. Membership regimes may be optional if the association chooses to have some. The general principles dealing with membership are defined by the Act of 24 May 1921: • no one can be forced to take or not to take part to an association; • being member of an association involves accepting its rules; • a member can withdraw at any time following internal regulations, and the right to withdraw cannot be denied.
10. Economic activities permitted	Under Belgian law, economic activities are optional and permitted. When performed, profit may not be distributed among members and general commerce law applies. The legislation does not restrict any field or type of economic activities. The only obligation is that this economic activity must comply with the goals determined in the legal statute.
11. Governance, operating rules and bodies	<u>General Assembly</u> The general assembly is the governing body, whose existence is mandatory according to law. The general assembly is responsible for the following tasks: • Modification of statutes; • Nomination and revocation of administrators; • Approval of budget and annual financial reporting; • Dissolution of the association; • Exclusion of members; • Acceptation of donations; • Status shift of the ASBL in AISBL (and vice versa) or cooperative. The general assembly is regulated by internal rules. <u>Governing Board</u>

	The governing board is composed of minimum three administrators and has the power to execute any act required for the realization of the goal of the association, except those that must be performed by the general assembly according to law. Administrators are elected by the general assembly. The governing board represents the association before third parties and courts and conveys the general assembly in cases provided by the statute and law and when a fifth of members request it. Day-to-day management The governing board may task one or several persons with the day-to-day management of the association.
12. State supervision	The ministry of Justice has jurisdiction over associations. After registration, the termination of an association is pronounced by the judiciary authorities[44]. An association can be terminated on the request of a member, a third party or the Prosecutor (ministère public), if it: • can not comply with contracts; • allocates assets to entities pursuing another purpose than the one defined in its legal statute; • breaks the non-profit principle; • does not fulfil accounting obligations; • has less than two members. Any operation breaking the non-profit principle makes the association null[45]. As for any legal entities, any operation breaking operating rules is also null[46].
13. Reporting and transparency	An annual reporting is mandatory and must be conducted by the governing body. It is reported to the general assembly and registered to the Commerce court. The lack of registration can lead to judiciary dissolution.

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[44] Article 1:2, *op. cit.*

[45] Articles 2:41 to 2:48, *op. cit.*

[46] Article 1:2, *op. cit*

	The latest financial statement as well as the on-going one must be submitted for approval to the General Assembly within six months following their closure. All fundamental decisions must be registered and published in the Government gazette, or Moniteur belge[47].
14. Resources and assets management	The CSA does not provide for a list of resources an association can get and use. It only specifies conditions for some resources. Usual resources are (not limited to):[48] • membership fees, up to the maximum set in the legal statute; • donations from natural or legal persons; • public subsidies; • revenues from economic activities; • revenues from financial investment; • sponsorship; • bank loans; • legacies; • calls to projects with funding; • public tenders. Non financial resources, but valuable ones, must also be taken into account: • volunteering; • loan materials.[49] Certification by the tax administration is an indirect source of revenue, as certified associations offer tax reduction to donors. Donation must be at least of 40 euros per year and per association, paid cash, or through a donation of a work of art upon conditions. The tax reduction is 45%, limited to either 20% of donor's total net income or EUR 397.850.[50]

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[47] Article 3:47, *op. cit.*

[48] https://1819.brussels/infotheque/financement-de-lentreprise/quelles-sont-les-differentes-sources-de-financement-pour-une ; https://pro.guidesocial.be/articles/actualites/article/le-financement-hybride-de-l-asbl-de-quoi-parle-t-on

[49] https://finances.belgium.be/fr/asbl/dons/agr%C3%A9ment-asbl-%C3%A9tape-par-%C3%A9tape#q2.

[50] https://finances.belgium.be/fr/asbl/dons/quels_dons#q1.

15. Liquidation	Assets cannot be assigned neither to members nor to administrators and must be transferred to another non-profit organization, and, in absence of specification in the legal statute, to another association with the same goals and purpose. The dissolution precedes the liquidation. There are three types of dissolution[51]: • dissolution decided by the general assembly, on a voluntary basis; • dissolution specified in the statute or in the legislation, such as a time-limited activity or event; • dissolution decided by the Commercial court, known as judiciary dissolution. Judiciary dissolution is operated by the Commercial court, on request of a member, a third party or the Prosecutor (*ministère public*), if the association[52]: • is unable to fulfil contractual obligations; • allocates assets and revenues to another goal than those mentioned in the statute; • breaks the ban on allocating advantages, the CSA, the public order or the statute; • does not register annual financial reporting; • has less than two members. After dissolution, the court proceeds to operations of liquidation (the association is considered as still having legal personality for the purposes of the liquidation).
16. Fundamental decisions	The Code of CSA explicitly mentions what fundamental decisions are[53]: • modification of statute; • nomination or dismissal of an administrator, and remuneration if applicable; • nomination or dismissal of an auditor and its remuneration; • disclaimer for administrator and auditor, as well as the likelihood to sue them; • approval of budget and financial statement; • dissolution;

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[51] Article 2:109, *op. cit.*
[52] Article 2:113, *op. cit.*
[53] Article 9:12, *op. cit.*

	- exclusion of members; - status shift to a social or cooperative corporation; - accept a grant for free by a university; - any other case applicable. Regarding procedure, they are adopted by the general assembly by at least two-thirds of members for a regular modification and at least four-fifths of members for a modification related to philanthropic goals and purpose.
17. Taxation regimes	General tax, commerce and labour law to legal entities apply, if association hold economic activities and employees. For economic activities, V.A.T. is not applicable for exceptional and irregular activities, and in support of core activities, such as a charity fair.[54] Services provided for free are not eligible to V.A.T. Associations must pay an annual tax, or taxe patrimoniale.[55] This tax is specific to associations. The tax base includes all assets, including intangibles, owned by the association, except those located abroad. The rate is 0.17% based on the statement in tax return. If the assets value is under 25.000 euros, the association is tax-exempt. If the amount of eligible tax is under 500 euros, tax return must be filled every three years instead of one.

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	In 2020, almost 110,000 active associations existed in Belgium According to *Baromètre des associations*.[56]

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[54] Article 4, code de la TVA;

[55] https://finances.belgium.be/fr/asbl/impots-tva/taxe-annuelle-asbl#q1.

[56] https://en.calameo.com/read/0017742951db3f660b81b?authid=bOLPDPKT2cfh

2. Number of members	The estimated minimal number of members of associations in Belgium in 2020 WAS 220 000 people[57].
3. Activities covered	In 2017, the most significant added value was created by associations operating in the field of social and medical actions (23%), arts and entertainment (17%), services (12%), education (7%), human health (4%) and others (37%).[58]
4. Revenues	In 2017, the total revenues of the associations in Belgium were 39 billion euros.[59]
5. Economic weight	Associations represent 2.52% of total registered economic businesses in Belgium in 2020 and their economic weight represents 5% of GDP.
6. Share between voluntary and paid work	In 2017, a total of 497 400 people were employed by associations, either full time or part time, representing 12.6% of total employment and 9.8% in terms of paid employment. The total number of volunteers working for a non-profit organization in 2015 is estimated to 185 000.[60]
7. Data on cross-border activities	In 2018, 2000 associations conducted cross-border activities as AISBL. [61]

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Constitution of 7 February 1831
Constitution of 17 February 1994
Act of 24 May 1921 guaranteeing freedom of association
Code of corporations and associations and miscellaneous measures
Code of V.A.T.
Federal public service for finances

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[57] Based on the number of associations and the legal requirements about the number of members required for the establishment of an association.
58 Le poids économique des Institutions sans but lucratif en Belgique Edition 2017, https://sile.odorchai.web.ulb.be/doc/DGP/2017-2018/PUB_3490_Poids%20Eco%20ISBL_FR_DEF.pdf
59 Le poids économique des Institutions sans but lucratif en Belgique Edition 2020.
60 Le volontariat en Belgique Chiffres-clés, https://www.bonnescauses.be/media/12397/pub_3367_volontariat.pdf .
61 https://www.lecho.be/economie-politique/belgique/bruxelles/bruxelles-risque-de-voir-filer-les-asbl-internationales/10012806.html

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Bulgaria

Asotsiatsiya

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	Associations are together with foundations, one of the two main types of non-profit legal entities. They can be split into two main groups: associations carrying public or private benefit activities. According to the National Social Economy Concept[62], adopted in 2011, social enterprises in Bulgaria are businesses that produce goods and services for the market economy and allocate part of their resources to the accomplishment of social and economic goals. Bulgarian law furthermore defines two classes of social enterprises: Class A; Class A+. The distinction between the two is essentially the share of the income spent for social activities.
2. Sources of law founding associations	A primary source of law with relevance to the associations under Bulgarian legislation is the Constitution which protects freedom of association. (Article 44). Essential primary legislation in the field is the Non-Profit Legal entities Act. It covers all aspects relevant to the establishment, governance, liquidation of associations and others. Additional regulatory documents with relevance to the subject are the Commercial Act, the National Social Economy Concept, the Act on the Integration of People with Disabilities, the Employment Encouraging Act, the Act on Social Support, the Small and Medium Sized Enterprises Act, the Corporate Income Taxation Act.
3. Formation requirements and constitutive acts and elements	Founders of an association can be Bulgarian and foreign, natural or legal persons. Associations established for carrying out private benefit shall be founded by **three or more persons**, uniting for the purposes of carrying out non-profit activity. Associations established for carrying out public benefit activities shall be founded by **at least 7 capacitated individuals or 3 legal entities**. (Non-Profit Legal entities Act, Article 19). The founders adopt the statutes which must contain the following elements: • The name, the registration office, the goals and means for their achievement, the determination of the types of activities, the type of any additional economic activity (if any),

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[62] National Social Economy Concept, http://seconomy.mlsp.government.bg/en/page.php?c=1&d=54

	• the branches, the powers of the different bodies of the associations, the rules regarding the manner of representation of the associations, the rules regarding the membership, • the final date of existence of the association, the rules regarding the calculation of contributions, the distribution of properties after reimbursement of any existing credit[63].
4. Registration requirements	Associations working for public and private interest must be registered in the Register of the non-profit legal entities administrated by the Registry Agency under the remit of the Ministry of Justice. The name must include a clear indication of the type of non-profit legal entity[64] (e.g. an association). There are also special requirements concerning the headquarters of the associations: only living areas where its management is located can be utilized for this purpose; The address of the non-profit entity has to be the address of its management[65].
5. Administration costs	The cost for a primary registration of an association is 50 leva (25 EUR) for a primary registration. If the registration is done electronically, the fee will be reduced to 25 leva (12.5 EUR). The annual fee for submission of an annual report regarding the activities of associations is 40 leva (20 EUR). There is also a reduction if the submissions is made electronically, 20 leva (10 EUR).
6. Liability	Special provisions exist regarding the liability of associations. Associations enjoy all the rights and are liable for all the obligations not related to the natural qualities of the individuals and can possess property. Furthermore, the acts of the court regarding insolvency of an association must be entered in the Register of the non-profit legal entities administrated by the Registry Agency under the remit of the Ministry of Justice. The provisions of the Commercial Act apply in case of a bankruptcy.
7. Legal personality	According to article 6 of the Non-Profit Legal Entities Act: The legal entity of the non-profit organization is considered established by its entry in the register of the non-profit legal entities kept by the Registry Agency. Associations enjoy all the rights and are liable for all the obligations not related to the natural qualities of the individuals and can possess property.

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[63] See Article 20: The Non-Profit Legal Entities Act, op. cit.
[64] See Article 7, The Non-Profit Legal Entities Act, op. cit.
[65] See article 8, The Non-Profit Legal Entities Act, op. cit.

8. Definitions of public interest	The public benefit is defined through a range of initiatives such as namely: 1. development and strengthening of spiritual values, civil society, health care, education, science, culture, technologies, equipment or the physical culture; 2. support of socially weak, disabled or persons needing care; 3. support of the social integration and personal realization; 4. protection of human rights or the environment; 5. other goals determined by a law. The above mentioned public benefit activities are listed in article 38 of the Non-Profit Legal Entities Act[66]. Several differences exist between the provisions of the legislation for the associations working for public and private benefit: specific requirements exist for the registration of an association operating for public benefit; some differences exist with regards to the reporting requirements; the type of support that could be provided by the State is different for associations operating for public benefit; the procedures to be followed in case of a liquidation are also different.
9. Membership regimes	According to Article 21 and 22 of the Non-Profit Legal Entities Act[6], the membership in associations must be voluntary, every member must have the right to participate in the management of the association, to be informed about its activities, to use its property and the results from its activity following the rules stipulated in the statutes. The membership is terminated: by a unilateral expression of will to the association, by the death or placement under full judicial disability, by the exclusion, by the termination of the non-profit legal entity; in case of cancellation.
10. Economic activities permitted	The non-profit legal entities can carry out supplementary economic activity only if it is related to the subject of their main activity for which they are registered, and by using the revenue for achieving the goals determined by the statutes or the constituting act (Article 3 Non-Profit Legal Entities Act[7]). Profit cannot be shared among members.

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[66] The Non-Profit Legal Entities Act, op.cit

11. Governance, operating rules and bodies	The supreme body of the association is the General Assembly. The General Assembly consists of all members of the association, unless provided otherwise in the statutes. The General Assembly is convened by the Managing board at its initiative or upon request of one third of the members of the association. The managing body of the association is the Managing board. See Articles 23 to 32 of the Non-Profit Legal Entities Act.
13. Reporting and transparency	The annual activity report and the financial report of the non-profit legal entity for carrying out public benefit activities should be presented for publication in the register of non-profit legal entities kept by the Registry Agency by September 30 of the year following the year for which they refer[67]. The regime for the associations working for private benefit differs – they need to submit just a report about their financial activities.
14. Resources and assets management	Associations operate with the following main types of resources: incomes from main non-profit activity, incomes from donations (under special condition), incomes from donations without a special condition, incomes form membership, income from other economic activities. The asset management is determined by the statute adopted by each association[68]. Among the subjects that must be covered in the statute are the rules for collection of individual contributions, as well as the steps to be followed during a potential liquidation.
15. Liquidation	Associations working for private interest - The liquidation must be carried out by the managing body or by a person appointed by it. In case of bankruptcy, the regime determined by the Commercial act applies. Associations working for public benefit - In addition to the provisions of the Commercial Act, special requirements apply to them. The founders of the association or their relatives are not allowed to benefit from its

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[67] The Non-Profit Legal Entities Act, op.cit

[68] Articles 15 and 20 and 31 contain provisions relevant to resources and assets management The Non-Profit Legal Entities Act, op. cit.

	assets after liquidation. The assets must be transferred to a non-profit entity with a similar activity or a local authorities which is obliged to utilize them for an activity very similar to the original purpose of existence of the body.
16. Fundamental decisions	The fundamental decisions of associations are taken by the General Assembly.
17. Taxation regimes	The social enterprises in Bulgaria are not supported through significant tax exemptions. Bulgarian legislation does provide some fiscal advantages that are particularly relevant to the activities of social enterprises. However, they do not target them specifically. These include tax incentives provided by the Corporate Income Tax Act for donors of certain vulnerable groups (people with disabilities, socially disadvantaged, etc.). Benefits for employers of long-term unemployed people or people with disabilities are also available. Associations can request tax exemptions if they employ people with disabilities. Specialized enterprises and cooperatives of people with disabilities are allowed to request an exemption for the full amount of the annual corporate tax (if the legal entity employs 20 to 50 % of people with different sort of disabilities - the different types of disabilities that could be considered are listed in the Corporate Income Tax Act)[69]. Specialized enterprises and cooperatives for people with disabilities could be reimbursed for up to 30% of the insurance contributions for the total number of employees. The Value Added Tax Act allows some legal entities to get an exemption from VAT on certain goods and services, which can also be beneficial for associations.

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	In December 2021, the number of associations in Bulgaria was 12 873, relatively lower compared to the number of foundations. The number of foundations is 22 200 (December 2021)[70].

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[69] https://legislation.apis.bg/doc/245399

[70] Source: Registry Agency, Registry of non-profit legal entities, Ministry of Justice

<table>
<tr><td></td><td></td></tr>
<tr><td>2. Number of members</td><td>The members of associations and foundations as per December 2020 is 2 241 182. Among them 176 521 are legal persons and 2 064 661 natural persons[71].</td></tr>
<tr><td>3. Activities covered</td><td>The essential part of associations in Bulgaria focuses on the following areas :
Education (34 %), social services (29 %), regional development (24 %) youth (16 %).
("Active NGOs in Bulgaria in 2017", prepared by the Open Society Institute – Sofia).</td></tr>
<tr><td>4. Revenues</td><td>The total amount of the revenues for 2020 for both associations and foundations was EUR 665,702,029.32.[13] The estimated amount for associations only is EUR 244,335,592[72].

Table 1: Main sources of revenues of Associations and Foundations 2020.

<table>
<tr><th></th><th>Income from main activities (in thousands of EUR)</th><th>Donations (merged for donations for specific purpose and general donations) (in thousands of EUR)</th><th>Profit from other economic activities (in thousands of EUR)</th><th>Membership (in thousands of EUR)</th></tr>
<tr><td>Total for associations and foundations for 2020</td><td>320,337</td><td>169,687</td><td>8957</td><td>44300</td></tr>
<tr><td>Estimated amounts for</td><td>117,574.72</td><td>62,280.98</td><td>3,287.53</td><td>16,259.63</td></tr>
</table>
</td></tr>
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[71] Source: National Statistical Institute:

[72] https://nsi.bg/sites/default/files/files/pressreleases/ACT_FIN2020p_ZF1B04Q.pdf

associations only 2020				

Source: National Statistical institute[73]

5. Economic weight	The economic weight of associations only is estimated to 0.40% (total assets as % of nominal GDP as of YE 2020).
6. Share between voluntary and paid work	According to the NSI data (2013), in total 5,985 people were employed by associations and foundations. In 2020 the number of volunteers in the associations and foundations was 46 451 people. They were not employed full time and worked a total of 1 064 411 hours.[74]
7. Cross-border activities	According to the Registry of non-profit legal entities, in 2021, in total 67 branches of foreign non-profit legal entities were registered in Bulgaria. Among them, less than 10 declare themselves as a branch of an association.
8. Others	The public trust regarding associations in Bulgaria is low. According to an opinion poll of the Open Society Institute in Bulgaria prepared in 2021[75], just 16% of all respondents approve the work of the NGOs (including the associations). The main reason behind it is the "lack of information about their activities" (51%). They are perceived as well "an instrument for foreign influence" (because 33% of the respondents believe that they are financed by international donors).

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National Social Economy Concept, http://seconomy.mlsp.government.bg/en/page.php?c=1&d=54
The Act on the Integration of People with Disabilities, https://www.lex.bg/laws/ldoc/2135491478
The Employment Encouraging Act, https://www.lex.bg/laws/ldoc/-12262909

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[73] National Statistical institute https://www.nsi.bg/bg/content/
[74] National Statistical institute https://www.nsi.bg/bg/content/
[75] Public trust in the NGOs in Bulgaria in 2021, available at https://osis.bg/?p=4016.

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Croatia

Udruga

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	An association[76] is any form of free and voluntary association of natural or legal persons. The founders of an association establish it to protect their interests or advocate for the protection of human rights and freedoms, protection of the environment and nature and sustainable development, and for humanitarian, social, cultural, educational, scientific, sports, health, technical, informative, professional or other beliefs and purposes that are not contrary to the Constitution of Croatia and to other laws. Moreover, associations cannot be founded to gain profit or other economically measurable benefits. The Croatian legislator foresaw the definition of the characteristics of the associations in the Republic of Croatia by setting 5 important principles: • principle of independence • principle of publicity • principle of democratic organization • principle of non-profit • principle of free participation in public life.
2. Sources of law founding association	The main source of law for associations is the Constitution of the Republic of Croatia. In addition to the Constitution, the Law on Associations[77] stands out as a key legal act in the field. Other legislative acts that supplement the laws on non-profit organizations are the Law on Foundations[78], the Law on Institutions[79], Law on Volunteering[80], and the Law on Financial Operations and Accounting of Non-Profit Organizations.[81]

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[76] According to Article 4 of the Law on Associations, "Official Gazette" No. 74/14, 70/17, 98/19 (https://www.zakon.hr/z/64/Zakon-o-udrugama)
[77] "Official Gazette" No. 74/14, 70/17, 98/19 (https://www.zakon.hr/z/64/Zakon-o-udrugama)
[78] "Official Gazette" No. 36/95, 64/01 (https://www.zakon.hr/z/164/Zakon-o-zakladama-i-fundacijama)
[79] "Official Gazette" No. 76/93, 29/97, 47/99, 35/08, 127/19 (https://zakon.hr/z/313/Zakon-o-ustanovama)
[80] "Official Gazette" No. 58/07, 22/13, 84/21 (https://zakon.hr/z/258/Zakon-o-volonterstvu)
[81] "Official Gazette" No. 121/14 (https://narodne-novine.nn.hr/clanci/sluzbeni/2014_10_121_2300.html)

3. Formation requirements and constitutive acts and elements	Associations can only be established by at least three founders. All associations registered in Croatia must have their statute. The statute is the constitutive act of the association that is adopted by the General Assembly of the association.
4. Registration requirements	Associations in Croatia are registered in a public register, which is kept in electronic form and is unique for all associations. The registration in the Register of Associations[82] is voluntary and is done at the request of the person authorized to represent the association, who – on behalf of the founder – submits a request for registration in the Register of Associations to that office of the state administration, which is locally responsible. The application for the Register of Associations should be accompanied by the following documents: • minutes of the work and the decisions of the founding assembly of the association • the decision of the assembly for initiating a procedure before the Register of Associations, if such a decision was not made at the founding assembly • the statute of the association • the list of founders • full names of the persons authorized to represent the association and the full name or title of the liquidator • excerpt from the court or other register for a foreign legal entity of the founder of the association • a copy of the ID card or passport of the founders, that of the liquidator and the person authorized to represent the association • the consent or approval of the competent body for carrying out a certain activity, when it is prescribed by a special law as a condition for registering the association • another statement or consent if required by the Law on Associations. Different requirements exist for foreign associations. Foreign associations in Croatia do not acquire legal personality by registering, unlike domestic associations do. Moreover, foreign associations need to be entered in a separate register, called the Foreign Register of Associations.

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[82] The Register of associations of the Republic of Croatia is public and can be accessed at the following link: https://registri.uprava.hr/#!udruge

5. Administration costs	The total administrative costs range from 37 EUR to a maximum of 50 EUR.
6. Liability	Associations are responsible for their obligations with all their property.[83] However, the members of the association and the members of its bodies are not responsible for the obligations of the association. If the association is damaged, or if the association has caused damage to third parties, the association and the persons authorized to represent the association for the damage are liable on the basis of the general regulations on liability for damage.
7. Legal personality	Associations registered in the Register of Associations, acquire legal personality on the day of their registration in the Register of Associations. By contrast, foreign associations in Croatia do not acquire legal personality by registering, unlike domestic associations do.
8. Definitions of public interest	Associations' programs and projects carried out in the interest of the common good are financed by the state budget, the budgets of the local and regional self-governments, and by the funds of the European Union and other public sources. Special regulations may provide for tax advantages and other benefits for associations that carry out programs or projects of the public interest.[84] The following areas are considered to be of public interest: • activities of associations that contribute to the protection and promotion of human rights • activities for protection and promotion of national minorities • activities for protection and promotion of the rights of persons with disabilities and children with disabilities • activities for the promotion of the rights and welfare of the elderly and infirm • activities to promote equality and equity • activities aimed at preserving peace and combating violence and discrimination • activities to promote the values of the • Homeland War • activities aimed at protection, care and education of children and youth and their active participation in society

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[83] Article 36 paragraph 1 of the Law on Associations, op. cit.

[84] Article 32 paragraph 2 of the Law on Associations, op. cit.

	• activities for prevention and fight against all forms of addiction • activities for the development of democratic political culture, protection and promotion of the rights of minority groups and development of volunteering, social services and humanitarian activities • activities aimed at promotion and development of social entrepreneurship, protection of consumer rights • activities for the protection of the environment and nature • activities for protection and preservation of cultural goods and sustainable development • activities for the development of the local community • activities to encourage international development cooperation • health care activities • activities for development and advancement of science, education and lifelong learning • activities in the field of culture and art • activities from the technical and information culture • sports activities • activities for voluntary firefighting, search and rescue and • other activities that by their nature or with special regulations for financing the public needs in a certain area can be considered as activities of public interest.
9. Membership regime	Any natural or legal person can become a member of an association. A member of an association can also be a minor under the age of 14, whose legal representative has given a written consent to it. The same applies to minors between the age of 14 and 18. All associations are obliged to keep a list of their members. The list of members is kept electronically or in another appropriate way and must contain data on the name, social security number and date of birth of the members. Moreover, it must specify the date of the commencement of membership, its classification, and the date of its termination (if determined by the statute of the association). This list may contain other relevant information as well. The members have the following rights and duties: • they are obliged to actively participate in the management of the association • they have the right to elect and be elected in the bodies managed by the association

	• they are obliged to be informed about the activities of the association • they are obliged to actively participate in the implementation of the activities and the supervision of the association • they are obliged to respect the provisions of the law and the statute of the association during the performance of the activities of the association • if it is prescribed by the statute of the association, the members are obliged to pay the membership fee.
10. Economic activities permitted	Associations are only allowed to carry out economic activities if they are not aimed at making profit for their members or third parties. Associations can generate income by performing activities that achieve their goals defined by their statute. They can also perform economic activity in addition to the activities that achieve the goals set out in the statute, but cannot perform them to generate profit for their members or third parties. If associations generate surplus income over the expenses, it must be used exclusively for achieving the goals set by the statute.
11. Governance, operating rules and bodies	Associations are managed by their members, directly or through their elected representatives in a manner prescribed by its statute. Associations are governed by the General Assembly and through authorized persons for representation. In addition to the General Assembly, the statute of the association may prescribe and establish other administrative, executive or supervisory bodies. The highest body of the association is the General Assembly. It consists of all members of the association or their representatives. It has the following duties: • adopts the statute of the association • elects and dismisses the persons authorized to represent the association • elects and terminates the work of other bodies of the association unless provided otherwise by the statute • decides on unions, communities, networks and other forms of association • adopts the work plan and the financial plan for the next calendar year and the work report for the previous calendar year • adopts the annual financial report • decides on the change of goals and activities, economic activities, termination of work and distribution of the remaining property of the association

	• decides on changes • decides on other issues for which the statute does not determine the competence of other bodies of the association.
12. State supervision	The supervision of associations is performed by authorized officials of the administration, competent according to the seat of the association. Associations are obliged to report on changes in the statute, name, address, selection of authorized persons etc. The state also checks if the association complies with the provisions of the Law on Associations. If the association does not comply with them, there is a legal obligation to terminate its activities. The Ministry of Finance supervises the financial operation of the association and the submission of its financial statements. Supervision over the management of funds from public sources is performed by the competent state bodies, local and regional self-government units and other public institutions, depending on which bodies approve the funds and for what purpose.
13. Reporting and transparency	The Law on Associations, contains provisions regarding the reporting and transparency of associations, which are the following ones: • the list of members must always be available for inspection by all members and competent bodies, at their request • persons authorized to represent the association should submit the minutes from the regular sessions of the General Assembly to the competent body of the administration of the district, which keeps a register of associations • the Register of Associations and the Register of Foreign Associations are central electronic databases maintained by the competent administrative body for all associations and foreign associations; the Register of Associations and the Register of Foreign Associations are public • the data entered in the registers and in the statute of the associations are public and are published on the website of the body of the state administration responsible for the general administration • the reports on the financial operations of the association with the prescribed documentation are publicly available in the Register of Associations through a link to the Register of non-profit organizations.

	• associations that carry out programs and projects in the public interest should inform their donors about their work at least once a year; this information should be published on their website.
14. Resources and asset management	Associations have the following resources: • funds acquired by the association through membership fees • voluntary contributions and gifts • money that the association acquires by performing the activities that achieve the goals of the association • by performing economic activity if it is prescribed by the statute of the association, and in accordance with the special regulations that regulate the conditions for performing this type of activities • through financing programs and projects of the association from the state budget and the budgets of the local and regional self-government units and funds and / or foreign sources; its real estate and other property • other assets or property rights acquired in accordance with law. The association can dispose of its property only for the purpose of achieving the goals and performing the activities determined by the statute of the association, in accordance with law.
15. Liquidation	An association may terminate its existence for several reasons: • if the assembly terminates the existence of the association • due to merger with another association or by division into multiple associations • if the required time for a regular session of the assembly was not respected on two occasions • if the court decides on termination of the association • by initiating a bankruptcy procedure • at the request of the member if the number of members of the association has fallen below the number of founders required for the establishment of the association, and the competent body of the association has not made a decision to admit new members within one year from the occurrence of this fact. By initiating a liquidation procedure, the authorizations of the bodies and the rights of persons authorized to represent the association are terminated. A liquidator is also appointed, whose duties are the following: • conduct the liquidation procedure within 60 days from the day of receiving the decision of the competent body of the administration for opening the liquidation procedure

	• determine the balance of the business account of the association • determine the bookkeeping balance of debts • confirm that no debts, unpaid public duties etc. exist in the public records.
16. Fundamental decisions	The fundamental decisions are made by the General Assembly.
17. Taxation regimes	The association can perform economic activities for which it generates income. However, it is not authorized to gain profit for its members or third parties. When the association makes profit from economic activities, it must be used exclusively for the purposes stated in the statute. Profit tax An association that is a taxpayer of profit tax is obliged to pay it only for the profit it realizes by performing economic activities. VAT An association that independently performs economic activity regardless of the purpose and result of performing that activity is considered a taxpayer. On that basis, the association is obliged to register in the register of VAT payers if the value of deliveries of goods and services made in the previous calendar year was more than 230,000.00 kuna. Such an association must be registered in the competent regional unit of the Tax Administration according to the headquarters no later than January 15 of the year concerned, in order to be registered in the register of taxpayers. An association whose value of deliveries of goods or services made in the previous calendar year did not exceed 300,000.00 kunas[85] (small taxpayer) can join the register of VAT payers voluntarily. An associations does not pay VAT and is not entitled to deduct tax on the following: • services and closely related supplies of goods for the benefit of its members for membership fees determined in accordance with the statutes or other rules, provided that such exemption will not distort competition • membership fees collected from its members in order to fulfil the tasks determined by the statute, when the membership fee is determined according to a certain criterion equally for all members. If the association

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[85] From 1 January 2018, the threshold for entry in the VAT register has been increased to 300.000,00 kunas instead of the 230.000,00 kunas, as it was before.

	makes certain deliveries of goods or services for the collected membership fee, then the membership fee is a fee for those deliveries and VAT is calculated and paid on them if the association is in the VAT system. The exemption applies to all associations: the entities paying membership fees in accordance with their statute or the entities operating with donations and voluntary contributions • donations, voluntary contributions and gifts for the purpose of performing the activities for which the association was founded, grants from the State Budget, budgets of local and regional self-government units, as well as other funds acquired in accordance with the law for performing activities for which the association was established.[86]

LANDSCAPE OF ASSOCIATIONS

1. Number of Associations	According to the Register of Associations, there were 52,340 associations in Croatia at the end of January 2022. Out of this, 50,634 are active associations, and 1,706 are currently in a stage of liquidation.
2. Number of members	In 2022, associations had 150 000 members.
3. Activities covered	According to data from 2022, the majority of the associations operate in the following areas: sports (12 797 associations), culture (9287 associations), education (6125 associations).
4. Revenues	In 2018, associations generated 887,492,865.00 EUR in revenue, while their total expenditures amounted to 900,656,113.00 EUR.
5. Economic weight	In 2019, the economic weigh of the associations in Croatia is 1.7%.
6. Cross-border activities	According to the data of the Register of Foreign Associations, a total of 207 foreign associations are currently registered in the Republic of Croatia, out of which 149 are active.

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[86] When these funds are given for counter-delivery, then it is not a donation, but a fee for the delivery of goods or services.

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Cyprus

Σωματείο/σύλλογ

LEGAL FRAMEWORK

1.Definition, types of associations and characteristics	According to law 104(I)/2017 there are 3 types of associations: societies, foundations and federations. However, the term ‘society’ is equivalent of the term ‘association’ in English. In terms of their social purpose and impact they appear in two ways: - social enterprises “of general scope” and - “social integration” enterprises. Articles 3 to 6A of the Law 104(I)/2017 stipulates the general provisions that govern all three types of associations. In particular Article 3 recognises the right of every person to form an association (this is indeed a Constitutional principle) for legitimate social purposes. According to Article 4, every association that aims to undermine the democratic order, the public security, the public health, the public morality as well as the fundamental rights and freedoms of individuals, may be declared illegal and dissolved by Court order.
2. Sources of law founding associations	The legal framework regarding the formation, the functioning and the dissolution of all types of Cypriot associations is governed by the relevant provisions of Law 104(I)/2017 for the Associations and Foundations. The final version of this law is a result of a series of amendments provided by laws 76(I) 2018, 84(I)/2019 and 118(I)/2020. Other relevant legal acts are in place regarding the Court of Justice rulings and jurisprudence.
3. Formation requirements and constitutive acts and elements	In order to register an association (society) its members must file a request to the Registry of Associations (within the Registry of Companies) under the remit of Ministry of Energy, Commerce and Industry. The following elements must be enclosed: - the association (society’s) constitutive act, - the personal details of the members, - the association society’s statute (signed by all of its members), - the association (society’s) emblem (if exist) and

- documents that describe the assets that will be transferred to the association (society) after its registration and the acquisition of a legal personality (art. 7).

The Statute must include:

- the purpose,
- the name and the headquarters of the association (society), as well as
- specific clauses regarding the membership,
- the power to represent the association (society) and
- its main bodies.

The general purpose and functions of the association need to be well and clearly specified (art. 8).

In order to form an association (**foundation**), there are two important elements: a constitutive act and the approval of the Registry of Associations. The constitutive act is a legal act that can either take the form of donation or inheritance. In both cases the constitutive act must be in written form; in case of a donation, there must be a notarial document and in the case of inheritance there must be a written will. Both acts set the name, the purpose of the association (foundation), its headquarters, the assets and details regarding its organization, function and administration (art. 27).

An association (**federation**) is formed when at least five or more societies, foundations and other similar national or foreign entities (that share the same values and aims) and are all governed by the Cypriot Law, decide to form a union (art. 44, par. 1).
According to the art.44, para 2, an association (federation) is formed after the filing of a written application to the Registry from the founding members or the representatives of the founding entities, along with:
a) the association (federation's) Statute, dated and signed by its members;
b) the statutes of every founding entity;
c) the constituent act;
d) the personal details of the founding members;
e) the emblem, if exists,
f) a detailed description of the assets that belong or will be transferred to the Federation

4. Registration requirements	In general, every entity that falls within the scope of the current legislation acquires legal personality from its registration, which lasts until the dissolution of the entity (art. 5). The Registry of Associations (within the Registry of Companies and Official Receiver (the Provincial Governor under the definitions provided in art. 2)) is the competent authority to conduct the registration procedure of the association (society, foundation and federation).
5. Administration costs	Costs vary depending on the required constitutive procedures (there is no fixed price (the law firms determine it).
6. Liability	All associations are bound by the decisions of their governing bodies. Any non - profit entity is bound by all the decisions and actions taken by its Board of Directors. In addition, it is liable for all the acts and omissions that its bodies may take, if they are having a negative impact on third parties.
7. Legal personality	In general associations are legal persons governed by private law (the Civil code). In some circumstances though where the state participates with one of its branches and public purpose is involved, they are governed by public law (Administrative Code). An association is considered a legal person after a registration is validated.
8. Definitions of public interest	The Cypriot state, has passed a law in 2019 entitled ‘Law for the development and maintenance of a Registry for Social Enterprises’. The law is aiming at defining the mechanisms for the registration of businesses in a Social Enterprises Registry. It specifies the criteria that a natural or legal person must meet in order to register as a social enterprise. At the same time, it aims to regulate the obligations of these social enterprises. It stipulates that a business can be defined as a “social enterprise serving a public interest”, if it falls under one of the following two categories: (a) social enterprise “of general scope (b)” social integration” enterprise

9. Membership regimes	Membership to associations (Society) can be attributed to any persons unless the statute sets other requirements (art. 12 par. 1). All members are equal unless otherwise provided in the Statute (art. 13). Accordingly, any member may decide to leave voluntarily or could be expelled for the reasons specified in the Statute (art. 12 par. 2 and 3) without retaining any claim on the association (Society's) assets (art.14). Membership can never be transferred (art 15).
10. Economic activities permitted	Associations can pursue economic activities (without profit distribution). However, they should be of public interest (please see the section on "Public interest) and they should not be contrary to Public Order principles, national interests and national security.
11. Governance, operating rules and bodies	The main bodies of the associations (society) are the General Assembly and the Board of Directors. The General Assembly is the main body of associations (society) and has general competences over the affairs that have not been delegated to another competent body (art. 19). The Board of Directors/Trustees consists of at least five members that are exclusively members of the entity. The Statute may allow the appointment of non-members (art. 16). The Board of Directors is the executive body of the entity.
12. State supervision	The associations operate under the Constitution and the Civil Code of Cyprus. Other legislative Acts may be relevant such as the Code of enterprises, the Commercial Code (on bankruptcies), the Tax Code, some Acts dealing with non- profit organizations and volunteering and, in case of illegal activities, the Criminal code. Various Ministries are also involved as supervisors, controllers and issuers of strategic orientations and operational guidelines, and in particular the Ministry of Employment and Social affairs, the Ministry of Economy, the Ministry for enterprises and the Ministry of Justice and Home Affairs.
13. Reporting and transparency	Associations (societies) are committed to accountability, transparency and integrity. Annual balance sheets and internal or external reporting should reflect these principles. To ensure a strict adherence to these "good governance" principles at corporate level, the Government is considering the creation of an independent national Commission to enhance its fight against mis-appropriations, corruption, money laundering and illicit cross-border financial flows. Its prescriptions will be also applicable to the non - profit sector.[87]

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[87] There is no legal regulation currently in place regarding the reporting process of associations (societies).

14. Resources and assets management	The resources and assets are made available by the State/EU/institutional funding, donations, membership contributions and additional economic activities. The management of such assets is part of the duties of the Board of Directors and the General Assembly (if stipulated in the statute).
15. Liquidation	The dissolution of the Association (Society) and the names of the liquidators must be announced to the Registry and registered in the Registry (art. 11). According to article 24, a society may be dissolved in the following cases: a) t any time following an Assembly decision under art. 22; b) if its members are less than 20 and they decide to do so (no additional provisions are stipulated by law); c) following a Court ruling; upon request of either the administration, the 2/5 of the society's members or the supervisory authority, if the conditions set in the Statute are not met, if the society has failed to achieve its purpose or it has deviated from its original purpose of establishment and is now pursuing different or illegal purposes (art. 4). The dissolution is followed by the liquidation which is governed by article 25.
16. Fundamental decisions	The Assembly is the main body of the association (Society) and has general competence over every affair that has not been delegated to another competent body (art. 19).
17. Taxation regimes	In accordance with law 246/1990, all types of Associations (including societies) are not VAT exempt for any of their activities, even for memberships.

LANDSCAPE OF ASSOCIATIONS

1. Number of associations existing in each Member States	In 2022 the total number of associations in Cyprus is 33062.
2. Number of members	The estimated minimal number of members of the associations in Cyprus is 90003.
3. Activities covered	The main activities covered by the associations in Cyprus are in the following areas: • personal care services, • education and training, • environment, animal protection and waste management (i.e., reuse, recycling, recovery and disposal). [88]
4. Revenues	No data available
5. Economic weight	No data available
6. Share between voluntary and paid work	The number of people employed in social economy (including societies, foundations, cooperatives) is relatively low. The estimated share is less than 2% of the total workforce of Cyprus. [89] Less than 20 % of the population in Cyprus declares to be included in recent volunteering activities. A survey by the Volunteer Network Project of 369 citizens identified 69 citizens who had volunteered in the previous 12 months (the research was conducted in 2018) 1. This is equal to 19% of the sample. On this basis, we can estimate that there are around 147,500 volunteers in Cyprus.
7. Data on cross-border activities	No data available

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[88] Social enterprises and their ecosystems in Europe | Country report CYPRUS, Luxembourg: Publications Office of the European Union, 2019

[89] Social enterprises and their ecosystems in Europe | Country report CYPRUS, Luxembourg: Publications Office of the European Union, 2019

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Czech Republic

Asociácie

LEGAL FRAMEWORK

1.Definition, types of associations and characteristics	In Czech Republic, associations are established on “personal basis” (associating persons) or on “property basis” (accumulating assets). Associations exists in several legal forms (Asociácie, Spolky, Institutes Ustavy, Nadace a neinvestiční fondy, Odborove organizace, Medzinárodní organizace*)*, and the legal from *Spolky* is similar to the legal forms applied widely across EU Member States. Examples of associations include sports clubs, hunting associations or other organizations with various public benefit goals, such as education. The main activity of the association can be only satisfaction and protection of the common interest, the accomplishment of which was the reason to establish the association. Business or other gainful activities cannot be the main activity of the association. Beside the main activity, the association may have some secondary activities. These secondary activities may be of an economic nature (business or other gainful activities); under the condition, the purpose of these activities is either to support the main activity or to economically use the property of the association. The gained profit must be used to further the activities of the association, including the management of the association.
2. Sources of law founding associations	The primary source of law is the Constitution of Czech Republic. According to the article 20 of the Charter of Fundamental Rights and Freedoms of the Constitution of the Czech Republic: 1) The right of association is guaranteed. Everybody has the right to associate together with others in clubs, societies, and other associations. 2) Citizens also have the right to form political parties and political movements and to associate therein. 3) The exercise of these rights may be limited only in cases specified by law, if it involves measures that are necessary in a democratic society for the security of the state, the protection of public security and public order, the prevention of crime, or the protection of the rights and freedoms of others. 4) Political parties and political movements, as well as other associations, are separate from the state (Article 20 of Charter of Fundamental Rights and Freedoms).

	Part of the legal base of associations is stipulated in § 20 of Civil Code 89/2012 (came into force on 01.01.2014). § 20 covers the liability of the associations (§20-1 of Civil Code)[90].Moreover, the Czech Civil code regulates in detail the legal status of all existing forms of associations : - Corporates/associations § 243-247 - Foundations - § 306-393 - Endowment Funds - § 394-401 - Social corporations - Law on Commercial Companies n. 90/2012 Others (special) laws: - Law of Income Tax n. 586/1992 - Volunteer Service Act n. 198/1992 - The Lotteries Act n.202/1990 - The Accountancy Act n.563/1991 - Law on the Public Registry of Natural and Legal persons n.304/2013 - Public Collections (Regulation) Act n. 117/2001
3. Formation requirements and constitutive acts and elements	As stated in the Constitution, the Civil Associations Act and the Civil Code, Czech citizens have the freedom of association. They can establish corporations, corporates societies, unions, institutes, movements or others different associations. In addition, legal persons can join an association. The associations possess a status of legal entities and the scope of their activities can be limited by law. The first step in the establishment of an association is the registration. In order to form an association, the founders must submit a request for registration to the Registration Court (under the remit of the Ministry of Interior). The request must be accompanied by the statute of the association which must contain the following elements: • Association’s name, registration office, the goals and means for their achievement, the powers of the different bodies of the association, the rules regarding the organizational unities and the principles of their financial management. The founders must determine the statutory body of their association as well. • The registration request must be submitted by at least three citizens. Once the association is registered, it exists legally.

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[90] §20-1 of Civil Code, available at: http://zakony.centrum.cz/obcansky-zakonik-novy/cast-1

4. Registration requirements	Associations must be registered in order to have a legal existence. Registration requirements common to all legal entities are laid down by the Civil Associations Act and mainly by the Civil Code. A registration request must be submitted by at least three natural persons. This request must be signed by a preparatory committee. The statute of the association must be attached to the application. The registration request must contain information about the main decision-making body of the association such as for example the General Assembly and the following elements: • Name of the association, registration office, purpose and means for their achievement, powers of the different bodies of the association, the rules regarding the organizational units and the principles of their financial management. • The registration request must be addressed to the relevant Court of Registration.
5. Administration costs	According to The Court Fees Act[91] number 549/1991 the following administrative fees apply in the Czech Republic[92]: Request for first registering of an association: 700 CZK (28.51 EUR)[93]. Modification of documents or additional information 1000 CZK (40.72 EUR)[94].
6. Liability	As stipulated in § 20 of the Civil Code, a special law (for each legal association form) determines if the concrete association shall dispose of its rights and obligations (liability).[95] In the same way, its members (natural persons) also possess these rights and obligations and are legally responsible for their actions. According to the Civil Association Act, all rights and obligations of members of the Association are determined by the statute. In general, the members of an association are liable together to respect and accomplish all the obligations that they have in relation to a third party (joint liability). All the properties that the members gain from their activities become subsequently part of the property of the association. No one can be forced to become

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[91] Annex to The Court fees Act, available at: https://www.mesec.cz/zakony/zakon-o-soudnich-poplatcich/uplne/#p1

[92] https://www.businessinfo.cz/navody/zapis-do-obchodniho-rejstriku-ppbi/5/

[93] Supplement n.39-1b) of the Annex to The Court fees Act, available at: https://www.mesec.cz/zakony/zakon-o-soudnich-poplatcich/uplne/#p1

[94] Supplement n.39-1c) of the Annex to The Court fees Act, available at: https://www.mesec.cz/zakony/zakon-o-soudnich-poplatcich/uplne/#p1

[95] §20-1 of Civil Code, available at: http://zakony.centrum.cz/obcansky-zakonik-novy/cast-1

	a member of an association and all requests for a resignation shall be accepted. All members can perform other economic activities provided it is secondary, and is performed in line with the main objectives of the association. Since the adoption of the new Civil Code in 2014 all civil associations have become automatically corporates/associations, many associations must modify their statutes and complete their profile in the Public Register. [96]
7. Legal personality	According to the Civil Code, the associations in the Czech Republic are legal entities that voluntarily associate persons with a common interest. Legal personality is acquired upon registration.
8. Definitions of public interest	According to the Civil Code, the public benefit association is a legal entity which contributes to the general welfare of the society by performing its activities. [97] The Non-Profit Legal Entities Act lists the following categories of social services: - health services; - social aid and humanitarian care; - development and protection of cultural and spiritual values; - human rights protection; - education; - science; - environment; - employment; - housing[98].
9. Membership regimes	In order to join an association, the new member must send a written request to the executive body of the legal entity. Members shall have the right to participate in the management of the association, to be informed about its activity, as well as to enjoy equal access to its property. In addition, all members are required to make financial

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[96] https://www.epravo.cz/top/clanky/obcanske-sdruzeni-versus-spolek-dle-noveho-obcanskeho-zakoniku-100418.html

[97] §146 of Civil Code, available at: http://zakony.centrum.cz/obcansky-zakonik-novy/cast-1

[98] https://www.ziba.cz/neziskova-organizace/

	contributions.[99] The reasons for termination of a membership are: - expressed unilateral will; - death; - exclusion; - dissolution of the organization; - liquidation of the organization; - non-payment of annual membership fee/contribution[100].
10. Economic activities permitted	The members of the associations can carry out supplementary economic activities if they are related to the subject of their main activity. Moreover, they must use the revenues gained from their activity for achieving the goals determined by the statue or the constituting act. (The constituting act is an agreement adopted by the founders of the association. The statue is a legal document, which defines the internal organization of the association (e.g. economics activities, bodies etc.) However, law prohibits profit distribution. The members can initiate another economic activity, if it is secondary. In addition, it must be in line with the main objectives of the association.
11. Governance, operating rules and bodies	According to the Civil Code the corporates/associations have the following governance structure: **Supreme Authority** The statute determines which organ of the corporate/association is the supreme authority. Some of its competences are the following: taking decisions about the amendments of the statutes; determining the main activities and purposes of the corporate; evaluating the activity of the other organs of the corporate; deciding about dissolution, liquidation or transformation of the corporate. **Statutory body** If the statute does not contain provisions regarding the supreme organ, its competences will pass over to the member's meeting, which is convened by the statutory organ at least once a year. **Arbitration Committee**

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[99] https://odbory.prolibertate.cz/page/jak-se-stat-clenem

[100] https://www.dauc.cz/clanky/4205/zanik-clenstvi-ve-spolku

	Itarbitrates the potential conflicts between corporate's members or between the members and the corporate itself. This body also examines the reasons of the decision about removal of the corporate's members. **Control Commission** This organ has the right to control all corporate's documents; it also controls if the members of the corporate are acting in accordance with the statute. It must have at least three members (if the statute does not determine explicitly the total number of its members). The organizational body system of associations may be different for each category. As an example: - Foundations: administration board, supervisory board, inspector - Institutes: director, administration board.
12. State supervision	Associations that pursue public benefits purposes are supervised by the state. All associations that operate in the Czech Republic must be registered. All registrations pass through the registration process by the register courts, which are established in every district.[101] Once the association has been registered, this information will be administrated by the Ministry of Interior, which is the general register for all existing associations. This register helps the Government to keep a track of the information concerning the active associations. The main body of state's supervision is the Counsel of Non-Profit Organizations. It has the following responsibilities: • supervises if associations work towards achieving their purposes and provide the non-profit services for which they have been created originally; • evaluates the content of the annual reports published by associations; • drafts annual report summarizing the results of the activities of the associations; • closely cooperates with the Ministries and regularly evaluates the activities of all associations; • examines the results achieved and provides recommendations; • decides on financial fines or penalties; • can suspend or cancel the existence of an association; • evaluates the transparency of existing legal rules and that of the state's legal system[102]

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[101] There are several register courts. Every district possesses its own register court (e.g. Registration Court of Brno).

[102] https://www.vlada.cz/cz/pracovni-a-poradni-organy-vlady/nno/zakladni-informace-767/

	The Government of the Czech Republic directly or indirectly supports associations through tax, credit interest, customs and other financial and economic benefits. It works in close cooperation with the secondary legal bodies (the Counsel for the non-profit organizations and Registration Courts).
13. Reporting and transparency	Once a year all registered associations are required to perform an audit and publish their annual report concerning their activities and their final accounts.[103] These obligations are stipulated in the Civil Code and in the Accounting Law n. 341/2005. According to the Accounting Law, associations are obliged to submit their annual activity report and their financial statement to the Registration Court electronically until 30th of July of every year. The report must contain the activities undertaken during the year, their relevance concerning the strategic priorities of the organization, the amount of donations received, information about the rest of the income obtained, the overall balance of the association, and others.[104]
14. Resources and assets management	The asset management is determined by the Statute of the associations. Each association could define in its statute a body that will be in charge of governing the assets of the association during the period of its existence. In general, associations are financed by the following main types of resources: • income from main non-profit activity; • income from membership; • income from donations (from natural persons or legal entities); • income from heritage legacy; • income from economic activities (after taxation). Associations can also receive income from the state budget. The revenues of associations are taxed (according to existing taxation laws) and they cannot be used to support political parties or movements.
15. Liquidation	The association ceases to exist on the day of its removal from the Register. Before that, it must pass through a process of annulation (with or without liquidation). Liquidation is not necessary if the association’s property is transferred to another existing association (after their fusion or unification). A liquidation balance should pass over to another non-profit organization.

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[103] https://www.22hlav.cz/povinnost-auditu-zverejnovani-u-nestatnich-neziskovych-organizaci-od-112016

[104] https://neziskovky.kr-zlinsky.cz/clanky/zverejneni-ucetni-zaverky

	The liquidator of an association is a natural person designated to perform the liquidation process. Liquidator has the right to be remunerated. The charges used for liquidation are covered with the property of the association. The liquidation process is regulated under the general rules of the Civil Law[105] and the special rules concerning the different types of association (for example in §269 - Liquidation of the Corporates).[106]
16. Fundamental decisions	The body defined by the statute takes fundamental decisions related to the association's functioning. Among the key powers of the designated body are: • deciding on amendments to the statute • nominating and removing members; • approving the association's budget; • approving the annual report of the association; • decides on the dissolution, liquidation or transformation of the association; • nominates and removes the director and determines the amount of its salary; • nominates and removes the members of Administration Board.
17. Taxation regimes	The taxation regimes in the Czech Republic concerning the associations are governed by the following laws: Law on Income Tax n. 586/1992 (amended in 2006); Law on Immovable Property tax n.338/1992; Law on Highway Tax n. 190/1998; Law on Value Added Tax n.335/1999 amended in 2004); Law on Inheritance, Donation and Immovable Property Tax n.357/1992. The Income Tax Act exempts associations from taxation, which concerns their non-business activities[107], reductions of the tax base of the associations are also possible based on this legal act.[108]

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[105] §187-209 of Civil Law, available at : http://zakony.centrum.cz/obcansky-zakonik-novy/cast-1
[106] §269 of Civil Law, available at: http://zakony.centrum.cz/obcansky-zakonik-novy/cast-1
[107] §18-19 of Law on income tax n. 586/1992, available at: https://www.zakonyprolidi.cz/cs/1992-586
[108] §20 of Law on income tax n. 586/1992, available at: https://www.zakonyprolidi.cz/cs/1992-586

	Associations are exempt from all tax obligations related to contributions received in the areas defined by their statute as their main purpose. Furthermore, the exemption is also applicable to grants received based on international treaties.

LANDSCAPE OF ASSOCIATIONS

1.Number of Associations	In 2021, according to the database of the Regional Volunteering Centre of Liberec, the number of corporates/associations is 9666.[109]
2.Number of members	In 2021, the estimated number of members of the corporates/ associations is at least 30,000 people[110].
3. Activities covered	According to the statistics published by Czech National Institute of Statistics, the main activities covered within non-profit sector in 2020, part of which are also the corporates/associations (the represent around 7 % of all the non-profit associations) are:[111] - culture, advertisement, recreation: 41 281 entities; - education - 36 321 entities; - health and social services - 29 112 entities.
4. Revenues	According to the Regional Volunteering Center of Liberec[112], the total economic value of the non-profit organization's services was 365,761,124 EUR in 2018[113].
5. Economic weight	In 2018, the economic weight of the associations was 6 % of the total GDP

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[109] https://vdb.czso.cz/vdbvo2/faces/index.jsf?page=vystup-objekt&f=TABULKA&z=T&skupId=3769&katalog=30831&pvo=ORG01&pvo=ORG01&str=v386&v=v7__KODAKT__571__1

[110] Estimated on the basis of the number of members and the minimum number of entities.

[111] https://vdb.czso.cz/vdbvo2/faces/index.jsf?page=vystup-objekt&f=TABULKA&z=T&skupId=3771&katalog=30831&pvo=ORG03&pvo=ORG03&str=v386&v=v7__KODAKT__571__1

[112] https://lk.regionalnidobrovolnickecentrum.cz/subdom/lk/jak-jsou-v-cesku-zmapovany-neziskovky-a-jak-mezi-nimi-najit-dobrovolnickou-organizaci/

[113] https://lk.regionalnidobrovolnickecentrum.cz/subdom/lk/jak-jsou-v-cesku-zmapovany-neziskovky-a-jak-mezi-nimi-najit-dobrovolnickou-organizaci/

6. Share between voluntary and paid work	According to the Regional Volunteering Center of Liberec“, there were a total of 117 000 employees and 37 455 volunteers engaged in non-profit organizations in 2018. Compared to the previous years, the total number of volunteers has decreased. In 2015, there were 57 426 volunteers aged between 15 and 26 years, who contributed to Czech non - profit organizations. [114]
7. Cross-border activities	No data available.

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[114] https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/czech-republic/24-youth-volunteering-at-national-level

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Denmark

Foreninger

	AN ASSOCIATION MAY HAVE THE CHARACTER OF A LEGAL PERSON – I.E., THAT THE ASSOCIATION CAN CONCLUDE AGREEMENTS AND ASSUME OBLIGATIONS IN THE SAME WAY AS PERSONS OR COMPANIES AND ACT IN THE FORM OF "ASSOCIATIONS" ACCORDING TO DANISH LEGISLATION. **IN DENMARK, THE FOLLOWING 5 TYPES OF ASSOCIATIONS ARE MET:** 1. **ASSOCIATIONS WITH LIMITED LIABILITY (F.M.B.A)** 2. **COOPERATIVE HOUSING ASSOCIATIONS** 3. **VOLUNTARY ASSOCIATIONS** 4. **ORDINARY ASSOCIATIONS (ALSO CALLED NON-PROFIT ASSOCIATIONS)** 5. **SPECIAL ASSOCIATIONS** **IN ADDITION TO THE PREVIOUS TYPOLOGY, THE ADDITIONAL DISTINCTION IS TO BE MADE BETWEEN THE ASSOCIATIONS ON THE BASIS OF THEIR NON PROFIT OR FOR-PROFIT ORIENTATION.**
1. Definition, types of associations and characteristics	An association may have the character of a legal person, ie. It can conclude agreements and assume obligations in the same way as persons or companies and act in the form of “associations” according to Danish legislation. In Denmark, the following 5 types of associations are met: 1. Associations with limited liability (F.M.B.A.) 2. Cooperative housing associations 3. Voluntary associations 4. Ordinary associations (also called “non-profit associations”) 5. Special associations[115]

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[115] Special associations can - but do not have a duty - to register. It can, for example, be a purchasing association: Generelt om foreninger | erhvervsstyrelsen.dk

	In addition to this typology, an additional distinction is to be made between associations on the basis of their non-profit or for-profit orientation.
2. Sources of law founding associations	**The Danish Constitutional Act** stipulates in section 78 that citizens have the right to form associations without any prior permission for any legitimate purpose. **There is no actual single act relevant to the principles of governance or functioning of associations.** There are legal acts and case law that provide guidance about the competence of the court concerning associations: • The Law on Registered Socio-Economic Enterprises; • Charitable and non-profit associations must according to the Danish Tax Assessment Act; • Approved associations are able to apply for VAT refunds and tax relief, according to the Value Added Tax Act; • The employment legislation is always crucial when paid employees offer services to the association.
3. Formation requirements and constitutive acts and elements	There is no legal text in Denmark stipulating formation requirements. **If a court has to assess** when a network, a collaboration or a group is one association, the courts tend to emphasize that certain conditions should be met. The general requirements for associations according to **case law** include: • At least two members; • The members have entered into an agreement on the purpose of the association; • The circle of members meets regularly; • The members pay a membership fee to finance the association's activities; • The supreme body of the association is a general assembly or a board of representatives; • Associations have an independent management body elected by the members at a general meeting; • It is not compulsory for the association to possess any assets.
4. Registration requirements	**In general**, **it is not obligatory for an association to be registered.**

	However, an association must be registered in the following cases: • are tradesmen and the members have limited liability (f.m.b.a.); • has employees and must pay salaries (e.g. to a caretaker); • when receiving grants from the public sector (registered as voluntary associations); • when operating business activities (e.g. a kiosk in a sports association) and possibly be registered for VAT; • must import or export (e.g. a purchasing association).[116]
5. Administration costs	The registration for voluntary, ordinary and special associations in the Danish Business Authority **is free of charge**. Exceptionally, the establishment of **an association with limited liability (f.m.b.a.) the costs is DKK 670.[117]**
6. Liability	**After registration, the association acquires its own legal personality**, therefore the liability is limited to the assets of the Registered Association and differentiated from the assets of its members.
6. Legal personality	**The associations obtain their legal personality from their registration.** The Registered Association is a legal person, and it can be subject of rights and liabilities just as the natural persons do.
7. Definitions of public interest	**Public benefit purposes are provided by tax legislation** and indicatively may include: • disease control; • preventive child and youth work; • development aid; • church work; • amateur sports work. The same criteria applies for **non-profit purposes** that underlies the rules of associations that hold stand-alone events or collect and sell second-hand goods.

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[116] Generelt om foreninger | erhvervsstyrelsen.dk

[117] https://erhvervsstyrelsen.dk/gebyrer-og-takster

8. Membership regimes	It is a requirement that **at least two members** participate before a community can be called an association.[118] The Statute of an association regulates all subjects related to members: rights, entry and exit requirements. The membership in the associations **is voluntary.** Membership can be terminated voluntarily and involuntarily. If articles of association provide accordingly, members are obliged to pay the membership fees.
9. Economic activities permitted	Since an associations can be exempted from VAT for the sale of goods and services in connection with activities of the associations that have non-profit statutory purposes, it can be concluded that associations are allowed to carry-out economic activities in Denmark. Profits are used to further the (ordinary) association's purpose. Ordinary association cannot promote business interests of its members. From case-law practice, it arises that secondary activities are permitted to the association.[119]
10. Governance, operating rules and bodies	Although there is no association law, it is important to be aware of whether there are basic legal requirements for the association's structure, management and governance. In terms of the bodies required according to case law, **two main bodies exist:** 1. The General Assembly; 2. The Board of Directors.
11. State supervision	**The Central Business Register (CVR) is the central government register.** It collects primary data on all businesses in Denmark regardless of economic and organizational structure, including associations.
12. Reporting and transparency	If an association has employees, it must deduct taxes and contributions just like other employers. **The association is required to report the payments, to the Tax Agency,** as well as to submit reports about its salaries and fees.[120]

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[118] Generelt om foreninger | erhvervsstyrelsen.dk
[119] Decision SKM2003.19.TSS
[120] https://skat.dk/skat.aspx?oid=2234905

13. Resources and assets management	The associations operate with the following **main types of resources**: incomes from main non-profit activity, incomes from donations, incomes form membership fees and income from economic activities. Among the subjects that must be covered in the statute are the rules for collection of members' contributions. **The Managing board is in charge of governing the assets of the association** during the period of existence of the association. However, it must respect the requirements of the statute.
14. Liquidation	The liquidation phase comes before the dissolution of the association. **Taking a decision of a dissolution is a power of the General Assembly.** Its termination also designates the termination of the legal personality of the association. The articles of the association should always indicate that the association's profits (liquidation proceeds) must be transferred to another association or organization which is domiciled in Denmark or in another EU / EEA country (upon dissolution).[121]
15. Fundamental decisions	It depends on the provision of the Statute. The General Assembly is entrusted with this function. In some cases, board members can be in charge of them.[122]
16. Taxation regimes	**An association is tax-exempt if it is exclusively non-profit or charitable, or if it has no business income.** A tax-free association does not have to submit a tax return. **For a non-profit association to be tax-exempted,** the fulfilment of the following elements should be proved: 1. the statutory purpose of a charitable or non-profit nature; 2. if the CVR number is established as a charity / non-profit association; 3. the statutory resolution where values are transferred to a non-profit recipient; 4. that sales may only be performed in connection with the charitable aim of the association; 5. that profits may only be used for charitable or non-profit purposes; 6. that there must be no distortion of competition.[123]

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[121] https://fundraisingbureauet.dk/8a-godkendelse/

[122] https://frivillighed.dk/sites/frivillighed.dk/files/media/images/at_lede_en_sag_2_udgave/287256_at_lede_en_sag_hele_bogen_med_omslag_web.pdf, p. 23.

[123] https://fcmf.dk/foreningshaandbog/item/skat-foreningen

	VAT for associations is regulated in the Value Added Tax Act (Bekendtgørelse af lov om merværdiafgift). [124] A non-profit association is exempted from VAT. [125] When the association sells goods or has income from events that are open to public, the association may be liable for VAT if the annual income from such activities exceeds DKK 50,000.[126] Delivery of goods and services in connection with charitable events as well as associations and others. collection and sale of second-hand goods of little value are, under certain conditions, exempt from VAT. [127]

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	In 2020, according to the Danish National Centre for Social Research there are more than 100,000 active associations[128].
2. Number of members	The estimated minimal number of members of the associations based on the requirements for formation of an association is **200 000.**
3. Activities covered	A study conducted in, presented in the report Social enterprises and their ecosystems in Europe | Country report Denmark, 2017, highlights that Social enterprises in Denmark usually act in the **areas of health and social services (40%), research (6%), education (5%), retail 4.6%, culture (2.8%) etc[129].**
4. Revenues	The study "Tal om foreninger og frivillighed" (2018) [130] highlights that more than half (57%) of the income in local associations comes from public funds. The situation in the associations operating at national level is similar

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[124] Bekendtgørelse af lov om merværdiafgift (momsloven), LBK nr 1021 af 26/09/2019.

[125] §13 Value Added Tax Act, para. 1, No. 4.

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[128] https://denmark.dk/society-and-business/associations

[129] Social enterprises and their ecosystems in Europe | Country report DENMARK

[130] https://frivillighed.dk/sites/frivillighed.dk/files/media/documents/frivilligrapporter/tal_om_foreninger_og_frivillighed_cfsa_oktober_2018.pdf, p.13

	(45%) of the funding comes from public sources. At the same time, it is estimated that in 50 % of the local associations, between 75 and 100 % of their income is from public funds, while the same applies to less than 30 % of the national ones. **In 2011 the average income of the associations in Denmark was 2 299, 49 EUR[131]. The total income of the associations can be estimated to 229 900 000 EUR.**
5. Economic weight	The economic weight of the associations in Denmark in 2011 can be estimated **to 0,12% of the GDP**.
6. Share between voluntary and paid work	A report prepared by the Danish Institute for Voluntary Effort DIVE in 2019, highlighted that **39% of the Danish population had performed voluntary work within the previous 12 months.** This is equal to 2.264 million people between the ages of 16 and 85[132].
7. Cross-border activities	No data available.

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Estonia

Assotsiatsioon

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	Legal persons are divided into • a legal person in private law, and • a legal person in public law (§ 24 of the General Part of the Civil Code Act). A non-profit association is a legal entity, and a voluntary association of persons whose objective or main activity shall not be the earning of income from an economic activity. NPAs can be classified according to their types as follows: • local government associations (with their own law and regulations), • housing associations (with their own law), • industry associations (e.g. food association, machinery association, tourism association, etc.), • professional associations (union of dentists, union of kindergarten teachers etc), • religious organizations (congregations, rehabilitation centres) • associations uniting companies (union of HR companies) • international NPAs (Mondo, Save the Children, Doctors without Borders, Women in International Security).
2. Sources of law founding associations	According to the Constitution of Estonia (§ 31), Estonian citizens have the right to engage in enterprise and to form for-profit undertakings and organizations. The main regulatory document for NPAs is the NPA Act, according to which, a non-profit association may be founded by at least two persons. The founders may be natural persons or legal persons. The Act stipulates that the income of a non-profit association may be used only to achieve the objectives specified in its articles of association. A non-profit association shall not distribute profits among its members. There are associations which engage in economic activity that can be considered their main activity - these do not have a special law in Estonia. The NPA earnings from entrepreneurial activities are acknowledged if they are of benefit to the public. Associations are free to conduct any economic activity, provided that the income they generate is reinvested to achieve their statutory social goals.

3. Formation requirements and constitutive acts and elements	According to the Non-profit Associations Act, a non-profit association may be founded by at least two persons. The founders may be natural persons or legal persons (§ 5). Persons who enter into transactions in the name of such associations are personally and solitarily liable for such transactions. The highest management body of a NPA is the general meeting of its members. On a daily basis, a non-profit organization is represented and managed by the management board elected at a general meeting. Estonian law does not permit a branch of an international organization to be registered as a non-profit association, and a new legal entity must be founded in such cases. Additionally, a foreign legal entity may carry out its activities in Estonia directly on a cross-border basis without registering a separate branch or founding a new legal entity. The name of a non-profit association should clearly differ from the names of other non-profit associations entered in the register in Estonia. Before founding a NPA, a founding meeting with the members must be held and a memorandum of association must be established. The memorandum of association is the main constitutive act together with the articles of association. A memorandum of association should include the name, registered office, address and objectives of the non-profit association being founded and the obligations of the founders with regard to the non-profit association. The founders need to approve the articles of association of the non-profit association as an annex to the memorandum of association.
4. Registration requirements	Once the articles of association and the memorandum of association have been approved at the foundation meeting, the NPA must be registered in the Business Register. The approved documents can be submitted electronically in the e-Business Register or via a notary. The petition for entry in the register can be submitted electronically, if all of the founders and members of the management board are able to provide a digital signature. If this is not the case, registration documents must be submitted via a notary.

	NPA must specify its planned principal activity and must keep the register informed of any changes to the principal activity. Upon notification to the register of activities and specification of activities in annual reports, the Estonian Classification of Economic Activities is used. Religious associations, political parties and apartment associations are not required to notify the register of their planned principal activity. A non-profit association must be registered within 5 business days. If any deficiencies are found, the registrar must report them to the founders and set a deadline for rectifying the deficiencies.
5. Administration costs	The administration fees as of 2022 are as follows: • 30 euros to register the association in the Business Registry • 10 euros for changing the data entered in the register. • 70 euros upon filing an appeal against a court ruling. Deleting the association from the register, change of address within the local government and deleting the data of the deceased member of the management board from the register are free of charge. The notary fees related to the NPA activities are as follows: • 12.75 euros (plus VAT) for confirming a signature. • 12.75 euros (plus VAT) for forwarding an application to the registry department. • Preparation of a draft entry application, confirmation of a signature and forwarding the document to the registry department - 35.75 euros (plus VAT). If there are several applicants, a fee of 6.35 euros (plus VAT) will be added to the fee starting from the second person. • Confirmation of a copy of a document (incl. A transcript of a digital document) or an extract, as well as a printout - 3.19 euros (plus VAT) per page, but not more than 31.95 euros (plus VAT) in total. • The issue of a registration decision or court ruling made to a non-profit association from a notary's office is free of charge.

	Submission of the compulsory annual report is free of charge, if done electronically or alternatively 25.55 euros (plus VAT), via a notary.
6. Liability	Members of the management board who cause damage to the NPA by violating their obligations shall be jointly and severally liable for compensation for the damage caused. A member of the management board shall be released from liability if he or she proves that he or she has performed his or her duties with the diligence normally expected from a member of the management board. In case the NPA fails to pay compensations for damage and the assets are not sufficient to satisfy the claims of the creditor a bankruptcy of the NPA can be declared. Then a creditor has the right to file the claim against founders and members of the management board.
7. Legal personality	According to the Non-profit Associations Act a NPA is a legal person in private law. The passive legal capacity of a NPA commences as of entry of the NPA in the non-profit associations and foundations register and terminates as of deletion of the non-profit association from the register.
8. Definitions of public interest	Among Estonian laws, public interest is referred to, inter alia, in the Civil Service Act and the Income Tax Act, but the term itself is not unambiguously defined by any law and belongs to an undefined legal concept. It refers to organizations having broad societal goals, being transparent and acting in the benefit of groups that would not cope on their own. Regarding associations, the notion is apprehended via the notion of “public interest associations”. These associations are to be included in the list of public interest associations approved by the Government of the Republic. Although many NPAs operate in the public interest in practice, only a small minority of them have been included in the list. Donations made to the associations mentioned there can be deducted by the donor from his/her taxable income. NPA may not distribute the economic benefits of their activities for purposes other than those of the public interest which is not used for private consumption, but is accessible to all, such as nature, security, culture, etc.
9. Membership regimes	An NPA should comprise at least two members.

	The management board decides on membership in an NPA unless this is placed in the competence of the general meeting or some other body by the articles of association. If the management board or a body other than the general meeting denies membership to an applicant, the applicant may demand that the general meeting decide on his or her membership. Membership in a NPA or exercise of the rights of a member cannot be transferred and it terminates upon the death of a natural person who is a member or dissolution of a legal person who is a member. A member of a non-profit association has the right to leave the NPA on the basis of a petition. A member may be excluded from an NPA by a resolution of the management board in the cases and pursuant to the procedure prescribed by the articles of association. The articles of association may prescribe that exclusion of members is decided by the general meeting. If a membership terminates during a financial year, the membership fee prescribed by the articles of association shall be paid for the whole financial year unless the articles of association prescribe otherwise. A person whose membership in a NPA has terminated shall not have a right to the assets of the association.
10. Economic activities permitted	According to the Non-profit Associations Act, a NPA is a voluntary association of persons the objective or main activity of which shall not be the earning of income from economic activity. The income of a NPA may be used only to achieve the objectives specified in its articles of association. A non-profit association cannot distribute profits among its members.
11. Governance, operating rules and bodies	The highest body of a NPA is the general meeting of its members. The general meeting adopts resolutions on all management matters of the NPA which are not placed within the competence of the management board or another body of the NPA by law or the articles of association. It can • amend the articles of association, • appoint and remove members of the management board, • decide on conclusion and terms and conditions of transactions with the members of the management board, • approve annual reports,

	- decide on dissolution, merger or division of the NPA. A member of a NPA may participate and vote in the general meeting. A representative should be granted a written authorisation document. Each member of a NPA has one vote. The NPA must have a management board which represents and manages the NPA. The management board may have one member (director) or several members. The residence of at least one half of the members of the management board must be in Estonia. Members of the management board must be natural persons with active legal capacity. The management board calls the general meeting. The management board shall call the general meeting if at least one-tenth of the members of the non-profit association so demand in writing indicating the reason, and the articles of association do not prescribe a smaller representation requirement. Each member of the management board has the right to represent the NPA in concluding all transactions, unless otherwise provided in the articles of association or law. All or some of the members of the management board may represent the NPA only jointly. If it comprises several members, a majority of votes of the members of the management board who participate in a board meeting is required to adopt a resolution of the management board unless there is a greater majority requirement.
12. State supervision	According to the Accounting Act, the NPAs have the obligation to organize their accounts and to prepare and submit annual reports and other financial statements pursuant to the Act. According to the Income Tax Act, NPAs can be registered in the list of non-profit associations, foundations and religious associations benefiting from income tax incentives which are supervised by the Tax and Customs Board.
13. Reporting and transparency	According to the Non-profit Associations Act the general meeting supervises the activities of other bodies. In order to perform this duty, the general meeting may call for an external review or audit. The management board should organize the accounting of the NPA according to the Accounting Act.

	After the end of a financial year, the management board must prepare an annual report which is submitted to the general meeting. Approval of the annual report shall be decided by the general meeting. At least one-fifth of the members of a association may request from the NPA that the auditor who prepared the sworn auditor's report or the controller who provided the opinion participate in the making of the decision to approve the annual report, and provide explanations concerning the sworn auditor's report or the opinion if the shareholders have submitted the corresponding written request at least five days before the general meeting. Approved annual reports shall be signed by all members of the management board.
14. Resources and assets management	Associations operate with the following main types of resources: • membership fees, • public sector appropriations, • grants, • project grants (financed by local and international foundations), • payments for products and services, • donations from private persons and businesses. Indirect assistance comes in the form of tax allowances and in-kind contributions. Another important resource for the associations is the contribution of time and energy by members and volunteers. Estonian organizations have adopted a Code of Ethics. It deals with issues like democratic governance and management, civic courage and care, sustainable and responsible utilization of assets and resources, accountability and reporting, openness and transparency, independence and avoiding conflict of interest, keeping to one’s word, respecting the ownership of ideas, and tolerance.
15. Liquidation	According to the Non-profit associations Act an NPA is dissolved: 1) upon a decrease of the number of members of the non-profit association to below two; 2) by a resolution of the general meeting or other competent body.

	A resolution is adopted if over two-thirds of the members who participate in or are represented at the general meeting vote in favour and the articles of association do not prescribe a greater majority requirement. If a NPA is insolvent, the management board should without delay and not later than within twenty days after the date on which the insolvency became evident, submit a bankruptcy petition of the NPA to a court. Compulsory dissolution (§ 40) can take place: • at the request of the Minister of Internal Affairs or another interested person; • if the activities of the non-profit association do not comply with the objectives in the articles of association; • if economic activity becomes the main activity of the non-profit association. After satisfying or guaranteeing all the creditors' claims and depositing the money, the remaining assets are distributed among the persons entitled by the articles of association. In case the NPA was founded only in the interests of its members, assets shall be distributed in equal parts among the persons who are members of the NPA at the time of dissolution. In other cases the assets can be transferred to the state which shall use them to the extent possible according to the objectives of the NPA.
16. Fundamental decisions	Fundamental decisions related to the NPA are taken by the General Assembly. Among its key powers are: • amend the articles of association, • appoint and remove members of the management board, • elect and remove proxies, • decide on conclusion and terms and conditions of transactions with the members of the management board or another body prescribed by the articles of association, • decide on the conduct of legal disputes with the members of the management board or another body, • approval of annual reports decides on dissolution, • merger or division of the non-profit association, • elect members to other bodies prescribed by the articles of association.

17. Taxation regimes	NPAs are quite similar to companies regarding the incorporation, daily operations, bookkeeping process, etc. There are united taxation rules for all legal entities including NPAs: • a social tax that is 33%, and • an income tax is 20%. NPAs do not have to pay any corporate income tax on any income, including donations. In this respect, they are treated in a manner similar to businesses. NPAs are permitted to engage in any activity, including business that corresponds to the purposes stated in their statutes and are not taxed on income from such activity. VAT rules are the same for companies and NPAs too. An NPA becomes VAT liable (obliged to get a VAT number) as soon as it earns more than €40,000 annually. NPAs have several non-taxable expenses such as accommodation, transport, entertainment, and tax-free limits for some types of expenses. The Estonian NPAs do not have automatic tax exemption. The Income Tax Act states that non-refundable funds, received from foreign donors, in addition to membership and entrance fees for NPAs are tax-exempt and enables them to apply for tax exemption on donations and income from economic activities. Each NPA can apply for a status of public benefit and charitable organization for getting tax incentives. In order to qualify, an organization’s activities must be connected with support to charity, science, culture, education, sports, health care, social welfare, environment protection, or religious congregations in the public interest. The respective list of organizations is determined by the Tax and Customs Board on a case-by-case basis each year. As for donations, legal persons qualify for tax-exemption of their income if the donation is made to a "listed" organization. Individuals have to pay taxes on funds they donate to the non-profit sector (§ 11 of the Income Tax Act). The treatment of non-monetary donations is the same as for monetary donations, and taxation is based on their market value. All donations are included automatically in the contributor’s semi-completed income tax return form.

LANDSCAPE OF ASSOCIATIONS

1. Number of Associations	According to the Business Register, there were 23,337 non-profit associations in 2021, which is 7.27% of the total number of legal persons. Still, there may be about 6000 NPAs that are passive: not operating, but not deleted from the Register.
2. Number of members	NPAs have members of legal bodies 33,249 (year 2019) and physical members 759,325 (2019) according to national statistics. It is estimated that about 28,000 people or 4-5% of the Estonian workforce is employed in the non-profit sector.
3. Activities covered	The largest sectoral groups among NPAs are: sports-related associations (over 3,000), leisure providers (around 2,500), cultural, educational associations (over 2,000 each) and promoters of regional and local life (around 2,000).
4. Revenues	According to a study carried out by the Network of Estonian Non-profit Organizations, membership fees are the most important source of funding for Estonian voluntary organizations 77,722€ in 2019, followed by support from local authorities, which are particularly important for voluntary organizations in rural areas and community organizations and donations – 266,458 €. Different revenues from entrepreneurship form as much as 164,5613€ (2019). Id added social entrepreneurs, registered as NPAs, there are 129 of them, with a paid staff 1759 persons, with business income 44,7 M €. Most of the service delivery contracts are signed with social services (44%), followed by sport (15%) and culture (10%).

	Volunteers are involved in offering all types of public services contracted to NPAs, partly due to the lack of financial resources in local authorities, especially in small towns and rural municipalities. Volunteers make it possible to offer more public services than the local authorities are able to fund. The NPAs are in addition to provision of services funded by public grants. The National Foundation of Civil Society (KÜSK was established in 2008 and it is financed from the national budget. The Foundation focuses on capacity building of NGOs and development of a supportive environment for civic action. In 2018 KÜSK supported associations with 1,79 million euros. The survey of Tallinn University et al (TLU, 2019) mapped the total turnover and own income of NPAs in 2017 (turnover without subsidies). Associations that were established in 2018 (i.e. that did not yet have a turnover in 2017) were excluded from the calculations. The share of NPAs without turnover was 16%. The turnover of almost half of the NPAs is lower than 6,500 euros and the share of associations with such turnover was 48% in 2017. Almost one-fifth of NPAs had a turnover in the range of 6,501 - 32,000 euros in 2017, and 15% of associations had a higher turnover. 57% of NPAs earned own income. In 2017, 43% of NPAs earned their own income of up to 6,500 euros and 14% over 6,500 euros. The main way of earning own income in 2017 was the sale of services (62% of NPAs that earned own income). 19% of the income was generated from the sale of products, 16% from the provision of public services and 10% from the renting of real estate (incl. premises). Other opportunities to earn own income were also mentioned, such as membership fees, lotteries / auctions and income from organizing events. Higher-than-average turnover figures characterize seniority and / or NPAs with a large membership. Almost a fifth of the associations established during 2017. The lack of turnover is more common for associations that

	operate only locally (25% had no turnover), do not belong to umbrella organizations (22%) do not involve volunteers (22%). In comparison of fields of activity, the share of NPAs without turnover is higher than average in the field of natural environment (35% had no turnover). The share of NPAs earning their own income is the lowest in the health care sector, where only 37% of associations earn their own income. The share of NPAs with high turnover and own income is the highest in the fields of social services and agriculture - more than a third of the associations in these fields have a turnover exceeding 32,000 euros and slightly less than a fifth earn their own income in the same range. The NPAs registered in Tallinn stand out with the highest turnover numbers - 22% of them had a turnover of over 32,000 euros. The share of NPAs with a turnover of over 32,000 euros is the smallest in Valga and Viljandi counties (4–5%).
5. Economic weight	There is no data about the weight of NPAs in Estonian GDP.
6. Share between voluntary and paid work	According to the survey carried out in 2019 (TLÜ, 2019), 23% of NPAs have paid employees and 53% involve volunteers from outside the organization. 13% of associations have full-time employees and 15% of NGOs have part-time employees. The median number of employees of NPAs is 2.
7. Cross-border activities	According to the survey of NPAs (TLÜ, 2019), the majority of NPAs (82%) operate at the local level. Fewer are those whose activities are nationwide or extend to foreign countries. However, the total number of associations whose activities are limited to the local level is only 15%. 23% operate more broadly in Estonia (but not all-Estonian), 22% are all-Estonian and 36% of NPAs (also) operate abroad. The most common activities abroad are in the following fields: development / humanitarian aid (100%), national defence (62%), societal development (60%), religion (58%), communication / information technology (55 %) and health care (54%). Operating at the international level is more common than average among NPAs

	belonging to umbrella organizations (50% of associations belonging to umbrella organizations, 28% of other associations).

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Finland

Yhdistys

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	**An association** can be founded for the common realization of a non-profit purpose and that purpose cannot be contrary to law or proper behavior.[133] An association is only allowed to practice a trade or other economic activity that has been established in its bylaws or that otherwise relates to the realization of its purpose or that is deemed economically insignificant.[134] **Associations Act** does also apply to entities that have established in law for a special purpose, provided that the said law provides for it. These include been "founded by statute for a special purpose", although only if specifically so provided." [135] Latter is called a public association[136]. **Examples** of non-profit associations governed by the Associations Act are cultural and social associations and charitable organizations, entertainment associations, athletic clubs, hobby clubs, trade associations and political parties.
2. Sources of law founding associations	As the supreme source of law**, the Constitution of Finland**[137] guarantees everyone the freedom of association that including the right to form an association without a permit, to be a member or not to be a member of an association and to participate in the activities organized by an association. The main source of law regarding associations in Finland is **the Associations Act**[138], which specifically states "associations are governed by this Act."[139]

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[133] Associations Act, section 1, subsection 1.

[134] Associations Act, section 2, subsection 5.

[135] Associations Act, section 2, subsection 2.

[136] In addition to categorizing associations into non-profit and economic associations, or public and private associations, associations can also be divided into groups of four: 1) private non-profit associations, 2) public non-profit associations, 3) private economic associations, and 4) public economic associations. See Halila – Tarasti 2011, p. 23.

[137] Constitution of Finland 731/1999

[138] Associations Act 503/1989

[139] Associations Act, section 1, subsection 2.

3. Formation requirements and constitutive acts and elements	An association can be founded for the common realization of a non-profit purpose and that purpose cannot be contrary to law or proper behavior. [140] To form an association, a charter must be drawn, and the statutes of the association must be annexed thereto. The charter must also be dated and signed by three or more persons joining the association.
4. Registration requirements	After an association has been founded, it is optional to register it at the **Finnish Register of Associations**[141]. Under the Associations Act, a notice for the registration (basic notice[142]) must be filed in writing with **the Finnish Patent and Registration Office.** [143] The chairperson of the executive committee of the association or another competent member of the executive committee, entered in the register, signs the notice and gives affirmation that the provisions of the Associations Act are complied with when establishing the association.[144] The basic notice must include the charter in Finnish or in Swedish as well as details of the persons filing.[145]
5. Administration costs	To start-up a notification of an association in Finland it cost **from 50 EUR to a maximum of 180 EUR**, with 0% VAT, depending on how the application is submitted and whether a check is required.

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[140] Associations Act, section 1, subsection 1.

[141] Finnish Register of Associations, https://yhdistysrekisteri.prh.fi/?userLang=fi

[142] Also called as start-up notification.

[143] Associations Act, section 48, subsection 1. Finnish Patent and Registration Office, https://www.prh.fi/fi/index.html

[144] Associations Act, section 48, subsection 3. It is proposed that the obligation to sign the basic notice and provide the affirmation would also be extended to the potential CEO. See draft government proposal, p. 202.

[145] Finnish Patent and Registration Office, https://www.prh.fi/en/yhdistysrekisteri/perustaminen/start-up_notification.html. To file, the Finnish personal identity codes of the chairperson and other persons entitled to sign for the association are needed. Also, if the executive committee is filed for registration, the details on the personal identity codes of the committee members are required. If a committee member or a person entitled to sign for the association has no Finnish personal identity code, their date of birth, citizenship, and home address are needed along with a copy of their passport or identification document.

	For submitting notifications regarding changes or termination of the association is charged **from 20 euros to a maximum of 180 euros.** Some changes, such as change of email address or notification of dissolution, are **free of charge.**
6. Liability	If an association has been registered in the Finnish Register of Associations, **members of such association are not personally liable for the commitments of the association.**[146] Therefore, liability falls on the association. If, however, an association is unregistered, liability for an obligation caused by an act on behalf of an unregistered association rests with the persons who took part in the act or decided on it personally and jointly and severally. Other members of the association shall not be personally liable for such obligation.[147] A member of the executive committee, an official of an association and an operations inspector are liable to compensate all damage they have caused to the association either wilfully or negligently.
7. Legal personality	If the association has been registered in accordance with the provisions of the Associations Act, it can obtain rights, make commitments and appear before a court or other authority as a party[148]. Therefore, **only registered associations have legal personality.**
8. Definitions of public interest	The Register of Associations is maintained by the Finnish Patent and Registration Office, and the register, with related documents, is available **to the general public**. Anyone has the right to obtain extracts and certificates from the register and the related documents in a manner prescribed in the Finnish Act on the Openness of Government Activities.[149] The conditions above must all be met simultaneously for an association to be deemed as acting **for the common good**. This is assessed based on both the statutes and the actual activity of an association.

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[146] Associations Act, section 6, subsection 2.

[147] Associations Act, section 58.

[148] Associations Act, section 6, subsection 1.

[149] Associations Act, section 47.

	The activities of a non-profit association must be useful and general in nature. In assessing whether an association is acting in the public interest, it is necessary to ask what are the interests the association is **promoting.** An association cannot be a non-profit and act for **the public good** if its objectives are, e.g., to raise funds or minimize costs and the activities are limited to a small and closed group of people. [150]
9. Membership regimes	The Constitution of Finland guarantees **freedom of association to everyone**. However, foreigners not residing in Finland are banned from being members of associations founded to influence state affairs. [151] A person wishing to join an association must inform the association of his intention. Admission is then decided by the executive committee, unless stated otherwise in the association's rules.[152] According to the Associations Act, private individuals, corporations and foundations can be members of associations. A list of members with their full name and domicile must be kept by the executive committee.[153] A member is entitled to resign from an association at any time by informing the executive committee or its chairperson in writing.[154] A member can be expelled by the association on the ground stated in the rules.
10. Economic activities permitted	An association can only practice a trade or other economic activity that has been provided for in its statutes or that otherwise relates to the realization of its purpose or that is deemed economically insignificant.
11. Governance, operating rules and bodies	According to the Associations Act, "**Decisions of an association shall be made by its members**. The rules may nevertheless lay down that decisions shall, in a manner to be specified below, be made by delegates of the

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[150] Finnish Tax Agency,
https://www.vero.fi/syventavat-vero-ohjeet/ohje-hakusivu/47999/verotusohje-yleishy%C3%B6dyllisille-yhteis%C3%B6ille3/

[151] Associations Act, section 10, subsection 2.

[152] Associations Act, section 12.

[153] Associations Act, section 11, subsection 1.

[154] Associations Act, section 13. A member is also entitled to resign by giving a notice at a meeting of the association for entry in the minutes. It is proposed in the draft government proposal that an explicit provision should be added, for the sake of clarity, that the board may decide that the notice of resignation may be received by a party other than the board and that the notice may be given by other means than in writing. See draft government proposal, p. 169.

	association or private individuals who are members of the association or of associations either direct or indirect members thereof, in a federation vote.” [155] Members exercise this power of decision at the meetings of the association. [156] If a meeting has not been convened, each member of the association has the right to demand that a meeting be held. [157] The rules can include a provision that, instead of meeting of the association, the executive committee can decide on-selling, exchanging or mortgaging property of the association.[158] The association is represented by the executive committee.[159] The executive committee must carefully attend to the affairs of the association in compliance with the law, the rules, and the resolutions adopted by the association. The executive committee must have a chairperson, who cannot be a person lacking legal competence.
12. State supervision	**The registration authority in Finland** can order an association to be deregistered if at least twenty years have passed since the filing of the latest notice to the Register of Associations, and there is otherwise no reason to assume the activities of an association will continue.[160] The registration authority has also the power to order, either on its own initiative or based on an application, an association dissolved if the association does not have a competent executive committee chairperson entered in the register. **The court** of first instance of the municipality where the association is based can declare the association terminated based on an action brought by a prosecutor, the Finnish National Police Board, or a member of the association.

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[155] Associations Act, section 16.
[156] Associations Act, section 17, subsection 1. In the draft government proposal, it is proposed to amend the section, i.e., so that in addition to the traditional meeting, the meeting of the association may, under certain conditions, be held online with no physical meeting place and that the meeting can only be attended online. See draft government proposal, p. 169.
[157] Associations Act, section 20.
[158] Associations Act, section 23, subsection 2.
[159] Associations Act, section 35, subsection 1. It is proposed in the draft government proposal that three to seven members should be elected to the board. See draft government proposal, p. 180.
[160] Associations Act, section 41a, subsection 1.

13. Reporting and transparency	Audit of an association is governed by the provisions of Associations Act and the Finnish Auditing Act.[161] According to the Auditing Act, **<u>an auditor</u>** cannot be a person for whom a guardian has been appointed, whose competence or legal capacity has been restricted, who is in bankruptcy or who has been barred from conducting business. Additionally, if one or several natural persons are appointed as auditors, at least one of them must be a resident in an EEA state.[162] For each financial year, an auditor must issue a dated and signed audit report. The opinion of the auditor may be unqualified, qualified or adverse. If the auditor is unable to express an audit opinion, a disclaimer of opinion must be contained in the audit report.[163] If the association does not have an auditor, it must have **<u>an operations inspector</u>**.[164] The operations inspector must inspect the finances and the administration of the association to the extent required by the association's operations and submit an operations inspector's report in writing to the meeting of the association or the meeting of delegates deciding on the annual accounts.
14. Resources and assets management	Activities of non-profit associations often consist of **tax-exempt** non-profit activities, tax-exempt fund-raising, taxable business activities, and real estate income. Non-profits gain income from membership fees, dividends, interest, donations, and subsidies received for non-profit activities. An association can only practice a trade or other economic activity that has been provided for in its rules or that otherwise relates to the realization of its purpose or that is to be deemed economically insignificant.[165] The rules of an association must determine, *inter alia*, any obligation of a member to pay membership and other fees to the association.[166]

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[161] Associations Act, section 38.
[162] Auditing Act, chapter 2, section 1.
[163] Auditing Act, chapter 3, section 5, subsection 3.
[164] Associations Act, section 38 a, subsection 1.
[165] Associations Act, section 5.
[166] Associations Act, section 8, paragraph 4.

15. Liquidation	**The purpose of the liquidation measures** is to establish the financial standing of the association, to convert the necessary assets into money, to pay off any debts and to spend the remaining assets. Under the Associations Act, "when a meeting of the association has decided to dissolve the association, the executive committee must attend to the liquidation measures caused by the dissolution referred to in subsection 2, unless the meeting of the association has appointed one or more other liquidators for the task to replace the executive committee. However, liquidation measures are unnecessary if, upon deciding on dissolution, the meeting of the association has simultaneously approved a final account, drawn up by the executive committee, according to which the association has no debts." [167] **The association is regarded as dissolved** when an entry to this effect has been made in the Finnish Register of Associations.[168]
16. Fundamental decisions	**Decisions of an association are made by its members**[169], who exercise their power at the meetings of the association[170]. Fundamental matters of an association must be decided by a **meeting of the association** or, if so provided for by the rules, a **meeting of the delegates.** These include: • "any amendments to the rules of the association; • assignment or mortgaging of real estate or assignment of other property of significance to the activities of the association; • voting and election rules referred to in section 30; • election or expulsion of the board of directors or its member, or an auditor or an operations inspector;

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[167] Associations Act, section 40, subsection 1.

[168] Associations Act, section 40, subsection 5.

[169] Associations Act, section 16. The rules may nevertheless state that decisions are made by:
delegates of the association; private individuals, who are members of the association or of associations either direct or indirect members thereof, in a federation vote.

[170] Associations Act, section 17, subsection 1. Members can make decisions, which must be made at the meeting of the association, without holding a meeting provided members are unanimous. The decision must be in writing, dated and signed by the members of the association. Otherwise, the provisions concerning the records kept at the meeting of the association, apply to a decision in writing. See Associations Act, section 17, subsection 4.

	• adoption of the annual accounts and discharging from liability for the accounts; and dissolution of association." The rules can, however, include a provision that the **executive committee** can decide on selling, exchanging or mortgaging property of the association.
17. Taxation regimes	Under the Finnish Income Tax Act[171], if the association is deemed as non-profit, the following income is **tax-exempt**: income from lotteries, sales events, sports competitions, dance or other recreational events, collection of items and other comparable activities or food service and sales during such event organized by an association; income from membership magazines and other publications; income from the sale of petitions, badges, greeting cards, pennants and similar; income from products or services made during care, handicraft activities or for educational purposes at a hospital, prison, senior home, rehabilitation institute or other similar institutes; income from bingo games.[172] **Some of the income non-profit associations generate are subject to tax.** They pay income tax on income received from business activities and income received from a real estate unit if the real estate unit has been used for purposes other than general or non-profit activities.[173]

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	As of January 2022, there were a total of 107 733 associations, including chambers of commerce, in Finland.[174]

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[171] Income Tax Act 1535/1992

[172] Income Tax Act, section 23, subsection 3

[173] Income Tax Act, section 23, subsection 1.

[174] Patent and Registration Office, https://www.prh.fi/en/yhdistysrekisteri/statistics/numberofassociationsandreligiouscommunities.html

<table>
<tr><td>2. Number of members</td><td>In 2017, 54% of the population aged 10 and over participated in the activities of an association. [175]</td></tr>
<tr><td>3. Activities covered</td><td>The most common activities covered by associations in Finland are indicatively as follows[176]:
• Culture (18,998)
• Sports and exercise (14,497)
• Profession and trade (10,730)
• Leisure (10,287)
• Social and Health (6,650)
• Political (4,537)
• National defense (2,068)
• Religion (1,409)
• Other and non-classified (37,569)</td></tr>
<tr><td>4. Revenues</td><td>In Finland, associations generated a total of EUR 5.4 billion in 2019.[177]
<table>
<tr><th>Revenues</th><th>Number of associations</th><th>Revenues combined (€)</th><th>Income tax revenues combined (€)</th><th>Tax withholding combined (€)</th><th>Value-added tax combined (€)</th></tr>
<tr><td>0-10,000</td><td>4,693</td><td>14,062,431</td><td>671,396</td><td>16,428,606</td><td>3,413450</td></tr>
<tr><td>over 10,0000 – 30,000</td><td>2,683</td><td>49,018,818</td><td>248,859</td><td>1,110,269</td><td>78,923</td></tr>
<tr><td>Over 30,000</td><td>6,395</td><td>5,300,887,833</td><td>10,464,309</td><td>333,085,751</td><td>66,729,476</td></tr>
</table></td></tr>
<tr><td>5. Economic weight</td><td>The third sector, such as associations and foundations, accounts for 3 - 7% of the gross domestic product (GDP) in Finland (estimated for 2019).</td></tr>
</table>

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[175] Official Statistics of Finland. Leisure Participation 2017, p. 6.
[176] Draft government proposal, p. 18.
[177] Draft government proposal, p. 19.

6. Share between voluntary and paid work	According to the latest statistical data available **from 2017,** 28% of the population aged 10 and more had volunteered for an association, club or group in the last 12 months.[178] According to the latest statistical data available **from 2020,** employees in associations amounted to 41 000 full-time equivalent, i.e., describing the labour input of a person converted to a full-time employee; [179] all paid hours of a corporation are divided by the average paid hours of full-time wage and salary earners in the corporation.
7. Cross-border activities	No data available.

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[178] Official Statistics of Finland. Leisure Participation 2017, p. 10.
[179] Statistics Finland, https://pxnet2.stat.fi/PXWeb/pxweb/fi/StatFin/StatFin__yri__yrti__voi/statfin_yrti_pxt_11i1.px/table/tableViewLayout1/

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France

Association

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	French legislation defines associations as "an agreement between two or more persons aimed at sharing, on a permanent basis, their knowledge or activities for any purpose, except sharing profits". It is ruled under contracts and obligations laws[180]. Two categories of associations exist: 1) *registered associations*; also known as "*associations loi 1901"* or as *associations à but non lucratif;* 2) *de facto associations*, which are not registered but have an existence from a legal perspective. Among the first category of "*associations loi 1901*", a further category exists and covers: 1) association of general interest, or "*association d'intérêt general"*, a tax status granted by tax administration and allowing this type of associations to offer tax reduction to donors[181]; 2) association of common interest, or "*association reconnue d'utilité publique"*, a legal status granted by the ministry of Interior and the Council of State, or *Conseil d'Etat*, and allowing this category of associations to widen its range of resources from donors and offer a higher tax reduction to donors. [182] There is one exception to the regime of "associations loi 1901": association in *Bas-Rhin*, *Haut-Rhin* and *Moselle* territories, have a specific status (a legacy from the German realm in 1871-1918) mandatory if the association is formed and registered in these three territories, in application of the local civil code and to the exclusion of the status of *association loi 1901*.[183] They can be either for-profit or non-profit. Local civil code of Alsace-Moselle regulates in details formation, governance and management,[184] making this status much less flexible than *associations loi 1901*.
2. Sources of law founding associations	Legislation is based on a variety of legal sources which include the Constitution, laws, decrees, regulations case law and even recommendations from public authorities:

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[180] Article 1, loi du 1er juillet 1901 relative au contrat d'association.

[181] Article 200, code général des impôts.

[182] Articles 10 and 11, loi du 1er juillet 1901 relative au contrat d'association; article 12, décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association.

[183] Article 7, loi du 1er juin 1924 mettant en vigueur la législation civile française dans les départements du Bas-Rhin, du Haut-Rhin et de la Moselle.

[184] Articles 21 to 79-IV, code civil local, translated from German to French by the Institut du droit local alsacien-mosellan.

	- Constitution of 4 October 1958 and its two preambles, Declaration of the Rights of Man and of the Citizen of 1789 and Preamble of the Constitution of 27 October 1946; - Act of 1st July 1901 related to association contract, or *loi du 1er juillet 1901 relative au contrat d'association*, and the Decree of 16 August 1901 for the execution of the Bill of 1st July 1901 related to association contract, or *décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association*; - Freedom of association is explicitly considered as one of the "fundamental rights" by the Constitutional Council, the French Supreme court, with the landmark decision n° 71-44 DC of 16 July 1971 dealing with the Act of 1st July 1901 related to association contract. The act of 1st July 1901 related to association contract is the core source of law concerning associations. This act is designed to be a general framework, allowing people to form and manage associations as freely as possible, regarding formation, management, purposes, internal regulations, declarations to public authorities, etc.
3. Formation requirements and constitutive acts and elements	Regarding "associations loi 1901", they can be formed by natural persons or legal entities (the founding members[185]) and their formation is a free act which does not require any preliminary permission. [186] Two persons must fulfil legal obligations as president and treasurer when submitting the application for registration. An association is composed of at least two persons (seven in *Alsace-Moselle*), regardless citizenship. Minors can also form an association[187]. Associations requesting a registration must provide the following elements: - a list of founders and executive officers; it must include a full list of member's names, job, address and citizenship; - the statute, including the association's name and the purpose; - a report, or *procès-verbal*, of the founding general assembly.

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[185] Article 1, *op. cit.*

[186] Article 2, loi du 1er juillet 1901 relative au contrat d'association; Conseil constitutionnel, décision n° 71-44 DC of 16 July 1971.

[187] Article 2 bis, *op. cit.*

	As the law does not specify the elements the statute must contain, except the aforementioned elements, its content can vary, as any contract under civil law[188]. Nevertheless, public authorities recommend, while sending the registration form, to include the following elements: [189] • association's name, purpose, life's duration, seat; • conditions for members' admission and removal; • rules related to organization, management and powers of executive officers; • conditions for statute's modification and association dissolution; • management of association's properties in case of dissolution (voluntary-based, legal status based, judiciary decision-based or decree-based). Commercial activities, affiliation to a federation or a parent-body and activities legally supervised by a ministry must be mentioned in the statute. [190] When an "association loi 1901" requests additional public interest status to become an *Association of public interest*, it must provide the followings acts and elements:[191] • a copy of registration published in the Government gazette; • a statement dealing with origin, development and purpose for granting the public interest status; • the statute; • a list of offices; • a list of members, including their age, citizenship, address and job for physical persons, or name, purpose and seat for legal entities; • last financial statement; • a sum up of movable and immovable assets and liabilities; • a copy of the decision from the general assembly to apply the public interest status. The statute must include additional elements: [192] • rules regarding office management and powers of executive officers;

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[188] Articles 1101 to 1111-1, code civil.

[189] https://www.service-public.fr/associations/vosdroits/F1120

[190] *Ibid.*

[191] Article 10, décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association.

[192] Article 11, décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association.

	- commitment to keep the *préfet* informed about every change within the association's administration within three months, and present accounting documents, for every request made by the *préfet*; - maximum amount of remunerations within the association if the work is not totally voluntary.
4. Registration requirements	Associations Loi 1901 Registration procedure for an "association loi 1901" is free of charge. Only constitutive acts and elements are required. The registration process, either physical or web-based, takes place at the *préfecture*[193]. General interest associations There are no requirements about the general interest tax status. Tax administration assesses if the applying association meets the general interest definition, based on the constitutive acts and some other elements upon request. Public interest associations Registration as association of public interest requires the following elements, according to law: [194] - being a registered association for at least three years, except if forecast resources are enough to make its financial balance secure; - *"respecting the principles of liberty, equality, fraternity and the dignity of Human person, as well as the symbols of the Republic"* (official language, national flag, national anthem, national motto and ruling principles); - not questioning the secular characteristic of the Republic; - not breaching to public order.
5. Administration costs	The procedure is free of charge.
6. Liability	General law applies,[195] so an association is liable as any legal entity[17] regarding civil law, criminal law, commerce law, labor law, etc.

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[193] The registration is made at the following link: https://www.service-public.fr/associations/vosdroits/R1757.

[194] Article 10, loi du 1er juillet 1901 relative au contrat d'association; article 10-1 de la loi n° 2000-321 du 12 avril 2000 relative aux droits des citoyens dans leurs relations avec les administrations.

[195] Article 1240, code civil.

	Executive officers (“*dirigeants”)* are also liable in person: - for deliberate misrepresentation as well as management faults. Sanctions for volunteers are less strict than for employees, according to civil law; [196] - general criminal law applies to executive officers, unless their action was not intentional and in line with legal and safety duties; [197] - for faults leading to insolvency or judiciary liquidation (this concerns both de facto and legal executive officers), according to commercial law,[198] and they can be liable *in solidum* regarding tax payment, according to tax law.[199]
7. Legal Personality	Associations acquire legal personality once registration is validated by public authorities. Validation is a formal process: it occurs if the application and all required elements are complete, and public authorities cannot deny registration to any association with a complete application.[200] Registration is published in the Government gazette within a couple of days. An identification number is provided. Regarding the public interest status, associations acquire the public interest status at the end of the following procedure: [201] - an inquiry is conducted by the Ministry of interior which may request the opinion from the City Council and a report from the *préfet* where the association has its seat; - the Ministry of interior requests the opinion from ministries related to the association’s purpose; - the Ministry of interior forwards the application and its opinion to the Council of State for final review and resolution; the Council of State may request the association to modify its statute; - the public interest status is granted by a decree from the Ministry of interior.
8. Definition of public interest	French legislation does not define the notion of public interest, or *utilité publique*, for *association reconnue d’utilité publique*.

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[196] Article 1992, code civil.
[197] Articles 121-4 to 121-7, code pénal.
[198] Articles L. 611-1 to L. 611-16, code de commerce.
[199] Article L. 267, livre des procédures fiscales.
[200] *Ibid.*
[201] https://www.service-public.fr/associations/vosdroits/F33.

	There are five conditions when applying for this additional status. These conditions are a mix of definition and criteria. The association must: [202] • have a general interest purpose: • have an influence and reputation larger than on a local scale; • have at least 200 members and “an effective and real association life (that is to say an unquestionable participation of to association’s activities)”; • have a democratic governance recognised and ensured by the statute; • have “serious financial soundness” understood as yearly resources of EUR 46,000 minimum, public subsidies weighing less than half of its budget and a positive balance over the last three financial years. The definition of public interest is therefore based on the general definition of general interest, or *intérêt général*, The general interest status is defined by public authorities as follows: [203] • *the organization is not-for-profit;* • *the organization has a selfless management;* • *the organization does not work for the good of a limited circle of people*. The following range of activities qualify for this status: *“philanthropy, education, science, social aid, humanitarian aid, sports, family, culture or promotion of art heritage”*.[26]
9. Membership regimes	Anyone, regardless citizenship and age, can become member of an association. Membership regimes, if the association chooses to have some (membership categories and conditions, subscription conditions, etc.), are defined within the official and the internal regulations documents. The Act of *association loi 1901* provides few elements regarding membership: • access to membership for minors, without any condition; [204] • voluntary withdrawal, which can be done at any time, after paying subscriptions to be due and of the current year. *[205]*

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[202] https://www.demarches.interieur.gouv.fr/associations/association-reconnue-utilite-publique-arup ; article 10-1, loi du 1er juillet 1901 relative au contrat d'association.

[203] https://www.demarches.interieur.gouv.fr/associations/association-reconnue-utilite-publique-arup

[204] Article 2 bis, loi du 1er juillet 1901 relative au contrat d'association.

[205] Article 4, *op. cit.*

10. Economic activities permitted	Economic activities are permitted but distribution of profits is prohibited.
11. Governance, operating rules and bodies	Legislation provides few elements regarding governance, operating rules and bodies, and the members of the association are free to determine how to organize and govern associations. The association is made up of several bodies: an Office (*bureau),* a Board of Directors (*conseil d'administration)* and a General Assembly (*assemblée générale)*. The only body mandatory by law is the General Assembly.[206] ***The Board of Directors*** is the governing body of the associations. It is made up of directors elected at the General Assembly by the members. The term of office is set in the statute of the association. ***The Office*** is responsible for implementing the decisions of the Board of Directors and is elected by the same Board. It is composed of the **President** (legal representative), a **treasurer** (responsible for controlling and settling expenses) and *a **Secretary*** (ensuring the legal functioning of the structure by keeping records). ***The General Assembly*** is the sovereign body of the association and gathers all the members of the association. The sessions of the General Assembly are mandatory in the following cases: [207] • for any association with a revenue of more than EUR 153 000 from public subsidies; • for a voluntary dissolution. Some operations are de facto mandatory, as they are necessary to hold and organize the General Assembly meeting: an agenda including nomination of executive officers, annual report and decisions related to budget. Public authorities recommend associations adopt an internal regulations document regulating these organizational elements. [208] Associations are required to inform public authorities within three months of any change within their administration and any modification of the statute.

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[206] Article 15, décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association.

[207] https://www.service-public.fr/associations/vosdroits/F21573.

[208] https://www.service-public.fr/associations/vosdroits/F21573.

12. State Supervision	Associations Loi 1901 State supervision is very limited. The Ministry of interior can decide to terminate any association based on an illicit cause or purpose, breaching legislation, good moral standards, causing harm to the national land and to the Republican form of government.[209] If the public administration deems that an association breaches the law, it may launch a complaint with the judicial authority charged with defending the interests of society, which may open an investigation (*Ministère public)*, and then request the dissolution of the association by the court where the association has its seat.[210] Associations of public interest The supervision of associations of public interest lies with the jurisdiction of the Ministry of interior and/or the Council of State. Approval by the Ministry of interior and the Council of State is required for the formation, and the procedure is the same for winding up.[211] Approval from the Council of State is necessary in case of a union with another organization or split, and in case of dissolution without liquidation.[212] Approval from the Council of State, based on a report from the Ministry of interior, is necessary to modify of association's statute or in case of voluntary dissolution[213]. By exception, approval from the Ministry of interior is necessary if the modification is related to the transfer of the association seat within France. Approval from the Ministry of interior (*Préfet*) is necessary regarding internal regulations documents (if associations choose to have one as element of the statute). [214] Approval from the *Préfet* is necessary for taking a loan or an alienation of property. [215] Accounting documents and decisions from the General Assembly related to

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[209] Article 3, loi du 1er juillet 1901 relative au contrat d'association.
[210] Article 7, *op. cit.*; https://www.service-public.fr/associations/vosdroits/F33.
[211] https://www.demarches.interieur.gouv.fr/associations/association-reconnue-utilite-publique.
[212] Article 13-1, loi du 1er juillet 1901 relative au contrat d'association.
[213] Article 12, *op.cit.*
[214] https://www.demarches.interieur.gouv.fr/associations/association-reconnue-utilite-publique.
[215] *Ibid.*

	accounts must be communicated to the Ministry of interior, as well as, if applicable, to technical ministries supervising association's activities, according to procedures.[216] For all associations All associations granted a public subside must provide evidence to granting public authorities that subsidies were used for the agreed and right purpose[217]. There may be investigations of the management of these funds by the bureau, or *inspection générale des finances*.[218]
13. Reporting and Transparency	Reporting is mandatory for associations: • receiving more than EUR 153 000 of public subsidies, as filing of accounts is a mandatory operation;[42] • conducting economic activities; • holding the public interest status.[219] An auditor must certify annual reports in one of the following general cases: [220] • associations getting more than EUR 153 000 of public subsidies; • associations of common interest getting more than EUR153 000 of donations eligible for tax reduction; • associations having economic activities (meeting 2 out of these 3 criteria: at least 50 employees, turnover or resources of EUR 3,1 million excluding tax, at least 1,55 million euros in balance sheet); • associations with financial resources of more than EUR 200 000 and employing one to three executive officers. Regarding transparency, anybody can have access to the statute, decisions related to management and mandatory documents of any association at the *préfecture*, on request on site or by mail. [221]

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[216] *Ibid.*

[217] Article 10, loi n° 2000-321 du 12 avril 2000 relative aux droits des citoyens dans leurs relations avec les administrations.

[218] Article 31, ordonnance n° 58-896 du 23 septembre 1958 relative à des dispositions générales d'ordre financier.

[219] https://www.demarches.interieur.gouv.fr/associations/association-reconnue-utilite-publique.

[220] https://www.service-public.fr/associations/vosdroits/F2907.

[221] Article 2, décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association.

	Finally, associations getting more than EUR 153 000 of public subsidies or more than EUR 153 000 of donations which are eligible for tax reduction must submit their annual report for publishing in the Government gazette.[222]
14. Resources and assets management	For any *associations loi 1901*, resources are based on: • interests, subscriptions and donations, [223] • revenues from economic activities mentioned in the statute; • revenues from exceptional economic activities on exceptional occasions such as charity fairs, fundraising events and others; [224] • public subsidies (a convention is mandatory for subsidies over EUR 23 000). [225] Associations of common interest offer tax reductions to the following donors: • to France-based natural persons who made a donation of 66%, limited to 20% of taxable revenue; [226] • to France-based corporations which made a donation of 60% of taxable revenue up to EUR 2 millions donation, and of 40% beyond EUR 2 millions; amount of reduction is limited to EUR 20 000 giving or 5‰ of turnover, if amount is above EUR 20 000 giving. [227] *Associations of public interest* can receive legacies, by living person or last will, performed by a notary, and donations declared to *préfecture*. [228]

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[222] Article 1, décret n° 2009-540 du 14 mai 2009 portant sur les obligations des associations et des fondations relatives à la publicité de leurs comptes annuels; article L. 6124, code de commerce.

[223] Article 6, loi du 1er juillet 1901 relative au contrat d'association.

[224] https://www.service-public.fr/associations/vosdroits/F31838.

[225] Article 1, décret n° 2001-495 du 6 juin 2001 pris pour l'application de l'article 10 de la loi n° 2000-321 du 12 avril 2000 et relatif à la transparence financière des aides octroyées par les personnes publiques.

[226] Article 200, code général des impôts

[227] Article 238 bis, code général des impôts.

[228] Article 11, loi du 1er juillet 1901 relative au contrat d'association; article 910, code civil; https://www.demarches.interieur.gouv.fr/associations/association-reconnue-utilite-publique

	Regarding assets management, *associations loi 1901* can buy, own and manage premises for management and meetings, as well as real estate only for the purposes described in their statute. [229] *Associations of public interest* can own and manage any donated real estate. [230]
15. Liquidation	Assets of associations cannot be assigned to their members. They can only take back their contribution. [231] In case of voluntary dissolution, assets allocation is free and depends on the provisions of the statute, or, in their absence, decisions from the General Assembly. [232] In absence of the two aforementioned situations, a legal guardian is appointed by the court, on the request of the *Ministère public*, and is charged to organize a General Assembly meeting for the only purpose of assets allowance. [233]
16. Fundamental decisions	French legislation does not specify whether a decision is fundamental or not. This decision is made by the General Assembly. Nevertheless, the legislation provides for procedural details related to some operations, leading to the conclusion that the following decisions can be considered as fundamental: modification of the statute, merger, split, partial transfer of assets, voluntary dissolution and public interest status. In case of modification of the legal statute, associations must inform public authorities of every change within three months, as aforementioned.[234] Legislation specifies how associations willing to merge, split or partially transfer assets must proceed. Association law and commerce law apply as follows:[235] • associations must submit to the General Assembly, two months before the meeting dedicated to the merger, split or transfer of assets is held, a project regarding the merger, split or transfer of assets;

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[229] Article 6, loi du 1er juillet 1901 relative au contrat d'association.

[230] Article 200, code général des impôts.

[231] Article 15, décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association.

[232] Article 9, loi du 1er juillet 1901 relative au contrat d'association.

[233] Article 14, décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association.

[234] Articles 9 bis, loi du 1er juillet 1901 relative au contrat d'association; article 13-1, décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association; articles L. 236-14, L. 236-20 and L. 236-21, code de commerce.

[235] Articles 5, loi du 1er juillet 1901 relative au contrat d'association; articles 13-1 and 15-2 to 15-7, décret du 16 août 1901 pris pour exécution de la loi du 1er juillet 1901 relative au contrat d'association.

	- the project must contain, for all associations in question, their name, purpose, seat, statute, last annual report, a copy of publication in the Government gazette, their decree of public interest if applicable, a statement explaining the project (purpose, goal, conditions), a copy of any agreement with public authorities if applicable, an assets assessment, as well as name, purpose, seat and future statute of the new association; - each decision-making body must approve the decision, in line with the respective statute; - if the merger leads to the creation of a new association, the project of the legal statute and project of transfer of assets must be passed by the associations in question; - an auditor is necessary to assess assets value and conduct accounting operations. When the merger or split occurring without liquidation, members of former associations become automatically members of the new association created; they may request public authorities' opinion if associations in question have any agreement or convention with. An association can voluntary renounce the public interest status. This must be proposed by the governing body or 10% of all members, further to the organization of an extraordinary general assembly, then a request must be addressed to the Ministry of interior.[236]
17. Taxation regimes	*Associations loi 1901* are exempted from corporate tax if: - the management is selfless;[237] - non-profit activities are predominant and revenue from lucrative activities is under EUR 73 432.[238] *Associations of general interest* are exempted of value added tax in the cases of:[239] - sales to their members, limited to 10% of revenue from the sale in question; - revenue from lucrative activities are below EUR 73 432; - sales in charity fairs, maximum six times a year. For donations and legacies, transfer tax law applies as follows:[240] - for *associations of public interest*, 35% for the taxable fraction under EUR 24 430 and 45% above;

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[236] https://www.demarches.interieur.gouv.fr/associations/association-reconnue-utilite-publique.
[237] Bofip-Impôts n° BOI-IS-CHAMP 10-50-10-20 relatif aux critères généraux d'appréciation de la non-lucrativité des organismes privés autres que les sociétés.
[238] Article 206, code général des impôts.
[239] Article 261, *op.cit.*
[240] https://www.service-public.fr/associations/vosdroits/F2722.

	• for *associations of public interest* using resources for social aid, protection of environment and animals, full exemption; • for *associations of general interest* acting for plurialism in the press sector, 0%; • for *associations loi 1901*, 60%.

LANDSCAPE OF ASSOCIATIONS

1. Number of Associations	1.3 million associations were active in 2018 in France. 170 000 associations have at least one employee[241].
2. Number of members	Given the number of people required to form an association, the minimum number of members of the associations in France in 2018 can be estimated to 2.6 million.
3. Activities covered	The most common activities carried out by associations are the following[242]: • sports (24%) • leisure, entertainment, social life (19%) • causes and rights (15%) • show and articitic perfornaces (14%) • teaching, training and research (7%) • social assistance, humanitarian aid, charity (excluding accommodation) (7%) • culture (excluding show, protection and promotion of heritage) (6%) • health (3%) • management of business services and local development (3%) • social or medical accommodation (1%)

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[241] Institut national de la statistique et des études économiques (INSEE) ; Sylvie Dumartin, Sandrine Firquet, 1,3 million d’associations : des hôpitaux et Ehpad aux associations de parents d’élèves et aux clubs de gym, Insee Première n° 1857, published on 04.05.2021.

[242] Insee, enquête Situation des associations en 2018.

4. Revenues	Associations with at least one employee have a total revenue of 111 billion euros in 2018[243]. No data for associations without employee.
5. Economic weight	In 2018, the economic weight of associations with at least one association represented 4.7 % of GDP, and the economic weight of associations without employees represented 0.5 % of GDP EUR 11 billion - estimation by INSEE).
6. Share between voluntary and paid work	At the end of 2018, associations had 2.2 million employees. 53% of them held a part time job. This paid work is equivalent to 1.5 million full time jobs. Volunteers are estimated to 21 million, knowing that one person can take part in more than one association. This is equivalent to 580 000 full time jobs: 230 000 for associations with employees and 350 000 for association without. Therefore, total equivalent full time jobs in associations was 2,08 million, 72,1% for paid work and 27,9% for voluntary work, in 2018.
7. Cross-border activities	No data.

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Ordonnance n° 58-896 du 23 septembre 1958 relative à des dispositions générales d'ordre financier
Décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association
Décret n° 2001-495 du 6 juin 2001 pris pour l'application de l'article 10 de la loi n° 2000-321 du 12 avril 2000 et relatif à la transparence financière des aides octroyées par les personnes publiques
Décret n° 2009-540 du 14 mai 2009 portant sur les obligations des associations et des fondations relatives à la publicité de leurs comptes annuels

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[243] Institut national de la statistique et des études économiques (INSEE) ; Sylvie Dumartin, Sandrine Firquet, 1,3 million d'associations : des hôpitaux et Ehpad aux associations de parents d'élèves et aux clubs de gym, Insee Première n° 1857, published on 04.05.2021.

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Elisabetta Bucolo, Philippe Eynaud, Joseph Haeringer, *La gouvernance associative*, Le mouvement associatif, 2014.

Germany

Der Verein

LEGAL FRAMEWORK:

1. Definition, types of associations and characteristics	An association (Verein) in Germany is considered a membership organization whose members have come together to permanently pursue a common purpose. Private associations are regulated at federal level by sections 21 to 70 of the Civil Code (Bürgerliches Gesetzbuch, BGB since it was enacted on 1 January 1900). An association is defined as a coalition of natural or legal subjects organized to act over a certain period with the aim to achieve a common purpose. Accordingly, the law governing the public associations (öffentliche Vereine) provides a similar definition.[244] Two types of associations are legally recognized: non-economic and economic/commercial associations. Non-economic associations (nichtwirtschaftliche Vereine / Idealvereine) are obliged to have a primary goal and activity other than conducting business activities. According to Civil Code §21 in combination with §55, the non-economic associations receive legal personality after registration at the local court (Eintragung). In Germany, associations are regulated by the Civil Code. However, the non-profit status (Gemeinnützigkeit) is laid down in section 52(1) of the Fiscal code (Abgabenordnung) and may be granted to any association if it constitutes an entity trying to achieve goals in public benefit (gemeinnützige Zwecke), volunteering aims (mildtätige Zwecke), or religious aims (kirchliche Zwecke). These purposes must be clearly indicated in the statue of association, and pursued through the life of the association. Under German tax law non-profit associations are considered as corporate bodies (Körperschaften) regardless of their definition under civil law or their membership and legal capacity. There are three main organizational forms that may be granted tax-exemption as non-profit: • Registered association (Verein or e.V.). • Foundation (Stiftung). • Limited liability company (GmbH).

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[244] §2 (1) of the Law for governance of public associations (Gesetz zur Regelung des öffentlichen Vereinsrechts, Vereinsgesetz). In German translation: „*Verein … ist jede Vereinigung, zu der sich eine Mehrheit natürlicher oder juristischer Personen für längere Zeit zu einem gemeinsamen Zweck freiwillig zusammengeschlossen und einer organisierten Willensbildung unterworfen hat.*“

2. Sources of law founding associations	The primary source regulating associations is the National Constitution of Germany (Grundgesetz) In Germany, the main legislation regulating the functioning and formation of associations is the Civil Code (Bürgerliches Gesetzbuch, BGB). Non-profit associations are also regulated by the Fiscal Code and special tax rules as for the tax privileges granted to them. The recognition of an organizations pursuing charitable purposes is elaborated in special tax legislative acts such as: • Section 5(1)(9) of the Corporate Income Tax Act (Körperschaftsteuergesetz, KStG) • Section 13(1) (16b) of the Inheritance and Gift Tax Act (Erbschaft- und Schenkungsteuergesetz) (ErbStG).[245]
3. Formation requirements and constitutive acts and elements	A non-profit registered association obtains legal personality after validation of its registration by the Federal Register of Associations (Vereinsregister). [246] The association must be established by at least two founders in its constitutive act, which is the articles of association. In this case the association may function under the principles of unauthorized associations since the registration can only be successful with a minimum of seven members.
4. Registration requirements	Registration of a non-profit association involves a notary and the registration to the local register of associations.[247] The entry in the Register of Associations is conditional upon application at the local court (Amtsgericht) for the district in which the association has its seat. [248] There are no requirement for the provision of nominal or minimum capital. When a request for registration is made, the following documents must be submitted:

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[245] https://uk.practicallaw.thomsonreuters.com/3-632-5987?transitionType=Default&contextData=(sc.Default)

[246] §21 and §64, Civil Code.

[247] According to §55a, this registry is also maintained electronically as a computerized data file.

[248] §55, Civil Code.

	a) a copy of the articles of association (The articles must include information regarding the name, the seat, its purpose and the intention to be registered as non-profit association, including the suffix e.V in the name) b) a copy of the appointment of the board members
5. Administration costs	In Germany, administration costs are regulated in the Law on the costs for Courts and Notaries (Gerichts- und Notarkostengesetz, GNotKG). The first registration with the court costs 75 EUR and publication costs. For later entries, for example in case of amendment of the statutes, the court will incur costs of 50 EUR plus minor publication costs, which varies at a federal state level. In some federal states, there are state regulations according to which clubs or associations recognized as tax-privileged can apply for exemption from court costs due to the promotion of charitable or charitable purposes. [249] The notary costs for the registration of the foundation of an association amounts to EUR 20 and for the drafting of the application form for the register EUR 30 (total EUR 50). [250]
6. Liability	After the registration, the association acquires legal personality. Therefore, the liability of the association is limited to its assets and is separated from the assets of its members. The association is also liable for damage caused by the Board to a third party through actions or omissions in violation of their duties. This is the so-called organ liability (Organhaftung). Exceptions from the non-liability of the Board and the members are introduced through §31a-31b of the Civil Code in cases of misconduct. In section 31a and 31b of the Civil Code it is mainly described that if members of executive bodies or special representatives act without financial compensation, or if they receive remuneration for their activity which does not exceed 720 EUR per year, they are liable towards the association for damage caused in performing their duties only in case of intent or gross negligence. Exception constitutes the unincorporated association which pursuant to §54 brings joint liability of all the involved persons together.

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[249] https://www.rkpn.de/vereinsrecht/veroeffentlichungen/eintragungen-in-das-vereinsregister-wurden-teurer.html

[250] https://www.vereinswiki.info/node/156.

7. Legal personality	Non-profit associations obtain their legal personality after registration to the register of associations kept at the local court (Amtsgericht) for the district in which the association has its seat (Eintragung). This register is kept in the competent local court where the association has its seat[251] and it may also be stored electronically as a computerized data file.[252] The latter lays on the decision of each federal state. On the other hand, economic/commercial associations (association with economic purposes) obtain their legal personality by permission of the relevant authority (Konzessionierung), which is basically and administrative distinctive process. Depending on the form, after the completion of one or the other alternatives (registration or permission), the registered association acquires legal personality. It can be subject of rights and liabilities just as natural persons. This particularly means that it is able to act in its own name represented by its organs, conclude transactions, sue and be sued in its own name; it also has the right to possess property, including real estate.
8. Definitions of public interest	In Germany, the “public benefit” concept is described in the Fiscal Code (Abgabenordnung, AO). The Fiscal Code includes a definition of a tax-privileged purpose. Moreover, the Fiscal Code stipulates those special requirements that exist for organizations working for tax-privileged purposes. According to the Fiscal Code, there are three types of tax-exemptions: 1. Public benefit purposes (Gemeinnützige Zwecke § 52): an organization pursues public benefit purposes (gemeinnützige Zwecke) if “its activities aim to support the general public materially, intellectually, or morally.” 2. Benevolent purposes (Mildtätige Zwecke § 53). An entity pursues “benevolent purposes” (mildtätige Zwecke) if it aims to support and help people in need (to improve their economic situation, physical, psychological, or mental condition) 3. Church-related purposes (Kirchliche Zwecke § 54). These cover the support of public law religious communities, construction of houses of worship, spiritual development.

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[251] §§21 and 55, Civil Code.
[252] §55a Civil Code.

9. Membership regimes	Membership in the association is established on a contractual basis. The articles of association define the conditions regarding entry and withdrawal modalities of the members as well as their duties and rights.[253] Members always retain the right to withdraw from the association once entered, therefore membership remains voluntarily.[254] Membership can also be terminated on the grounds of: • Death or curatorship. In case that member is a legal entity, then death corresponds to cessation (but not dissolution or start of liquidation).[255] • Termination of the non-profit entity. • Exclusion by other members if similar possibility is granted through the articles of association. However, it should only be treated as a last and final resort.[256]
10. Economic activities permitted	According to Section 21 of the German Civil Code, non-profit associations may never pursue an economic activity as their main purpose. A definition of economic business operations can be found in the Tax Code (Section 14) and is defined as an independent, sustainable activity that generates income or other economic benefits and that goes beyond mere asset management. In principle, a non-profit association cannot engage in commercial activity in the sense that the association is not allowed to participate in the market and perform entrepreneurial acts. Nonetheless, some auxiliary commercial activities in support of the non-profit purpose which only play a subordinate role may be performed and do not harm. Since an association should be entitled to generate the necessary funds for the realization of the association's purpose, it cannot be prevented from directly realizing its ideal purpose with its economic activities.
11. Governance, operating rules and bodies	The supreme body of the association is the General Assembly of its members, which has the authority to appoint the members of the Managing Board. This appointment is revocable at any time. The managing body of the association is the Managing Board. The General Assembly is responsible for:

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[253] §58, Civil Code.
[254] §39, Civil Code.
[255] file:///C:/Users/elene/Downloads/2015_09_01_Vereinsrecht_Broschuere.pdf, page 31.
[256] file:///C:/Users/elene/Downloads/2015_09_01_Vereinsrecht_Broschuere.pdf, page 31.

	• amending the articles of the association (§33(1) Civil Code), • the appointment of the board members (§27(1) Civil Code), • decision-making and resolutions for all matters that do not fall within the competence of other bodies of the association (business management matters) (§32(1) Civil Code). The Managing Board is in principle the responsible body for convening the General Assembly. The Managing Board consists of one person, unless the articles of association provide otherwise. In this case, the Managing Board may consist of many persons. The members of the Managing Board of an association can only be remunerated if the articles of association stipulate this. The duties and powers of the Board include: • the management of the company and supervision of the association's non-profit oriented activities • the legal representation of the association, unless provided otherwise in the articles of association • the registration of the association at the register of associations.
12. State supervision	In order for an association to be recognized as non-profit by the financial authorities, the association's statutes and activities must meet special requirements laid down in §§ 51 et seq. of the tax code (AO) regulated. Record-keeping is one of the main obligation of associations because the recording of the income and expenditure of the association is a prerequisite for the association to be able to benefit from tax exemptions and tax concessions. The association must provide evidence that the management of the company is oriented towards the non-profit and tax exempted purposes and complies with the relevant provisions of the articles of association. Violation of the recording obligations can have far-reaching consequences - up to and including loss of non-profit status. Unlike the non-profit ones, economic associations are conditional upon a system of state permission. For this permission to be granted, a closer in-depth screening of the association, its purposes and objectives, is necessary.
13. Reporting and transparency	The organizations benefiting from tax-exempted status, are obliged to file a report on their accounts, the use of funds as well as the accumulation of reserves with the tax authorities.

	The associations can submit a cash-flow accounting report with an inventory, or a commercial annual financial statement with a balance sheet and profit and loss account. There is no an obligation for the reports to be published.
14. Resources and assets management	In principle, the Managing Board is in charge of managing the assets of the association Section 45 of the Civil Code introduces a special provision regarding asset management of the association in cases of dissolution or deprivation of the legal personality of the association. If the purposes pursued by the association are not commercial business operations, the general meeting may, even without such a provision, allocate the assets to a public foundation or institution.
15. Liquidation	The Liquidation phase always comes before the dissolution of the association. The liquidation of assets is operated by the Board, unless the General Assembly appoints other third people according to the provisions of appointment of the Board. Liquidators have to convert the available assets into money for the satisfaction of the creditors of the association. For this reason, liquidation is to be announced in public notice so that all creditors become aware of this fact and manage to pursue their claims. [257] If an organization is dissolved or liquidated, or where its former charitable purpose is not applicable anymore, the assets of the organization that exceed the members' capital shares and the fair market value of their contributions in kind can only be used for tax-privileged purposes.
16. Fundamental decisions	Fundamental and strategic decisions related to the associations' life are made by the General Assembly. Prominent examples are the amendment of the articles of association (§33 Civil Code), the appointment of the members of the Board or the liquidators, the decision regarding dissolution, termination or merger of the association, decision regarding the height of the membership fees, budgetary decision or changing of the purpose of the association. [258]

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[257] §50 (1), Civil Code.
[258] https://deutsches-ehrenamt.de/vereinsrecht/mitgliederversammlung/.

17. Taxation regimes	In order to qualify for tax benefit, the associations must meet several criteria. The non-profit purpose written in the articles of association is not sufficient. A decisive factor is also the actual management of the entity, namely the way that the life of the association is organized[259]. In Germany, there are two main tax benefits for non-profit associations working for public benefit: They are exempted from inheritance tax, gift tax, and in majority of the cases from corporate income tax. There is a tax deduction option for donations and endowments from the taxable income of donors. The corporations, associations, and endowments working for public benefit, benevolent or religious purposes are generally exempted from corporate income and trade tax. Income from related business activities (Zweckbetriebe) is tax-exempt too, and includes the following: • Operating homes for the elderly, orphans or young people, people with disabilities, and so on[17] • Hospitals • Schools, colleges and universities • Workshops for the disabled • Joint service businesses of charities. The recognition of a non-profit Statue for an association does not exclude some commercial activities. In this framework, the association may be obliged to pay sales tax. For example, several charitable activities are exempt from VAT. Some of them include educational, health-related, cultural and scientific activities. Grants are also not subject to VAT. There is also prediction for tax exemption from real estate/property tax (Grundsteuer) for non-profit association.

LANDSCAPE OF ASSOCIATIONS

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[259] https://deutsches-ehrenamt.de/steuern/

1.Number of Associations	According to the report of Ziviz the estimated number of registered associations was 603 886 in 2017. The next similar survey on the matter with regards to Germany is scheduled for 2022.[260]
2.Number of members	The share of citizens involved in the third sector and the associations in particular is relatively high. Every second German is member of at least one association (2019)[261] and their number is estimated to over 50 million people (2013)[262].
3. Activities covered	According to the report Social Enterprises and their Ecosystem in Europe, Country report: Germany (2018), the majority of registered associations in Germany operate in the following areas: • Care services, • Education, • Culture, • Housing and integration.
4. Revenues	The sources of income of the registered associations in Germany is as follows: public grants and subsidies (29%), regulated service fees (38%), donations, sponsoring (13%), own revenues (sales, membership fees, return on capital market) – (19%)[263].
5. Economic weight	According to a study conducted in 2007 by the Bertelsmann Foundation, the Donors' Association for German Science and the Fritz Thyssen Foundation: In 2007, non-profit organizations contributed 4.1 percent to the overall gross value added of around 2,200 billion euros. The third sector is roughly the size of the German

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[260] https://www.ziviz.de/ziviz-survey; https://www.bertelsmann-stiftung.de/de/unsere-projekte/zivilgesellschaft-in-zahlen/projektnachrichten/ziviz-survey-2017

[261] "Zivilgesellschaft in Zahlen" der Robert Bosch Stiftung 2019, https://www.dw.com/de/die-deutschen-und-ihre-vereine/a-48403682.

[262] https://bundesverband.bvve.de/vereine-in-deutschland/

[263] European Commission (2018): Social Enterprises and their Ecosystems in Europe-Country report: Germany. Authors: Nicole Goeler von Ravensburg, Gorgi Krlev, Georg Mildenberger, Luxembourg: Publications Office of the European Union, available at http://ec.europa.eu/social/main.jsp?advSearchKey=socenterfiches&mode=advancedSubmit&catId=22

	construction industry and half the size of the public sector. Organizations from the areas of health and social affairs have the largest share of added value in the third sector with 51 billion euros (58 percent).[264]
6. Share between voluntary and paid work	It is difficult for scholars to determine the personnel structures of non-profit association. A study conducted in 2012 indicated that only 53% of the registered associations employed paid personnel and only 36% of the foundations (Stiftungen) and these employment rates are mostly supported by part-time employment or mini-jobs.[265] On the other hand, volunteering is quite common in Germany.
7. Cross-border activities	Receipt of funding of foreign non-profit organizations is allowed by German tax law. In addition, it authorizes a donation deduction even if the recipient of the grant is located in another European country. Despite this, a requirement is that the foreign recipient of the grant meets the requirements of §§ 51 et seq. AO (in the Fiscal Code (Abgabenordnung, or AO) for tax privileges for non-profit organizations if he were resident in Germany (Federal Fiscal Court ruling of May 27, 2009 - XR 46/05, BeckRS 2009, 25015373).§§ 51 et seq. AO therefore also has a significant cross-border influence: Although they are not directly applicable to foreign non-profit corporations, they will often ensure compliance with these requirements in their own interest in order to benefit from indirect support through the donation deduction.[266]

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[264] https://idw-online.de/de/news430533

[265] European Commission (2018): Social Enterprises and their Ecosystems in Europe-Country report: Germany. Authors: Nicole Goeler von Ravensburg, Gorgi Krlev, Georg Mildenberger, Luxembourg: Publications Office of the European Union, available at http://ec.europa.eu/social/main.jsp?advSearchKey=socenterfiches&mode=advancedSubmit&catId=22, p. 66.

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Greece

Σχέση

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	In order to establish an association in Greece, 20 members are required as founding members. The purpose of establishing the association must be expressly stated in the Statute and the purpose must be non-profit. Depending on its purpose, an association may be religious, educational, professional, recreational, cultural, political, athletic, and others. In some cases associations are set up voluntarily, spontaneously or temporarily without legal personality. According to articles 78-107 of the Greek Civil Code, a commonly used form of **association** under the Greek legislation is the **Society**. It can be formed for purposes such as: religious, educational, professional, recreational, cultural, political, athletic, and others. A sub-category of Societies, is the so-called **Union** or **Syndicate**. Another type of association is the **Foundation**, which is a private law legal entity. Another type of association is also **Fundraising Committee (FC),** which is an association of at least five natural persons that has acquired legal personality and aims to collect money or objects through fundraising or celebrations or other similar means in order to become eligible of certain public benefits
2. Sources of law founding associations	• The Greek Constitution , the right to form an association is established by article 12 of the Greek Constitution. • Greek Civil Code • Law N° 4172/2013
3. Formation requirements and constitutive acts and elements	According to the Civil Code, **a society is formed by a written constituent act, signed by at least 20 natural persons**. The members express their will to form a Society in the document. Pursuant to that, the members draft the society's Statute that contains the rules that govern its function and organization. All members must sign the Statute. In order to form **a foundation**, there are two important elements: a constituent act and State approval (via a Presidential Decree). Concerning the registration of a foundation, the constituent act can either take the form of donation or inheritance. In both cases, it must be prepared in writing.

4. Registration requirements	Concerning the registration of an association (of society-type) after all members sign the statute, the Court of First Instance will examine whether all legal conditions for its establishment have been met (art. 80). If there are no irregularities, the Court validates the statute and orders the registration of the society in the Public Record of Associations kept in every Court of First Instance. In addition, the Court orders the publication of the statute's summary (this is a requirement for registration)– which contains the name of the Society, its purpose, registered office, names of the members – and, thus, the Society acquires legal personality (art. 74, 81, 83).
5. Administration costs	There is no administrative fee. However, the legal process involves a lawyer and there is minimum fee for the provision of such legal services approved by the Bar Association. The minimum amount is 95 euros plus VAT 24% for the application before the Court of the First Instance and another 95 euros plus 24% VAT for the process itself.
6. Liability	Greek associations are constituted as entities having full legal personality but a limited responsibility. This means that, personal assets are kept separate from the assets, which are the property of the association. In case of losses or bankruptcy, only corporate assets can be liquidated to satisfy creditors. In some (rare) cases associations are set up voluntarily, spontaneously or temporarily without legal personality. In this case there is a joint responsibility of all members who may be asked to intervene with their own personal assets. When the entity has no legal personality, the assets are not legally speaking, "assets of the association", since the association is based only on a contractual relationship.
7. Legal personality	The associations in Greece are legal persons governed by private law. In some circumstances, when the state is involved and the association has a public purpose, they are governed by public law. In some (rare) cases associations are set up voluntarily, spontaneously or temporarily **without legal personality**. In this case, there is a joint responsibility of all members who may be asked to intervene with their own personal assets.

8. Definitions of public interest	There is no general and clear definition of public interest in Greece, except in the financial/ banking or account field where public interest refers to the legitimate need for investors to have access to reliable financial information, financial data, audit reports, balance sheets, and others.
9. Membership regimes	A natural person may become member of an association (in the cases of the societies), either by signing its constituent act (founding member) or later upon his or her request to join as a member. The acquisition of membership is free, which further means that no one can either be forced to join a society or be denied membership. As a consequence, a person may lose membership status if it leaves voluntarily. However, in cases of unacceptable behavior detrimental to the interests of the Society or in case of breach of the Statute's provisions, a member may be expelled by a decision of the General Assembly or the Disciplinary Board (if any). In addition**, membership is lost** due to death of the natural person or dissolution of the Society.
10. Economic activities permitted	Additional economic activities are allowed in the public interest, provided that they do not go against any principles of ethics and public morality. They should not contravene the law, undermine the public order or put in danger national interests or national security. The entity's Board is fully accountable and liable for all decisions taken. The members are not entitled to receive any profit which is expected to be re-invested in the social activities of the association (in public interest) losses.
11. Governance, operating rules and bodies	According to the provisions of the Civil Code and the Society's Statute, the most fundamental bodies in every Society are the General Assembly and the Board of Directors. Additionally, other bodies may exist if expressly provided in the Statute. The most common example is the Disciplinary Board. This is a committee competent for examining cases of members' misconduct.
12. State supervision	Supervisory authorities besides the Government and its Technical cabinets also include the most relevant and more directly involved Ministries such as: • the Ministry of Employment and Social Affairs; • the Ministry of Economy and Competitiveness; • the Ministry of Culture; Education and long life learning, • the Ministry of Industry; Enterprises and Maritime Affairs and other specialized executive Agencies and public authorities.

13. Reporting and transparency	All types of associations with additional revenues are obligated to keep accounting records (if generating revenues from business activities) and submit the documentation to the Ministry of Economy and Competitiveness. Associations without additional revenues are not required to keep accounting records. However, they must have regular record-keeping books, as stipulated by the Greek Civil Code and their statute.
15. Resources and assets management	In practice the resources and assets occur from state/EU/institutional funding, donations (monetary or in-kind), and membership contributions (as stipulated in the statute). The management of such assets is part of the duties of the Board of Directors or the General Assembly (if stipulated in the statute).
16. Liquidation	The Civil Code prescribes three different manners for the dissolution of an association (**Society)**: • **“self-dissolution”**, following a General Assembly decision. In this case, a quorum of ½ members and a majority 3/4 of the present members is required. • **“spontaneous dissolution”** which occurs if a condition set in the Statute is met, for example if the Society had been set up for a limited time period or if the number of members of the Society decreased to less than ten. • **“legal dissolution**”, i.e. a dissolution following a Court decision upon request of either the administration, the 1/5 of the Society’s members or the supervisory authority. Regarding the dissolution of a **Foundation**, the Civil Code provides that it can take place for the reasons stated in its constituent act or the Presidential Decree.
17.Fundamental decisions	As stipulated in the Civil Code and the Society’s Statute, the General Assembly and the Board of Directors are in charge of taking the fundamental decisions within the associations in Greece. Responsibilities of the General Assembly are the election of the members of the administration (the Board), decisions related to the entry or expulsion of a member, the preparation of strategies and annual plans, the approval of the balance sheet, the decision and the amendment of the Statute of the Society and the dissolution of the Society, dissolution.
18. Taxation regimes	The tax obligations of the associations in Greece are regulated by the Law 4172/2013. All associations are obliged to request and obtain a Tax Registry Number (TRN).

	If associations have additional business activities, the tax rate for this income is 29%, like companies. These provisions apply for tax income which is not generated during the exercise of their non-profit activities. Associations are VAT-exempt for the events that they organize for their financial support. However, these events should not be organized more than twice a year. The associations are taxable for their addition economic activities in a similar way to companies.

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	In 2017, according to the British Council Report, 2017, (highlighting as well the lack of more recent data), the estimated number of Social solidarity enterprises in Greece (based on the official MoL registry) **is between 573 and 673**, of them 243 are social cooperatives, limited liability cooperatives and just 27 are civil cooperatives and associations[267].
2. Number of members	Given that at least 20 members are necessary for the formation of an association at their number together with cooperatives is estimated to 27 (at least), **the minimal number of members of the associations in Greece exceeds 500 people** (and is likely to be much higher).
3. Activities covered	As reported by the National Agency for Volunteering in Greece, the biggest share of associations are active in the culture sector (37%), followed by social solidarity (18%), health and social protection (12%) and environment (12%). A small number of associations are operating in the child protection sector[268].
4. Revenues	According to the British Council Report, 2017, (highlighting as well the lack of more recent data), in 2012 the total revenues of cooperatives, mutuals, social enterprises, not-for-profit institutions, social and solidarity economy organizations, associations (societies) and associations (foundations) **is EUR 2.5 billion**[269].

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[267] https://www.britishcouncil.org/sites/default/files/greece_social_and_solidarity_economy_report_english_british_council_0.pdf

[268] https://ec.europa.eu/citizenship/pdf/national_report_gr_en.pdf, p 4.

[269] https://www.britishcouncil.org/sites/default/files/greece_social_and_solidarity_economy_report_english_british_council_0.pdf

5. Economic weight	According to the British Council Report, 2017, in 2012 the economic weight of cooperatives, mutuals, social enterprises, not-for-profit institutions, social and solidarity economy organizations, associations (societies) and associations (foundations) **is 1.4 % of the Greek GDP**[270].
6. Share between voluntary and paid work	According to the British Council Report 2017 most social enterprises employ very few people and a considerable number operate with just members, without any paid employees.
7. Cross-border activities	No data available.

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Hungary

Egyesület

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	Under the Hungarian Civil Code, associations are defined as follows: An association is a legal person established by at least ten natural persons, legal persons, and/or organizations without legal personality for the continuous realization of the common, permanent aim of the members and have a registered membership. We can find the term “civil organization” used for associations, foundations, public benefit organizations, as well as special forms of organizations created on the basis of the rights of association. It is important to point out, however, that not all associations are civil organizations in Hungary. Trade unions and political parties, for instance, are *not* considered to be civil organizations even if they are associations. See: 2. § (6) (b) of the Act CLXXV/2011 on the Freedom of Association, Public Benefit Status, and the Operation and Support of CSOs. Please provide this information in the footnote. There are no specific types of associations. Association is the registered legal form, which can be established for various purposes, such as leisure, sport, culture, political purpose (political parties), representation of rights and interests (alliances, trade unions) etc. One of the main characteristics of associations is that they cannot be founded for the purpose to carry out economic activities. However, it doesn’t mean that all economic activities are prohibited. Associations are allowed to pursue economic activities but only if the economic activity is directly linked to those objectives of the association that are defined in its statute. It is an important safeguard, however, that the profit gained from such activities cannot be distributed among the members since they must contribute to the main objectives of the association.
2. Sources of law founding associations	1. The Fundamental Law of Hungary 2. Act V/2013 on the Civil Code 3. Act CLXXV/2011 on the Freedom of Association, Public Benefit Status, and the Operation and Support of CSOs 4. Government Decree 350/2011 (XII.30) on covering CSO Financial Management, Fundraising, and Public Benefit Status. 5. Act CLXXV/2001 on the Right of Association, Public Benefit Status, as well as the Operation and Support of Civil Organizations

3. Formation requirements and constitutive acts and elements	At least ten persons are required to form an association. The persons can be natural persons, legal persons, and organizations without legal personality. The statute is the constitutive act of associations, which has to include the following elements: • the name of the organization, its goal and seat • the amount of the membership fee, the manner and time of its provision; • the names or registered offices of the members • the management. The statute guarantees the operation of the entity on the basis of the principle of self-government in accordance with the objectives defined and ensures the enforcement of the rights and obligations of the members
4. Registration requirements	A request for registration must be submitted to the Court of Registration having competence on the territory the association has its seat. According to the specific provisions of the Act CLXXXI/2011 on the Registration of Non-Governmental Organizations and their Rules of Procedure, the following documents must be attached to the application for a registration: • the designation of the court having competence • the name, place of residence (registered office) of the applicant • the name of the organization, the seat of the organization • the name and address of the organization's representative • the scope of the right of representation and the manner of exercising it • the purpose of the organization • the classification of the organization according to its purpose • the date of the memorandum and statute of association • type of the organization. Registering the association is obligatory as the legal personality of the association is acquired upon registration.

5. Administration costs	There is no fee for the registration of an association. (Act XCIII/1990).
6. Liability	The general regime of liability of legal persons applies to associations as well as laid down under the rules of legal persons in the Civil Code. Therefore, the association is liable for its obligations to the extent of its assets and the members and founders are not liable for the debts of the association as a main rule. However, if a member or a founder of the association has abused his/her limited liability and, thus, certain creditor claims remained unsatisfied when the association was dissolved without a successor, the member or the founder concerned has unlimited liability for those debts.
7. Legal personality	The legal personality of the association is acquired upon registration. A request for registration must be submitted to the Court of Registration having competence on the territory the association has its seat. It is important to point out in terms of legal personality that an association may not be transformed to another type of legal person, it may merge only with another association or may be divided into associations only.
8. Definitions of public interest	In Hungary, there is no exact definition of the term public interest. Nevertheless, it serves as a benchmark for legal interpretation (as laid down in the Constitution of Hungary) and as a basis for conferring a specific legal status for organizations pursuing activities of public interest. Therefore, organizations, which carry out such activities are labelled as public benefit organizations (PBOs), which status has many advantages. One of the most notable one is that individuals are entitled to donate 1 % of their income tax to PBOs. Associations qualify for public benefit status if they fulfil certain criteria. The most important one is that the organization must pursue a public benefit activity, that is, an activity, which directly or indirectly contributes to the realization of a public task (at a state or local government level). Moreover, the organization has to have adequate resources as well as social support.
9. Membership regimes	Members of an association can be natural persons, legal persons, and/or organizations without legal personality. To ensure transparency, a list of the members of the association must be kept by the association. However, there is no uniform standard on the format of this list. The management of the association can adopt an individual approach.

10. Economic activities permitted	The Civil Code provides that associations cannot be founded for the purpose to carry out economic activities. However, it doesn't mean that all economic activities are prohibited. Associations are allowed to pursue economic activities but only if the economic activity is directly linked to those objectives of the association that are defined in its statute. Therefore, all those economic activities are allowed, which contribute to realizing the main objectives of the association. It is an important safeguard, however, that the profit gained from such activities cannot be distributed among the members since they must contribute to the main objectives of the association.
11. Governance, operating rules and bodies	The organizational model of associations is the following: • Decision-Making Body: The decision-making body of the association can either take the form of a General Assembly or an Assembly of Delegates. All members are entitled to participate in their meetings, vote and make suggestions. • Representative (s): The person who represents the association is authorized to sign on behalf of it. • Management: The Management may either consist of one person or a body. In both cases, the main duty of the Management is to be in charge of the day-to-day affairs of the association and to take care of its general functioning in terms of finances, reports, membership etc. • Supervisory Board: Not all associations have a Supervisory Board since it is only required in specific circumstances. The Civil Code provides that establishing a Supervisory Board is compulsory only if half of the members of the association are not natural persons or if the association has more than 100 members. In all other cases, it is left to the member's discretion whether they set up one. The Supervisory Board is in charge of supervising compliance with the law, especially whether the functioning of the association is in alignment with the objectives defined in the statute and whether the association's decisions are duly carried out by its addresses.
12. State supervision	The following bodies are in charge of supervising associations: • Court of Registration: the court where the association was registered is in charge of the association's general supervision • National Tax and Customs Administration: responsible for the compliance with tax regulations (including tax exemptions) • State Audit Office: this entity is entrusted to supervise the financial management of the association

	- <u>Prosecution:</u> the prosecutor may initiate legality review proceedings in court due to its special powers over public benefit organizations and may request the court to delete the organization from the public benefit register. It is important to keep in mind that the National Tax and Customs Administration, the State Audit Office and the Prosecution are not the general supervisory authorities for associations but the general supervisory authorities for civil organizations. However, as already mentioned in the beginning, not all associations qualify as civil organizations. Political parties, trade unions are notable exemptions. Therefore, the National Tax and Customs Administration, the State Audit Office and the Prosecution are not authorized to supervise those associations, which do not qualify as civil organizations, such as trade unions or political parties.
13. Reporting and transparency	Associations must prepare their annual reports depending on the activity carried out by the organization, the amount of revenue from its main purpose, and the method of accounting. The report must be prepared by the Management and verified by the Decision-Making Body of the association. In order to ensure transparency, the report may be reviewed by an auditor, who is authorized to inspect the association's files, books, contracts, financial statements and documents, and may also request further clarification from the Management of the association, its employees or from the members of the Supervisory Board.
14. Resources and assets management	Resources of associations may stem from the following: - membership fee - financial support - donations - heritage - payment received from the founder and the assets made available by the founder - income tax - compensation for the activity performed under a public service contract.

15. Liquidation	Assets remaining after the dissolution of the association are to be designated to a public benefit organization that was established for the realization of the same or similar purpose as the association itself. When the statute contains no provisions regarding assets management, the assets are transferred to the National Cooperation Fund and will be utilized to support NPOs in Hungary. Any remaining assets need to be reported to the Council of National Cooperation Fund. Subsequently, an open tender procedure is organized.
16. Fundamental decisions	The fundamental decisions of the associations (like deciding on the amendments of the statute) are made by the Decision-Making Body, which can either take the form of a General Assembly or an Assembly of Delegates. The Decision-Making Body has to be convened when it is deemed necessary, but at least once a year.
17. Taxation regimes	VAT EXEMPTION In Hungary, many activities of public interest are exempt from VAT. In order for an activity to be exempt from VAT, it has to be carried out by an entity designated for public service. However, associations can also qualify for VAT-exemption if they have a public benefit organization status (PBO status). CORPORATE INCOME TAX EXEMPTION The revenues generated from public benefit activities are exempt from corporate income tax. In particular, revenues stemming from donations, mission-related activities, deposits, security, the purchase of real estate are not considered "entrepreneurial activities" and are exempt from corporate income tax. OTHER TAX ADVANTAGES Donations made to associations with PBO (public benefit) status are tax-deductible for companies under certain conditions. Donations made to the National Cultural Fund, the National Relief Fund, the Damage Mitigation Fund, and higher education institutions are also subject to tax deductions. Individuals, however, are not entitled to any tax deductions if they donate to associations. The following tax deductions are available: • 20 % of the donation is tax-deductible if the donation supports the public benefit activity of a PBO • 40 % of the donation is tax-deductible if it is provided to a PBO under a long-term contract • up to 50 % of the donation is tax-deductible if it supports the Hungarian Relief Fund, National Cultural Fund, or the Damage Mitigation Fund • 50 % of the donation is tax-deductible if it supports a higher education institution as a part of a grant.

	REBATE OF INDIVIDUAL TAXES Individuals are entitled to donate 1 % of their income tax to one of those associations that carry out activities of public benefit.

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	In 2020, there were 34 340 associations in Hungary.
2. Number of members	In 2020, NPOs had 3 512 916 members. (No data available for associations.)
3. Activities covered	In 2020, most associations operated in the following fields: culture, education, health care, environmental protection, innovation, housing, representation of rights and interests, humanitarian assistance, international cooperation, religion, sport, leisure.
4. Revenues	In 2020, associations generated 563 548 million HUF in revenue.
5. Economic weight	No data available.
6. Share between voluntary and paid work	In 2020, NPOs had 156 182 employees and 311 357 volunteers. (No data available for associations.)
7. Cross-border activities	No data is available.

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Ireland

Charities

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	In Ireland, the majority of public benefit organizations are established as one of the following legal forms: • An unincorporated association is a membership-based organization, which is created by the oral or written agreement of its members. The association does not have legal personality. Unincorporated associations are considered a common form as the requirements for their formation are not difficult for the founders • A trust is an organization in which one or more persons hold funds or property on behalf of other persons. A trust has no legal personality; the trustees must enter into legal relations and accept personal liability. Under certain conditions (as per Section 2 of the Charities Act 2009), a trust may become a body corporate. The trustees apply to the Charities Regulatory Authority (CRA) to obtain this status. • An alternative type of corporation, used primarily for non-profit organizations is a company limited by guarantee (CLG). The CLG does not have share capital; its members are guarantors, not shareholders. The guarantors contribute a nominal amount (for instance €1) toward winding up the company, should this becomes necessary. A CLG is not allowed to distribute profits to its members, and it is eligible to apply for charitable tax exemption. The governing instruments of a CLG are the memorandum and the articles of association. • The Designated Activity Company (DAC) is a legal form which exists since 2014. Unlike a CLG, a DAC is a company with share capital that can be limited by guarantee. This limited company type is applicable to those companies who wish to outline and define a specific type of business in their Constitution, rather than have unlimited powers as per the LTD company type. DAC ‘s retain Memorandum & Articles of Association as part of an overall Constitution document. Beyond legal forms, in Ireland, the concept of **charity** is central to non-profit organizations. The law to which the above-mentioned legal forms are subject is the Charities Act 2009, which applies to all the mentioned types of associations that acquire the status of charitable organizations. According to the Charities Act 2009, a charity can be established only for a charitable purpose, and its activities must advance that purpose. Pursuant to Section 2(1) of the Charities Act, a charity cannot engage in certain commercial or political activities. In addition, a division between mutual benefit and public benefit organizations applies.

	The Charities Act 2009 sets out the requirements which organizations must meet if they are to be considered a charitable organization and therefore regulated by the Act. The Charities Regulator describes this as ‘the charity test’ and, to qualify, an organization must meet all of the following criteria: • operates in the Republic of Ireland (this does not mean that the people from the organization will benefit need to be in Ireland); • exists for a charitable purpose(s); • promotes this charitable purpose(s) only; • carries out all activities to further this charitable purpose(s); • exists to benefit the public or a section of the public in Ireland, or elsewhere, through its charitable purpose(s); • is not an excluded body, in the meaning of the Charities Act 2009 (political parties or bodies that promote political parties or political cause, sporting bodies, a trade unions or a representative bodies of employers, a chambers of commerce and a bodies that promotes purposes that are unlawful).
2. Sources of law founding associations	A primary source of law in Ireland is the Constitution. It guarantees freedom of association. The Charities Act 2009 defines a charitable organization as the trustees of a charitable trust or a body corporate (this usually means a company) or an unincorporated body. Another legislative act to consider is the Companies Act 2014. Indeed, CLGs and DACs, unlike unincorporated associations and trusts, have legal personality. So, they are primarily subject to the provisions of the Companies Act 2014, and in terms of acquisition with the status of a charitable organization, the manner of registration, submission of reports, etc. they are subject to the provisions of the Charities Act 2009. Additional legislative acts that must be considered are: • Trustee Act 1931; • Friendly Societies Act 1875; Friendly Societies Act 1896 (as amended); Friendly Societies (Amendment) Act 1953; Friendly Societies (Amendment) Act 1977; • The Taxes Consolidation Act 1997 (as amended 2021); • Finance Act 2010 (as last amended in 2022); • VAT Act 1972 (as amended in 2021).

3. Formation requirements and constitutive acts and elements	Unincorporated association The unincorporated association is based on membership of participants under the form of an agreement. In the past, this agreement was concluded orally and nowadays, written forms are common. The agreement contains the terms and conditions that are written in the association’s constitution. As it has no legal personality, it cannot enter in commercial relations on its own. Also, associations fall under the Irish Contract Law. The members of the association are liable for the structure’s debts and obligations with their personal assets. The governing document of associations is its Constitution or Rules. Trust The formation requirements for trusts include drafting a deed of trust where the settlor, the trustee(s) and beneficiary(ies) are appointed. If the trust is created as a non-profit organization, the settlor will appoint a trustee to administer the assets, which are left to the beneficiaries. Similar to associations, the trust does not have a legal personality. The services provided by the trustee relies on a contract under which he or she accepts personal liability during the administration of the assets. The governing document of trusts is the Trust deed or Declaration of Trust. Corporations limited by guarantee A Company Limited by Guarantee does not have a share capital and its constitution provides that the liability of its members is limited to the amount that the members may, in the constitution, respectively undertake to contribute to the assets of the CLG in the event of winding up. The governing docuent of the CLG is the Constitution, comprising a Memorandum and Articles of Association. The procedure to set up a Company Limited by Guarantee in Ireland is as follows: • The first step is similar to any other company formation in Ireland, i.e. registering the company name. The name of a CLG must end with the words “company limited by guarantee”, or “cuideachta faoi theorainn ráthaíochta”; • The company must have a registered office in Ireland. The registered office of a company is the address to which CRO correspondence and all formal legal notices addressed to the company will be sent; • Drafting the constitution (Memorandum and Articles of Association). The constitution must accord with the form set out in the Act and comprise of a memorandum of association and articles of association; • Paying the registration fees. The governing documents must include the following information: • name of the charity;

	• main objects of the charity which must fall under one of the primary charitable purposes of the Charities Act 2009; • powers of the charity (which allow the charity to carry out its function, e.g. the power to fund-raise or hold property); • details of its geographic range of operation; • rules, which should cover membership, appointments and dismissals, executive committees, meetings and any other rules required for the proper conduct of the organization; • specific income and property clauses that must be contained in the Constitution, regardless of the legal form. The Charities Regulator has produced a set of Model Constitutions[271], which serve organizations to more easily define the guidelines in their documents, while maintaining the most important elements that they must contain.
4. Registration requirements	The Charities Regulatory Authority (Charities Regulator[272]) is the statutory body responsible for regulating charitable organizations in Ireland. It maintains a public register of charities[273] and monitors their compliance with the Charities Act 2009[274], which sets out a charity's legal obligations for operating in Ireland. A charitable organization that intends to operate or carry on activities in the State shall, in accordance to the Authority must be registered in the register, and it shall be the duty of the charity trustees of the charitable organization concerned to make the application on behalf of the charitable organization. The information to provide to register includes where it operates, what it does and who the trustees are, information about the organization's income and fundraising activities (ie. bank account details, how they fundraise, details of any property they are using, a business plan). Each organization must provide a copy of its Constitution or governing documents. Organizations who work with vulnerable people and children must also give details of the risk assessment procedures and safety checks. If the Charities Regulator approves an organization's application, it grants charitable status, assigns them a Registered Charity Number and lists them as a charity on the public register.

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[271] https://www.charitiesregulator.ie/media/1479/model-constitution-clg.docx

[272] https://www.charitiesregulator.ie/en

[273] https://www.charitiesregulator.ie/en/information-for-the-public/search-the-register-of-charities

[274] https://www.irishstatutebook.ie/eli/2009/act/6/enacted/en/html

5. Administration costs	The Charities Regulator does not currently charge a fee for registration. However, a fee of €100 is envisaged.
6 Liability	Members of an unincorporated association can have personal liability[275] at the time that the act itself was carried out. In trusts, charity trustees are responsible for the affairs of the charity and must carry out their duties diligently. In a situation when they fail to do it, this could be considered a breach of trust. The trustees could be held personally liable for any loss or damage that their charity sustains as a result of their actions[276]. The constitution of a Company Limited by Guarantee provides that the liability of its members is limited to the amount that the members contribution to the assets of the CLG in the event of a liquidation[277].
7. Legal personality	The unincorporated association does not have legal personality and cannot enter into legal relations. Individuals contracting on behalf of an unincorporated association may be personally liable for breaches of the relevant contract or they may be found to be acting as agents for the members, depending on the scenario. Similarly, a trust has no legal personality and the trustees themselves must enter into legal relations and accept personal liability. A company limited by guarantee (CLG) has legal personality.
8. Definitions of public interest	There is no requirement for non-profit organization to be established for public benefit (many of them are registered for a mutual benefit, or the benefit of their members). However, if formed for a purpose that serves the public benefit, they are eligible for charitable status. For an organization to be eligible for registration as a charitable organization in the Republic of Ireland, it must consequently meet the following three conditions: (i) to operate in the Republic of Ireland, (ii) to have exclusively charitable purposes and (iii) to provide a clear public benefit, in the country or elsewhere. The Charities Act 2009 defines “charitable purpose” as follows:

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[275] https://www.matheson.com/insights/detail/liability-in-unincorporated-associations?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration

[276] https://www.charitiesregulator.ie/media/1078/guidance-for-charity-trustees-july-2017.pdf

[277] https://www.businesssetup.com/ie/company-limited-by-guarantee-clg-ireland#:~:text=A%20Company%20Limited%20by%20Guarantee,the%20event%20of%20winding%20up

	- the prevention or relief of poverty or economic hardship;
	- the advancement of education;
	- the advancement of religion; and
	- any other purpose that is of benefit to the community.[278] This includes:
	  - the advancement of community welfare, including the relief of those in need by reason of youth, age, ill-health, or disability;
	  - the advancement of community development, including rural or urban regeneration; The promotion of civic responsibility or voluntary work;
	  - the promotion of health, including the prevention or relief of sickness, disease, or human suffering;
	  - the advancement of conflict resolution or reconciliation;
	  - the promotion of religious or racial harmony and harmonious community relations; The protection of the natural environment;
	  - the advancement of environmental sustainability;
	  - the advancement of the efficient and effective use of the property of charitable organizations;
	  - the prevention or relief of suffering of animals;
	  - the advancement of the arts, culture, heritage, or sciences; and
	  - the integration of those who are disadvantaged, and the promotion of their full participation in society[279].

9. Membership regimes	Charity trustees are the people who control and are legally responsible for the management of a charity. Trustees may not profit from their duties as a charity trustee, for instance with a salary or other benefits. However, charities may reimburse trustees for any reasonable expenses that arise from undertaking duties as a trustee. The duties as a charity trustee are set out in the governing document of the charity, legislation and common law. The general duties as a trustee are to: - Comply with the charity's governing document - Ensure that the charity is carrying out its charitable purposes for the public benefit - Act in the best interests of the charity

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[278] Charities Act 2009 Section 3(1)
[279] Charities Act 2009 Section 3(11)

	- Manage the assets of the charity - Make appropriate investment decisions - Ensure that the charity is registered on the Charities Regulator’s Register of Charities - Ensure that the charity keeps proper books of account (these must include daily entries of all money your charity receives and pays out, as well as a record of your charity’s assets and liabilities) - Ensure that the charity prepares and gives its financial accounts to the Charities Regulator - Ensure that the charity prepares and gives its annual report to the Charities Regulator - Ensure that the charity comply with any directions issued by the Charities Regulator - Ensure that the charity inform the Charities Regulator if you think that a theft or fraud has taken place at the charity. Exclusion criteria for trustees exists as well. This concerns citizens who: - Are bankrupt; - Enter into an insolvency arrangement under the Personal Insolvency Act 2012; - Are convicted of an offence; - Are sentenced to a term of imprisonment; - Are disqualified from acting as a director or auditor or from managing a company under the Companies Acts 2014 as amended; - Are disqualified from being a pension fund trustee under the Pensions Acts; - Have been removed from the position of a charity trustee by a High Court order under the Charities Act 2009.
10. Economic activities permitted	The Irish tax law allows a charity to conduct certain economic activities, or "trading," with profits exempt from tax under a “trading exemption.” The Revenue Commissioners[280] defines trading as “generally involving the sale of goods or services to customers with a view to generating profit.” In order to qualify for a trading exemption, a body established only for charitable purposes must apply the income derived from its trading solely to advancing those purposes”.

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[280] The Office of the Revenue Commissioners was established by Government Order in 1923. The Order provided for a Board of Commissioners. The core business is the assessment and collection of taxes and duties. Revenue's mandate derives from obligations imposed by statute and by the Government and as a result of Ireland's membership of the European Union (EU).

	In addition, the organization ordinarily must satisfy one of the following two conditions: 1. The trade must occur in the course of carrying out a primary purpose of the charity (Taxes Consolidation Act 1997 Section 208(2)(b)(i)). Economic activities that would not otherwise qualify may nonetheless fall under the trading exemption if they are ancillary to pursuing the charity's primary purpose. 2. The work in connection with the trade must be carried on mainly by beneficiaries of the charity (Taxes Consolidation Act 1997 Section 208(2)(b)(ii)).
11. Governance, operating rules and bodies	The people who rule the charities are the Charity trustees. • In an unincorporated association, they may be known as committee members; • If the trustees of a specific trust are the ones who decide policy and control the assets, then they are also charity trustees; • If the charity is incorporated as a company, these people may also be known as directors or board members. The Charities Regulator launched a Charities Governance Code in late 2018. This Code sets out a mandatory standards for governance in Irish charities. The Code identifies six principles on which good governance is based, and include key responsibilities for charity trustees (advancing Charitable Purpose, behaving with Integrity, leading People, exercising control, working effectively, being accountable & transparent). A CLG must have at least two directors (every director aged at least 18 years, one EEA-resident) and a person may not have more than twenty-five directorships in CLGs or other types of Irish company (subject to certain group-related exceptions). One of these directors will be permitted to be the company secretary. Unless its constitution provides otherwise, the remuneration (if any) of directors of a CLG must be determined in general meeting by its members. The Charities Act 2009 (and Revenue rules currently) restricts the ability of charities to pay directors. Unless the constitution of a CLG provides otherwise a director of a CLG: • may not vote in respect of any contract, appointment or arrangement in which he or she is interested and shall not be counted in the quorum; • may not hold any such position in conjunction with his or her office of director and; • must retire by rotation. Unless its constitution provides otherwise**,** a CLG can avail of powers to pass unanimous resolutions of members instead of holding physical meetings. A CLG with two or more members may not dispense with the requirement to hold an

	Annual General Meeting. A CLG cannot use the majority members written resolution and can, in its constitution, remove the right of members to appoint proxies. The role of the Chairperson of a charity Each board of charity trustees should have a chairperson whose duties include: • Leading the board; • Ensuring smooth running of board meetings; • Promoting good governance among fellow charity trustees; • Providing supervision and support to the manager/CEO (where applicable); • Acting as a figurehead or spokesperson where required.
12. State supervision	The Charities Regulatory Authority (CRA) is an independent regulatory agency of the Department of Justice and Equality. The Charities Regulatory Authority’s functions include the establishment and maintenance of a register of charitable organizations. It is also charged with promoting compliance by charity trustees with their duties in the control and management of charitable trusts and organizations. According to Article 14 of the Charitable Act 2009, the functions of the Charities Regulatory Authority include: • increase public trust and confidence in the management and administration of charitable trusts and charitable organizations, • promote compliance of charity trustees with their duties in the control and management of charitable trusts and charitable organizations, • promote the effective use of the property of charitable trusts or charitable organizations, • ensure the accountability of charitable organizations to donors and beneficiaries of charitable gifts, and the public, • promote understanding of the requirement that charitable purposes must confer a public benefit, • establish and maintain a register of charitable organizations, • ensure and monitor compliance by charitable organizations with this Act, • carry out investigations in accordance with this Act; • encourage and facilitate the better administration and management of charitable organizations by the provision of information or advice, including in particular by way of issuing (or, as it considers appropriate, approving) guidelines, codes of conduct, and model constitutional documents,

	- carry on such activities or publish such information (including statistical information) concerning charitable organizations and trusts as it considers appropriate; - provide information (including statistical information) or advice, or make proposals, to the Minister on matters relating to the functions of the Authority.
13. Reporting and transparency	According to Article 52 of the Charities Act (Article 52) the charity trustees of a charitable organization shall, not later than 10 months or longer period as the Authority may specify, after the end of each financial year, prepare and submit to the Authority an annual report in respect of its activities in that financial year. The following shall be attached to the annual report: - a copy of the annual statement of accounts or the income and expenditure account and the statement of assets and liabilities, as the case may be, in respect of the financial year concerned; - where the accounts of the charitable organization have been audited, a copy of the auditor's report; - where the accounts of the charitable organization have been examined by an independent person, a copy of the independent person's report. A copy of the accounts prepared by a charitable organization in accordance with the Companies Acts shall, in respect of the financial year concerned, be attached to the annual report. This applies to a charitable organization that is a company, and is not required to annex its accounts to the annual return made by it to the registrar of companies under the Companies Acts. An annual report submitted to the Authority and any document attached thereto shall be kept by the Authority for such period as deemed necessary. [281]
14. Resources and assets management	In a trust, one or more persons operating under the authority of a "deed of trust" hold funds or property on behalf of other persons. A charitable company, as an incorporated body, can own property, will be liable for its own debts, and can transact business with third parties.
15. Liquidation	Because the winding up of any charity may raise important questions for the Charities Regulator, the charity must always, before starting a winding up, notify the Charities Regulator of its intention to wind up.

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[281] https://www.irishstatutebook.ie/eli/2009/act/6/enacted/en/print

Further to section 92 of the Charities Act, any surplus in the charity's assets or funds may not be paid to the members of the charity without the Charities Regulator's prior consent, even if such payment is permitted by the charity's own constitutional documents or internal rules.

Under section 47(8) of the Charities Act, the trustees of the charity (or where relevant, the liquidator) must retain the financial statements of the original charity for at least six years after the winding up is completed.

Unincorporated Association

Members or trustees could be made personally liable for any unsatisfied debts or obligations in case of liquidation.

The board of trustees should ensure that the general requirements, including notifying the Charities Regulator in advance of taking any action are satisfied. They should also carefully follow any procedure set out in the governing document for winding up, as the governing document operates as a contract among all members. Where the charity's governing document includes specific provisions for a winding up, these should be followed as they are legally binding. The board or trustees should be conscious that after an unincorporated charity is dissolved, they will still hold any of the charity's remaining assets on trust to be used for charitable purposes. They should remain aware of the danger of acting in breach of trust, for example, by donating the charity's assets to a charity with charitable purposes which are inconsistent with those of the dissolving charity.

The High Court has, in certain circumstances, the power to wind up an unincorporated association. It is important to note that if the winding up of an unincorporated charity is not conducted properly, there is a risk that an interested person could apply to the court to order that a liquidator be appointed to wind the charity up.

Trust

The trustees of a charitable trust should ensure that the general requirements, including notifying the Charities Regulator in advance of taking any action are satisfied. The trustees must also pay particular regard to the governing document of the charity, usually a deed of trust or declaration of trust. The trustees should carefully follow any procedure set out in the governing document for winding up, as the governing document is the source of both legal powers and legal duties of the trustees and are legally binding on the trustees.

Where there is no specified winding up procedure in the governing document, the following steps are recommended:

- the charity should issue notice to the trustees of an extraordinary general meeting (EGM) proposing to wind up the charity (usually 28 days' notice is standard);
- the Charities Regulator also requires that a copy of the notice of the trustees' meeting be sent to the Charities Regulator at the same time as it is sent to the trustees;
- the motion to wind up the charity should authorise the trustees (or identified trustees) to deal with matters including donation of any surplus assets or funds to a charity with a similar charitable purpose to that specified in the charity's governing rules; payment of all the charity's remaining debts; closing the charity's bank accounts; liaising with Revenue and the Charities Regulator to de-register the charity and ensuring all other necessary steps to fully and finally wind up the charity's operations are taken;
- the trustees should vote to pass the motion to dissolve the charity, either by a special (75%+) or ordinary (50%+) majority.

The charity trustees should be conscious that after a charitable trust is dissolved, they will still hold any of the charity's remaining assets on trust to be used for charitable purposes. They should remain aware of the danger of acting in breach of trust, for example, by donating the charity's assets to a charity with a charitable purpose which is inconsistent with the dissolving charity's purpose.

Company Limited by Guarantee ("CLG")

A CLG is a separate legal entity, which exists independently of its members. As such, a charity which operates in the form of a company must be wound up in accordance with the Companies Act 2014.

When considering winding up, a charity that is a limited company charity should also always have regard to any provisions in its Constitution relating to winding up. When considering any major change, it is wise for any charity to ensure that the Charities Regulator is kept aware of its plans and how they are progressing. It is also important to ensure that the charity has access to appropriate professional advice on how to proceed. The principal ways to wind up a limited company are by voluntary strike-off, involuntary strike-off or by liquidation.

	Liquidation involves appointing a liquidator who is responsible for managing the winding up of a company. A liquidator is usually a professional accountant familiar with the winding up process. A benefit of liquidation is therefore that the members can rely on the professional liquidator and have a less active role in the winding up; however, the liquidator's fees must be met and this will reduce any remaining charitable assets, so it is important to be clear about what fees are likely to arise
16. Fundamental decisions	Charity trustees are responsible for the management of a charity. They must ensure that they are overseeing the charity's operations and making any necessary decisions. Charity trustees must meet on a regular basis to enable them to deal with issues as they arise. For a company limited by guarantee (CLG), particular provisions apply to the holding of its members' meetings, such as the annual general meeting.
17. Taxation regimes	Being registered with the Charities Regulator is separate from being granted a charitable tax exemption. A charity must be registered with the Charities Regulator before they can apply for a charitable tax exemption. The Revenue Commissioners decide if an organization is a charity for tax purposes and whether it qualifies for a tax exemption. The tax regime in Ireland with relevance to the activities of the charities includes several types of tax reductions affecting: income tax, corporation tax (in the case of companies), capital gains tax, Deposit Interest Retention Tax (DIRT), capital acquisitions tax, stamp duty, and dividend withholding tax. The charitable entities are not exempt from VAT. Despite this, many items that relate to charitable activities are exempt. Organizations eligible for charitable status do not enjoy a general exemption from Value Added Tax (VAT). Charities, which are trading (such as for example selling publications or operating a restaurant) are obliged to register for VAT if they exceed the threshold for registration (€37,500 for the supply of services or €75,000 for the sale of goods). In addition, tax relief is available for donations to ”approved bodies”, including “eligible charities”. An eligible charity is a charity which is approved in writing by Revenue[282]. If an Irish taxpayer donates €250 or more to a registered charity in

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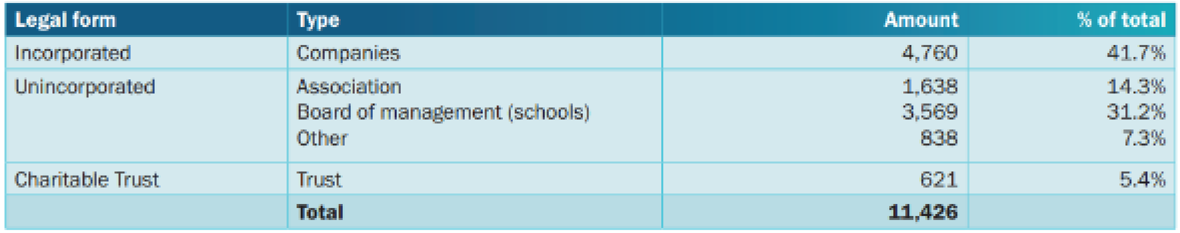
[282] This body is explained in footnote n° 10.

	any year, the charity can claim 45% in tax relief under the Charitable Donation Scheme. The following donations apply to approved bodies qualify for tax relief: a minimum donation of €250 and a maximum donation of €1,000,000 in any one year. Relief will be restricted to 10% of the donor's annual income if there is a connection between the donor and the approved body (which includes the eligible charities). An approved body may claim 31% tax relief on the donation.

LANDSCAPE OF ASSOCIATIONS

<table>
<tr><td>1. Number of associations</td><td>Number of charities in Ireland in 2020[283]:

<table>
<tr><th>Legal form</th><th>Type</th><th>Amount</th><th>% of total</th></tr>
<tr><td>Incorporated</td><td>Companies</td><td>4,760</td><td>41.7%</td></tr>
<tr><td>Unincorporated</td><td>Association
Board of management (schools)
Other</td><td>1,638
3,569
838</td><td>14.3%
31.2%
7.3%</td></tr>
<tr><td>Charitable Trust</td><td>Trust</td><td>621</td><td>5.4%</td></tr>
<tr><td></td><td>Total</td><td>11,426</td><td></td></tr>
</table>
<i>Table 1: Legal form of registered charities</i></td></tr>
<tr><td>2. Number of members</td><td>There were 74,124 charity trustees on the Register of Charities on 31 December 2020, an increase of 10% comparing to 2019[284].</td></tr>
<tr><td>3. Activities covered</td><td>Type of activities by 2020[285]:</td></tr>
</table>

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[283] https://www.charitiesregulator.ie/media/2211/final_charities-regulator-annual-report-2020.pdf

[284] https://www.charitiesregulator.ie/media/2211/final_charities-regulator-annual-report-2020.pdf, page 15.

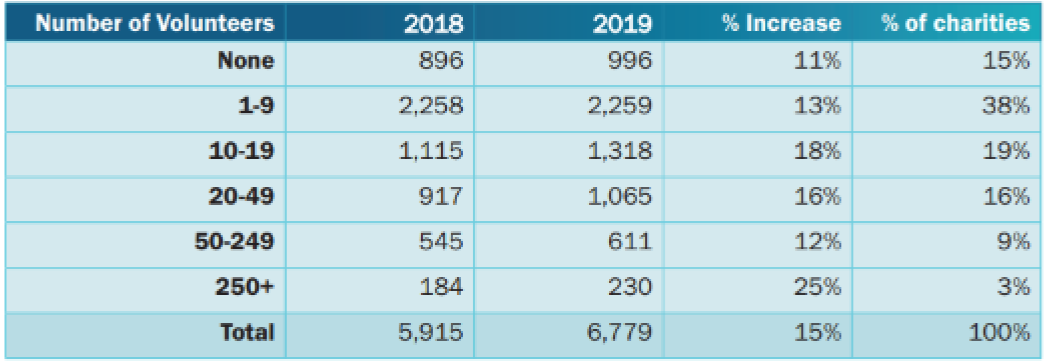
[285] https://www.charitiesregulator.ie/media/1947/charities-regulator-annual-report-2019.pdf

Charitable purpose by category	Number	% of total
Advancement of education	5,988	33%
Advancement of religion	1,245	6.6%
Other purpose of benefit to the community	10,101	53.9%
Relief of poverty or economic hardship	1,397	7.5%
Total	**18,731****	

Table 2: Charities by Charitable Purpose

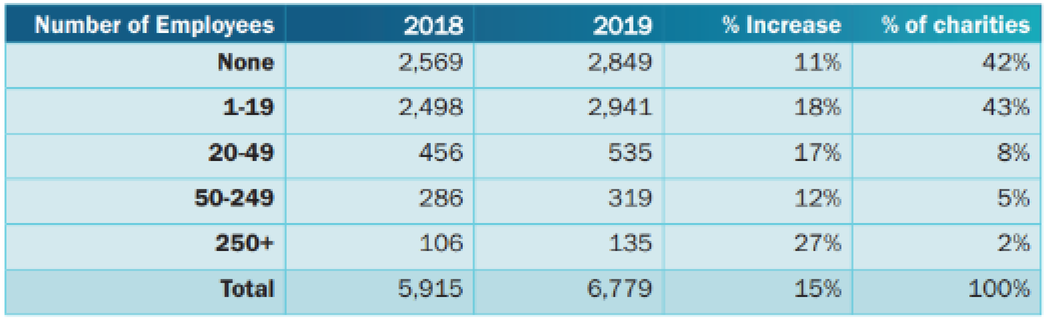
4. Revenues	The total turnover of the charity sector in 2021 was: €13.9bn.
5. Economic weight	In 2021, the economic weight of the charity sector in Ireland is 3% of the GDP.

6. Share between voluntary and paid work



Number of Volunteers	2018	2019	% Increase	% of charities
None	896	996	11%	15%
1-9	2,258	2,259	13%	38%
10-19	1,115	1,318	18%	19%
20-49	917	1,065	16%	16%
50-249	545	611	12%	9%
250+	184	230	25%	3%
Total	5,915	6,779	15%	100%

Table 4: Volunteers Working for Charities in 2019 compared to 2018



Number of Employees	2018	2019	% Increase	% of charities
None	2,569	2,849	11%	42%
1-19	2,498	2,941	18%	43%
20-49	456	535	17%	8%
50-249	286	319	12%	5%
250+	106	135	27%	2%
Total	5,915	6,779	15%	100%

Table 5: Employees Working for Charities in 2019 compared to 2018

7. Cross-border activities

Section 39 of the Charities Act 2009 facilitates the registration of charities established in other European Economic Area (EEA) jurisdictions.

References:

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https://www.cro.ie/en-ie/Registration/Company/Required-Steps
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https://www.charitiesregulator.ie/en/information-for-charities/apply-for-charitable-status
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Italy

Associazione

LEGAL FRAMEWORK

1. Definition, types of associations, and characteristics	In accordance with the Italian Constitution, associations are non-profit organizations that arise from a contract between a plurality of people or companies who decide to join to pursue an ideal purpose. There are two possible classifications of the different types of associations. • **Non-recognized associations**: they are made up of people who have organized themselves spontaneously and permanently to pursue a purpose of common interest of a non-economic nature. Non-recognized associations are entities without state recognition and therefore without the legal personality. • **Recognized associations**: they are private law organizations that have legal personality and are characterized by an associative structure with the participation of a plurality of people. A second classification groups the associations according to Law 383/2000, Law 289/2002, and Legislative Decree n. 266/1991 exists: • **Social Promotion Association (APS)**: The Social Promotion Association is a recognized or unrecognized association, movement, group, coordination, or federation, established to carry out activities of social utility in favour of associates or third parties • **Amateur sports association**: An amateur sports association is a body affiliated with the national sports federation of reference (or sports promotion body), which carries out amateur sports activities. • **Voluntary** association: A voluntary association carries out activities aimed at achieving social, civil, and cultural purposes and is characterized by providing activities by only volunteers. • **Generic or cultural association**: A generic or cultural association carries out its activity in the cultural or artistic field by members. Regarding the main characteristics of the associations, it is possible to identify three main features that all associations have: a) plurality of people; b) a common purpose; c) a mutual fund.
2. Sources of law founding associations	There are three primary sources of Law from which associations are framed: • **the Italian Constitution**, wherein several articles on the principle of associative freedom are provided (Article 18, Article 39 and Article 49).

	- **the Civil Code**: although it does not contain a specific definition of association, it is possible to infer that associations are characterized according to the Civil Code by having: a) an internal organization of a collectivistic or corporate type, which would be opposed to an organization of an individualistic kind; b) an open personal structure and the achievement of a category interest; c) a non-profit nature of the purpose pursued by the members. Furthermore, it distinguishes between recognized and unrecognized associations. - **the laws from the 1990s** regulating certain aspects of the association phenomenon, mainly with fiscal regulations.
3. Formation requirements and constitutive acts and elements	Associations that want to be recognized must be established by a public act and must gather at least three people. The two constitutive acts are the articles of association and the statute of the association. The following are essential elements of the **statute and if not provided,** will lead to invalidity of the statute (Article 16 of the Civil Code): a) the name of the entity; b) an indication of the purpose; c) an indication of the assets; d) the rules on organization and administration; e) the regulation of the rights and obligations of the members; f) the regulation of the conditions for their admission. Non-essential elements include: a) the provisions relating to the extinction of the entity; b) the devolution of assets; c) the modification of the articles of association and the statute; d) the transmission of the status of associate; e) the clause that requires you to be part of the association for a fixed period; f) in general, the clauses governing the life and functioning of the association are permitted by patrimonial autonomy and not provided for as mandatory by law. Non-recognized associations are not established by public act. In this case, members are free to decide how to write their statute.

4. Registration requirements	There is no rule of law that requires a specific form for the articles of association and the statute of an association. For example, the association could be constituted through a private act or a non-formalized agreement between the members. However, it is strongly recommended to register the statute at any provincial office of the Revenue Agency and obtain a tax code. Registering leads to the following benefits: • legal personality; • a more straightforward relationship with public and private entities; • the possibility of opening the association's bank or current postal account; • the possibility of enrolling in the municipal, provincial, regional registers, the non-profit registry, the records of voluntary associations and amateur sports associations; • benefit from the favourable tax regime provided for in article 148 of the T.U.I.R., that is, the complete tax exemption of paid activities carried out with members (activities that must be inherent to the association's purposes). Registration takes place in the register of legal persons, established at the Territorial Government Offices, the Regions, or the competent autonomous Provinces. Associations acquire legal personality and become recognized associations when registered. According to the Civil Code, the correct procedure for registering the acts of an association is the following: • determine the association's purpose • prepare two copies of the articles of association • go to the Revenue Agency to register the association.
5. Administration costs	The registration of associations costs (fee and stamps) varyies between EUR 290 and EUR 360.
6. Liability	Associations’ creditors can assert their rights on the common fund, i.e., the associative assets, which constitutes a generic patrimonial guarantee on the obligations contracted by the association. Furthermore, for these debts, the persons who acted in the name and on behalf of the association are also liable personally (i.e., each with their assets) and jointly (i.e., each is required to pay the entire debt).

	The persons who can act in the name and on behalf of the association are the president or the board of directors. However, the personal responsibility of the association administrators is connected to their actions. Therefore, if an administrator acts on his/her behalf for the association, he/she will be the only one responsible for that.
7. Legal personality	Non-recognized associations do not have legal personality. Recognition of legal personality is provided by the D.P.R. 361/2000 according to which associations acquire legal personality and become recognized associations through credit determined by registration in the register of legal persons. The latter is established at the Territorial Government Offices, the Regions, or the competent autonomous Provinces. The recognition of legal personality leads to perfect financial autonomy, the limitation of liability of the directors for the obligations assumed on behalf of the association, and the ability to accept inheritances, donations, and purchases properties.
8. Definitions of public interest	Associations can act in both private and public interest. If they work in the public interest, they are supposed to do at least one of the following activities open to the whole society: a) interventions and social services; b) interventions and health services; c) social and health services; d) education, instruction, and vocational training; e) interventions and services aimed at safeguarding and improving the conditions of the environment and at the wise and rational use of natural resources; f) interventions for the protection and enhancement of the cultural heritage and the landscape; g) university and post-university training; h) scientific research of particular social interest; i) organization and management of cultural, artistic, or recreational activities of social interest; j) social broadcasting; k) organization and management of tourist activities of social, cultural, or religious interest; l) extra-curricular training; m) instrumental services to third sector entities; n) development cooperation;

	o) commercial, production, education and information, promotion, representation, licensing of certification marks, carried out in the context of or in favour of fair trade chains; p) services aimed at the insertion or reintegration into the labour market of workers; q) social housing; r) humanitarian reception and social integration of migrants; s) social agriculture; t) organization and management of amateur sports activities; u) charity, distance support, free supply of alimony or provision of money, goods or services in support of disadvantaged people or activities of general interest; v) promotion of the culture of legality, peace between peoples, nonviolence, and unarmed defence; w) promotion and protection of human, civil, social, and political rights, as well as the rights of consumers and users of activities of general interest; x) care of international adoption procedures; y) civil protection; z) redevelopment of unused public assets or assets confiscated from organized crime.
9. Membership regimes	Associations are established by the founding members, who can indicate the needed requirements for admission of new members. Members' rights include: • the right to use the association's premises and the facilities and equipment, in compliance with the rules established by specific internal regulations; • the right to participate in the assembly, if in good standing with the payment of the membership fee, and to vote directly for the approval and changes to the statute and internal regulations and the appointment of the association's corporate bodies; • the right to participate in associative life in the forms prescribed by the statute and regulations; • the right to know the programs with which the association intends to implement the social purposes; • the right to participate in the activities promoted by the association; • the right to resign at any time. Among the duties of the members are: • compliance with the association's statute and regulations; • compliance with the statutes and regulations of the federations and associations to which the association is affiliated or associated;

	- compliance with the resolutions adopted by the corporate bodies; - payment of the membership fee at the established deadline, as well as contributions and extraordinary and supplementary costs approved by the Board of Directors; - participation in previously agreed association activities; - respect for the aims of the association through conduct under the social guidelines; - respect for the teaching method of the artistic or sports director, in the case of carrying out cultural, musical, artistic or sporting activities; - respect for the schedules of lessons, rehearsals, training, and so on. - participation in initiatives and events decided by the Shareholders' Assembly or the Board of Directors; - the correct use of systems, equipment, and anything else made available by the association; - the commitment to the conservation of the association's facilities and equipment. All members have equal rights and duties. Withdraw from the association is possible unless membership is provided for a specified period. The General Assembly can exclude an associate in case of severe reasons. The reasons are indicated in advance in the statute, during the constitution phase, or are subsequently approved by the General Assembly.
10. Economic activities permitted	Associations can carry out business activities which leads to the applicability of the business income tax legislation. Indeed, the legal form of association alone is insufficient to qualify these entities as non-commercial for tax purposes since associations can carry out any economic activity. A commercial activity carried out by associations means: - paid activity in favor of members who do not fall within the purposes set by the statute (for example, a music association that organizes a cooking course); - all paid activities carried out towards non-shareholder third parties; - revenues from sponsors and advertising; - all other activities carried out through an entrepreneurial organization. Furthermore, the following activities are always considered commercial by definition (even if carried out towards shareholders): - sale of new goods produced for sale; - administration of meals; - hotel services and accommodation;

	- transport and storage; - management of outlets and canteens; - the organization of travel and tourist stays; - trade fairs and exhibitions of a commercial nature; - commercial advertisements - industrial activities aimed at the production of goods or services.
11. Governance, operating rules and bodies	The supreme body of the association is the General Assembly, and the managing body of the association is the Board of Directors. **General Assembly** The General Assembly is the collegial body to which all the members belong. It is responsible for the decisions relating to the entity's life, activity, and discipline. E.g. the approval of the financial statements; amendments to the articles of association; the dissolution of the association; the appointment of directors and the initiation of liability actions against them; the exclusion of members. **Board of Directors** The Board of Directors is the administrative body of the association. The administrators carry out the association's external activity. There are no particular legislative limits to the composition of the administrative body, which therefore can be with a single director or collegial, that is, with a board of directors. However, all of this must be indicated and regulated by the articles of association. The articles of association will also establish the procedures for appointing the members and controlling representation powers. The Board has the following duties: the convocation of the assembly for the approval of the financial statements, or when a tenth of the members request it; b) prepare the financial statements and submit them for approval by the assembly; c) receive the declarations of withdrawal from the members.
12. State supervision	Associations are not subject to state control because Article 18 of the Italian Constitution grants them freedom to operate. However, if an association decides to register and transform itself from an unregistered to a registered association, it will have to perform a series of steps to register. At this point, according to Article 7 of Law 6 June 2016, n.106[286], the supervisory, monitoring, and control functions are carried out by the Ministry of Labor and Social Policies with the coordination of the Prime Minister

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[286] https://www.gazzettaufficiale.it/eli/id/2016/06/18/16G00118/sg

	and the involvement of the National Council of the Third Sector as well as concerning the aspects inherent to the discipline of voluntary civil protection organizations with the Civil Protection Department of the Presidency of the Council of Ministers.
13. Reporting and transparency	The primary accountability obligation of associations is the preparation and approval of the annual financial statements. The budget allows to have a precise picture of the economic and financial situation of the association, to manage it better. The annual budget must be formulated in such a way as to report all the income and expenses of the association, divided by analytical items and lists (assets, membership fees, contributions, bequests, donations, sponsorships, various expenses, personnel costs, and so on). There are no particular constraints in the preparation of this document, and therefore the detail required for commercial entities is not necessary. Instead, it is sufficient that the record is clear, truthfully reports the patrimonial situation of the association, and that the accounting items are not too general or merged. The financial statements may also be in surplus, and in this case, it is not a profit but a positive item to be carried forward in the financial statements for the following year. In addition, if the association also carries out commercial activities, the related accounting items must be strictly separated from those relating to the institutional activity of the entity, that is, the non-commercial activity carried out with the associates. The budget must be prepared by the Association's Board of Directors and approved by the General Assembly no later than four months after the end of the social year.
14. Resources and assets management	Associations operate with the following main types of resources: • incomes from private donations; • incomes from public donations; • incomes from foundations • incomes from main non-profit activity; • income from economic activities; • incomes form membership; • income from their assets; The Board of Directors manages the assets that can consist of: assets contributed by the founders and associates (for example, a property).

15. Liquidation	Associations are liquidated: a) in the cases provided for in the articles of association; b) when the purpose of the association has been achieved or has become impossible to achieve; c) when all the members have ceased to exist (Article 27 of the Italian Civil Code[287]); d) by resolution of the favorable vote of at least three-quarters of the members (art.21, last par., Civil Code[288]). At the request of any interested party, the prefecture ascertains the existence of one of the causes for the termination of the legal person and gives notice of termination to the administrators and the president. When the legal person is declared extinct or the association dissolved, the president of the court, even ex officio, appoints one or more liquidators unless the articles of association or statute provides for a different form of appointment and this is to be made within one month of the procedure. The liquidators operate under the supervision of the court. The court's president orders the cancellation of the association from the register of legal persons after the closure of the liquidation. Accordingly, the residual assets are devolved following the articles of association and the statute.
16. Fundamental decisions	The President is responsible for the direction of the association and the task of carrying out and directing the activities planned. It is, however, necessary to underline that in associations, the decision-making body is the Board of Directors, of which the President is one of the members. The latter cannot, therefore, make decisions alone.
17. Taxation regimes	In Italy, taxes are due when the associations perform commercial activities. We can distinguish two main cases. - The first occurs when the association carries out commercial activities on a marginal basis to complete and integrate the activity carried out for the members. In this case, the tax treatment of the favorable tax regime under law no. 389[289] applies. This is applicable for entities that have earned income for an amount not exceeding EUR 400,000 per tax period. Furthermore, associations must prepare and publish their financial statements to benefit of the tax advantages.

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[287] https://www.gazzettaufficiale.it/dettaglio/codici/codiceCivile

[288] https://www.gazzettaufficiale.it/dettaglio/codici/codiceCivile

[289] https://www.gazzettaufficiale.it/eli/id/1991/12/17/091G0448/sg

	- The second case occurs when commercial activities are carried out habitually and professionally, and the proceeds from these activities exceed those obtained in the context of the activity for the members. In this case, the association loses the requirement of non-commerciality and is considered, for tax purposes, a social enterprise in all respects. Therefore, all its activities are subject to the corporate tax regime, with the obligation to keep the ordinary accounting records and prepare the formal financial statements.

LANDSCAPE OF ASSOCIATIONS

1. Number of Associations	According to the latest permanent census of NPOs conducted by Istat[290] (2019), the social economy in Italy - made up of all NPOs, such as associations, foundations, and social enterprises - is made up of 336,275 NPOs and of these 286,942 associations in 2015. More recent research conducted by Istat[291] shows that in 2019 in Italy, there were 308,085 associations, equal to 85% of the total number of NPOs in Italy that were 362,634. The remaining 15% was distributed as follows: 4.3% by social cooperatives, 2.2% by foundations, and the rest with other legal forms (i.e., committees, ecclesiastical bodies) for 8.5%. Comparing 2019 with 2015, the number of NPOs increased by 26,359, confirming the positive trend of the last two decades, which sees the number of NPOs present in the national territory constantly growing. Also, the number of associations increased of 21,145, therefore most of the total increase in NPOs is given by the growth of associations. Furthermore, from the point of view of the distribution between unrecognized and recognized associations, there are only data in 2011, where the former was 201,004, while the latter were 68,349[292].
2.Number of members	No reliable data show the number of members of the Italian associations.

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[290] https://www.istat.it/it/archivio/229719
[291] https://www.istat.it/it/archivio/262507
[292] http://dati-censimentipermanenti.istat.it/?lang=en&SubSessionId=233cbf23-1c64-49b8-9ab3-fd06aeb3a243

<table>
<tr><td></td><td>Regarding number of employees, the entire Italian non-profit sector in 2019 had 861,919 employees and associations had 163,125 employees equal to 18.9% of the total, while social cooperatives had 53%, foundations 11,9% and others 16,2%[293]. Therefore associations, after social cooperatives, have the largest number of employees within non-profit sector.</td></tr>
<tr><td>3.Activities covered</td><td>Sport, culture, and recreation represent a significant part of the associations' activities. In 2019, 70.6% of the total number of associations carried out these activities, representing 217,470 associations[294].

The rest of the sectors of activity carried out concern:
Social assistance and civil protection 7.9%;
Trade union relations and interest representation 7.7%
Healthcare 3.6%
Education and research 2.2%;
Protection of rights and political activity 2%;
Environment 1.8%
Others (philanthropy, religion, economic development) 4.2%</td></tr>
<tr><td>4.Revenues</td><td>Traditionally, many Italian associations do not carry out commercial activities but only philanthropy, and for this reason, their revenues are low. Consequently, even the information concerning this aspect is sporadic and not updated.

However, if we consider the associations that have operated as social enterprises, it is possible to measure their economic income. According to Borzaga, Calzaroni, and Lori (2016), 52% of the revenue of the Italian associations came from contracts or other forms of agreements entered into with public administrations, while 34% of the total revenue comes from the economic activity of the sale of goods or services. The remaining 14% is revenue from donations, membership fees, etc.
<table><tr><th></th><th>Revenues in euro</th><th>%</th></tr></table></td></tr>
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[293] https://www.istat.it/it/archivio/262507

[294] https://www.istat.it/it/archivio/262507

Contracts and / or agreements with public institutions	2,942,209,000	52%
Sale of goods and services	1,935,277,000	34%
Other	784,243,000	14%
Total	5,661,729,000	100%

5.Economic weight	There are no data about the economic weight of Italian associations. However, it can be emphasized that cooperatives are the primary type of NPOs to contribute most to creating the added value of the social economy with a share of 60% of the total for the entire sector, amounting to 28.6 billion euros, which equals to 1,3% of the GDP of Italy in 2020.
6. Share between voluntary and paid work.	The most updated data on voluntary and paid workers in Italian associations are from 2015[295]. According to such data, in 2015 the 336,275 NPOs had 788,126 employees and 5,528,760 volunteers, while the 286,942 associations had 154,489 employees and 5,020,810 volunteers. Therefore, while associations represent 85.3% of the total number of NPOs, they have only 19.6% of the total number of employees. Indeed, most non-profit sector employees work in social cooperatives that are the main Italian social enterprise type. 90,8% of the total amount of volunteers belong the associations.
7. Cross-border activities	There is no specific Registry of branches of foreign non-profit legal entities in Italy. However, from the website of the Italian Ministry of foreign affairs and international cooperation[296], it is possible to identify the following four federations grouping Italian NGOs and aiming to operate at international level: - Link 2007[297] brings together 9 international NGOs; - CINI[298] (Italian Coordination of International Networks) brings together 5 NGOs belonging to other international networks;

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[295] https://www.istat.it/it/archivio/207807

[296] https://web.archive.org/web/20160830152438/http://www.cooperazioneallosviluppo.esteri.it/pdgcs/index.php?option=com_content&view=article&id=11619:home-inglese&catid=2:uncategorised&Itemid=578

[297] http://www.link2007.org

[298] https://www.cininet.org

	- Concord Italia[299] is the Italian Federation of 45 NGOs that operate in Europe for development cooperation, humanitarian aid, global education, and public awareness; - Alliance 2015[15] is a network of 7 Italian and foreign NGOs engaged in humanitarian and development action.

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[299] http://www.concorditalia.org

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LATVIA

Biedrību

LEGAL FRAMEWORK

1.Definition and types of associations	According to the Associations and Foundations Law (Section 2 - Concept of Associations and Foundations), “An association is a voluntary union of persons founded to achieve the goal specified in the Statutes of association, which shall not have a profit-making nature”. [300] The associations in Latvia could be of mutual or public benefit. A typology of the associations by areas of activities is provided by the Cabinet Regulation No. 779 (in force since 2016), which classifies associations and foundations based on their areas of activity: 1. employers' organizations, trade unions, professional associations; 2. culture and recreation; 3. media and communication; 4. research and education; 5. health; 6.social support measures for persons; 7. protection of the environment and animals; 8. development and housing supply; 9. justice and protection of interests; 10. mediation of philanthropy and promotion of volunteering; 11. youth association or foundation; 12. voluntary fire brigade organizations; 13. sports associations and foundations; 14. international activities; 15. association or foundation not elsewhere classified[301]. However, despite the existence of this official typology, there is a specificity of the Latvian case. The legal framework does not impose a mandatory registration of the type of activities, and most associations and foundations do not show their areas of activity.

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[300] https://likumi.lv/ta/en/en/id/81050

[301] https://likumi.lv/ta/id/278848-biedribu-un-nodibinajumu-klasificesanas-noteikumi

2. Sources of law	A primary source of law in the field is the Constitution. According to Article 102: “Everyone has the right to form and join associations, political parties and other public organizations.”[302] The two main laws with relevance to the associations are the Associations and Foundations Law as well as the Public Benefit Organizations Law. Other legal acts that must be considered are the Law on the Procedure for the Entry into Force of the Law on Associations and Foundations[303], Rules about administrative costs of public benefit organizations[5], Rules for vulnerable groups[304], Regulations on public benefit organizations commission[305], the Law on Voluntary Work, the Law On Religious Organizations[306], Classification rules for associations and foundations[307]; Procedures regarding the State Fee for the Making of an Entry in the Register of Associations and Foundations[308], the Enterprise Income Tax Law, the Public Benefit Organization Law.
3. Formation requirements and constitutive acts and elements	An association in Latvia can be founded by natural and legal persons, as well as by partnerships with legal capacity. The minimal number of founders required is two[11]. In order to create an association, the founders must adopt a written decision – a memorandum. The following information must be indicated in a decision on founding an association: 1) the name of the association; 2) the objective of the association; 3) the given name, surname and personal identity number of the founders; for a legal person and partnership - the name, registration number and legal address; 4) the rights and obligations of the founders if the founders have agreed on them; 5) an authorisation (if such was given) for certain founders to sign the Statutes of association and an application to the Register authority; 6) other information that the founders deem necessary[309].

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[303] https://likumi.lv/ta/id/83922-biedribu-un-nodibinajumu-likuma-speka-stasanas-kartibas-likums

[304] https://likumi.lv/ta/id/99488-noteikumi-par-sociali-mazaizsargato-personu-grupam[304]

[305] https://likumi.lv/ta/id/97385-sabiedriska-labuma-komisijas-nolikums

[306] https://likumi.lv/ta/en/en/id/36874

[307] https://likumi.lv/ta/id/278848-biedribu-un-nodibinajumu-klasificesanas-noteikumi - only in Latvian

[308] https://likumi.lv/ta/en/en/id/87233

[309] See: Associations and Foundations Law, https://likumi.lv/ta/en/en/id/81050, Section 24.

	Additional requirements exist with regards to the issues covered by the statute of the association. It must be prepared in writing containing the following information: 1) the name of the association; 2) the objective of the association; 3) the period of activity of the association (if an association is being founded for a certain period of time); 4) preconditions for joining and leaving the association; 5) the rights and duties of members; 6) the procedures by which the rights and duties of a territorial or another division (if such are established) may be laid down; 7) the procedures for convening a meeting of members and the decision-making and others. [310]
4. Registration requirements	According to the Associations and Foundations Law, information regarding associations and foundations must be entered into the Register of Associations and Foundations. When the association is registered, it acquires legal personality. Specific requirements exist with regards to the information that needs to be entered into the Register: the name and the address of the association, its objectives, fields of activity, the date when the decision of founding was taken, personal details of the founders of the association, the term of duration of the association (if established on a temporary basis); information regarding the appointment of a liquidator; information regarding the appointment of an administrator in case of an insolvency proceedings[311]. The Public Benefit Organizations Law also provides important elements in the field. It regulates the procedures for granting the public benefit organization status. According to its Section 7, an association, foundation or religious organization wishing to acquire a public benefit organization status must submit a request to the State Revenue Service.[312]

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[310] See: Article 25, Associations and Foundations Law, https://likumi.lv/ta/en/en/id/81050.

[311] See: Article 15, Associations and Foundations Law, https://likumi.lv/ta/en/en/id/81050.

[312] See: Article 7, Public Benefit Organization Law, https://likumi.lv/ta/en/en/id/90822.

5. Administration cost	The State fee for registration of an association or foundation is 11.38 EUR.[313]
6. Liability	The provisions relevant to liability are covered by the Associations and Foundations Law, according to which an association is liable to the extent of its own assets, whereas an association is not liable for the obligations of a member, and a member is not liable for the obligations of the association.[314]
7. Legal personality	An association obtains the status of a legal person at the moment when it is entered into the Register of Associations and Foundations.[315]
8. Definitions of public interest	A public benefit activity is an activity, which provides a significant benefit to society or a part thereof, especially if it is directed towards charitable activities, protection of civil rights and human rights, development of civil society, education, science, culture and promotion of health and disease prophylaxis, support for sports, environmental protection, provision of assistance in cases of catastrophes and extraordinary situations, and raising the social welfare of society, especially for low-income and socially disadvantaged persons groups.[316] Individuals who make donations to associations, foundations and religious organizations (that have acquired the public benefit organization status) are exempt from income tax.
9. Membership regimes	An association must consist of at least two members, if the Statutes of the association do not determine a greater number of people. The founders obtain the status of a member of the association upon the entering of the association into the Register of Associations and Foundations.[317] Every association must keep its own membership register[318].

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[313] https://www.ur.gov.lv/en/register/organization/association/founding/registration-with-the-enterprise-register/paying-the-fees/

[314] Section 4, Associations and Foundations Law, available at: https://likumi.lv/ta/en/en/id/81050

[315] Section 3 of the Associations and Foundations Law, https://likumi.lv/ta/en/en/id/81050

[316] Section 2. Public Benefit Activities, Public Benefit Organization Law, https://likumi.lv/ta/en/en/id/90822.

[317] Associations and Foundations Law, Sections 28 to 38. https://likumi.lv/ta/en/en/id/81050.

[318] See Article 28: Associations and Foundations Law, https://likumi.lv/ta/en/en/id/81050.

	The board must take a decision on the admission of a member into the association, if no different requirements are provided in the Statutes of the association. If the board or other body (except for a meeting of members), under the competence of which is the admission of new members, takes a decision to refuse to admit a member, the person willing to become a member has the right to demand a review of the matter in accordance with the procedures determined in the Statutes of the association.
10. Economic activities permitted	Associations in Latvia are allowed to conduct economic activities as a complementary activity in order to achieve their goals" [319]. The Associations and Foundations Law states the following, an association has the right to perform economic activity in the form of complementary activity, relevant to the maintenance and utilisation of its own property. In addition to that, it can perform other economic activity aiming to achieve the goals of the association[320].
11. Governance, operating rules and bodies	The administrative bodies of an association are the General Assembly and the board. [321] **General Assembly** The General Assembly is the supreme body of an association. All members of an association have the right to participate in its meetings. A member may also be substituted by a designated representative (unless other provisions exist in the Statutes). The competences of a General Assembly include making amendments to the Statutes of the association; election and recall of the members of the board and audit institutions, if such rights are not granted to another administrative body in the articles of the association; taking decisions on termination, continuation or reorganization of the activities of the association, as well as other matters which under the law or the Statutes of association are in the competence of a members' meeting. the General Assembly has also the right to take decisions which are within the competence of the board.

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[319] https://www.ur.gov.lv/en/register/organization/association/

[320] See Section 7: Associations and Foundations Law, https://likumi.lv/ta/en/en/id/81050.

[321] See Articles 33 to 47 Associations and Foundations Law, https://likumi.lv/ta/en/en/id/81050.

	A decision of a General Assembly is adopted if more than half of the members present vote in favour. Each member has one vote. A member is not allowed to vote if the General Assembly is deciding on the admission or another transaction with such a member. **Board** The board manages and represents the association. It could be composed of one or several members. Natural persons of legal age whose capacity to act has not been restricted by the court may be the members of the board. The board is overseeing and managing the affairs of an association. It manages the property of the association and the use of funds in accordance with law, the Statute of the association, decisions of the General Assembly or other bodies. The board organizes the accounting of the association in accordance with the laws and regulations and performs other duties as prescribed in the Statutes of the association.
12. State supervision	The State Revenue Service controls the accounts of the associations. Associations and foundations must submit a report to the State Revenue Service.[322] According to Section 13 of the Public Benefit Associations Law, the State Revenue Service must, based on the changes made in the relevant registers of enterprises, make amendments to the decision on granting the public benefit organization status and in the Register of Public Benefit Organizations. The Public Benefit Commission is another body with relevance to the public benefit associations. It is a collegial institution, which members must include officials, as well as representatives of associations and foundations. The Commission provides the State Revenue Service with a justified opinion on the conformity of associations to public benefit organization activities, as well as the conformity of the use of property and financial means.
13. Reporting and transparency	In accordance with the Associations and Foundations Law[323]: The board must prepare an association's annual statement on income and expenditure and statement on donations and gifts. In accordance with the Law on

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[322] https://likumi.lv/ta/id/145113-noteikumi-par-biedribu-nodibinajumu-un-arodbiedribu-gada-parskatiem, see also Association and Foundation Law, section 52.

[323] See article 52.

	Accounting, it must be done after the end of the reporting year. The association's annual statements must be examined by an economic and financial activities audit institution or by a sworn auditor. As already mentioned, the association must submit the annual statements on income and expenditure and statement on donations every year not later than by 31 March[324].
14. Resources and asset management	The main sources for incomes of associations in Latvia are membership fees and other annual contributions, grants, inheritances, donations and gifts, and income from religious activities.[325] The income from economic activities is among the activities with one of the smallest shares in the total amount of revenues. The associations with a public benefit organization status have the right to establish financial reserves in credit institutions. However, the utilization of the funds must happen in accordance with the Statutes of the association, the Constitution, by-laws or agreements with donors. A public benefit organization may not transfer donated property or funds for the performance of commercial activities and activities of political organizations (parties) or support of election campaigns.
15. Liquidation	Liquidation is performed by the members of the board, unless otherwise specified in the Statutes of the association, in a decision of a meeting of members or in the court ruling.[326] If the liquidator is appointed by a meeting of members it must set the amount of his or her remuneration and the procedures for disbursement. In case when the activity of an association is terminated on the basis of a court ruling, the liquidator must be appointed and the amount of his or her remuneration has to be determined by the court. A natural person of legal age may be a liquidator provided that his capacity to act has not been restricted by the court. If the activities of an association terminate in some specific circumstances, the board must submit an application to the Register of Associations and Foundations requesting the termination of the activities of the association [30]. The reasons for termination should be namely: a decision of the meeting of members; upon commencing bankruptcy procedures of the association; upon the diminishing of the number of members to a

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[324] Associations and Foundations Law, available at: https://likumi.lv/ta/en/en/id/81050.

[325] https://www.financelatvia.eu/wp-content/uploads/2021/01/Biedribu-sektora-finansu-plusmas-uzraudziba-no-VID-skata-punkta.pdf

[326] Associations and Foundations Law, Section 59, https://likumi.lv/ta/en/en/id/81050.

	single member or to another number laid down in the Statutes of the association; because of an expiration of the term laid down in the Statutes of the association. The request must indicate the given name, surname and personal identity number of the liquidator. In some circumstances the liquidation must be carried out in accordance with the Public Benefit Organization Law: the division of property of an association which is a public benefit organization, as well as of such association for which the status of a public benefit organization has been removed, but which during the previous calendar year before the commencement of the liquidation has received donations as a public benefit organization.
16. Fundamental decisions	The General Assembly is the supreme body of the associations in charge of the fundamental decisions. The following decisions are among them: 1) making amendments to the Statutes of the association; 2) election and recall of members of the board and audit institutions; and 3) taking a decision on termination, continuation or reorganization of the activities of the association.
17. Taxation regimes	The associations in Latvia are exempt from income tax even for additional economic activities if they are in line with the aims of the association. However, if the association has employees, it pays personal income tax and social security contributions. Individuals who make donations to associations, foundations and religious organizations (that have acquired the public benefit organization status) as per the Public Benefit Organization Law, are also exempt from income tax. According to the Value Added Tax Law, value added tax (VAT) does not apply to services provided by social service providers. This means that if an association provides social care, professional and social rehabilitation, social assistance and social work services, then VAT is not applicable.

LANDSCAPE OF ASSOCIATIONS

1.Number of associations	In 2021, there were 22,904 associations in Latvia. The associations are 94% of Latvian NGOs. [327] There is a general decreasing trend in the number of new registrations of associations, since 2010.
2.Number of members	The estimated number of members of associations in Latvia was at least 46,000 in aggregate 2021[328].
3. Activities covered	In 2020 the associations and foundations in Latvia worked in these areas (according to NACE 2 classification) [329]: • Management of real estate (1976); • Sports clubs (1854); • Religious organizations (1319); • Other Sport Activities (1155); • Renting and operating of own or leased real estate (674) ; • Hunting and related service activities (671); • Other amusement and recreation activities:(593); • Activities of professional membership organizations (565); and • Education (573).
4. Revenues	In 2019, the turnover of associations in Latvia was EUR 461,537,878[330].

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[327] Research on the sector of civil society organizations in Latvia 2020-2024:
PROBLEMS AND SOLUTIONS FOR CLASSIFICATION OF LATVIAN ASSOCIATIONS AND FOUNDATIONS, 2021, Civic Alliance -Latvia

[328] The estimation is based on the number of associations and the minimal number of members required by law.

[329] https://www.financelatvia.eu/wp-content/uploads/2021/01/Biedribu-sektora-finansu-plusmas-uzraudziba-no-VID-skata-punkta.pdf

[330] Research on the sector of civil society organizations in Latvia 2020-2024:
PROBLEMS AND SOLUTIONS FOR CLASSIFICATION OF LATVIAN ASSOCIATIONS AND FOUNDATIONS, 2021, Civic Alliance -Latvia

5. Economic weight	The economic weight of associations in Latvia in 2019 was 1.5% of the GDP (EUR 30.5 bn).
6. Share between voluntary and paid work	The proportion of paid and unpaid workers within these organizations varies according to the project and so does the nature of the work required.
7. Cross-border activities	Associations are involved in projects involving cross-border cooperation where the funding comes from EU funds.

References:

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Lithuania

Asociacija

LEGAL FRAMEWORK

1.Definition, types of associations and characteristics	Pursuant to Article 2 of the Law on associations (22 January 2004 No IX-1969, as amended on 2021-11-23 XIV-684): An association shall be a public legal person of limited civil liability who has its name and whose purpose is to coordinate activities of its members, to represent interests of the members, and to defend them, or to meet other public interests. An association may include one of the following words in its name: “association”, “public organization”, “confederation”, “union”, “society” or other. Further, an association must have a registered office in the Republic of Lithuania and at least one account in a credit institution.” [331] Depending on their purpose the associations can be of public and private/mutual benefit. The public benefit status is recognized for tax purposes.
2. Sources of law founding associations	The Constitution of the Republic of Lithuania guarantees the right to associate. According to article 35 of the Constitution: “Citizens shall be guaranteed the right to freely form societies, political parties and associations, provided that the aims and activities thereof are not contrary to the Constitution and laws”. [332] Other important legal acts in this context are the following: Law on Associations 22 January 2004 No IX-1969 Vilnius as amended on 2021-11-23 XIV-684; Law on Development of Non-Governmental Organizations 19 December 2013 No XII-717 Vilnius (As last amended on 20 January 2022 – No XIV-916) [333]; Law on Development of Community Organizations 21 December 2018 No XIII-1774 Vilnius (As last amended on 25 June 2020 – No XIII-3137) [334] The Civil code 18 July 2000 No. VIII-1864.

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[331] REPUBLIC OF LITHUANIA LAW ON ASSOCIATIONS 22 January 2004 No IX-1969 Vilnius

[332] THE CONSTITUTION OF THE REPUBLIC OF LITHUANIA (25 October 1992). Available at: https://lrkt.lt/en/about-the-court/legal-information/the-constitution/192

[333] REPUBLIC OF LITHUANIA LAW ON DEVELOPMENT OF NON-GOVERNMENTAL ORGANISATIONS 19 December 2013 No XII-717 Vilnius (As last amended on 20 January 2022 – No XIV-916) XII-717 Lietuvos Respublikos nevyriausybinių organizacijų plėtros ĮSTATYMAS (e-tar.lt)

[334] REPUBLIC OF LITHUANIA LAW ON DEVELOPMENT OF COMMUNITY ORGANISATIONS 21 December 2018 No XIII-1774 Vilnius (As last amended on 25 June 2020 – No XIII-3137) XIII-1774 Lietuvos Respublikos bendruomeninių organizacijų plėtros įstatymas (e-tar.lt)

3. Formation requirements and constitutive acts and elements	As stipulated in Article 4 of the Law on Associations, competent natural persons who have reached 18 years of age and (or) legal persons, having concluded a memorandum of association, may form an association. The minimum number of founders of an association are three. All founders must sign a memorandum of association. prior to registration of an association in the Register of Legal Entities, the founders of an association are obliged to draft statutes and convene a founding meeting; an official representative, indicated in the memorandum of association or authorised by the founding meeting must act in the name of an association that is being formed. The constitutive act of the associations is the memorandum of association. According to Article 5 of the Law on Associations, the memorandum of association must include: 1) the founders (names, surnames, personal numbers and addresses of natural persons; names, registered offices, codes of legal persons; names and surnames or names, personal numbers (codes) of the founders' representatives); 2) the name of the association which is beings formed; 3) the date of conclusion of the memorandum of association; 4) the registered office of the association.
4. Registration requirements	According to Article 6 of the Law on Associations , an association must be registered in the Register of Legal Entities.[335] The registration of an association is authorized, provided that the following conditions are met: the memorandum of association is concluded, the founding meeting is convened, the statutes of the association is adopted and at least one management body is set up. Any other obligations laid down in the memorandum of association should be fulfilled as well. In order to register an association in the Register of Legal Entities, a memorandum of association, statutes of the association and other documents specified in Article 2.64 of the Civil Code shall be submitted to this Register.An association shall be considered registered from the moment of its registration in the Register of Legal Entities.
5. Administration costs	Two types of fees apply for the registration of an association6: The price for documents submitted via post or at the customer service office is 25.65 EUR, and the price for documents submitted electronically is 11.99 EUR.
6. Liability	Associations in Lithuania are subject to civil liability, but only limited to their assets. Members of management bodies or members of an association are not personally liable.

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[335] Under the remit of the Ministry of Economy and Innovation of the Republic of Lithuania

	Associations should be restructured or terminated (reorganized or liquidated) in accordance with the procedure laid down by the Civil Code. If less than three members are left in an association, the association must inform the Register of Legal Entities about this.
7 Legal personality	Associations acquire their legal personality after registration.
8. Public interest	There is no general concept of public interest in Lithuania. It is based on case law. In the jurisprudence of the Constitutional Court of the Republic of Lithuania concept of public interest has been reviewed on a case-by-case basis. The public interest, according to the interpretation of the Constitutional Court of the Republic of Lithuania, is based on the fundamental values of society, which are enshrined and protected by the Constitution of the Republic of Lithuania. On May 13 2005, the Constitutional Court of the Republic of Lithuania emphasized in a resolution “that the public interest is recognized and protected by law, whose implementation is one of the most important conditions for the existence and development of society itself”. The public benefit purpose entails a specific status with regards to taxation. Associations enjoy a tax-exemption on VAT if they carry out public benefit activities.
9. Membership regimes	As stipulated in Article 13 of the Law on Associations, an association can be formed by competent natural persons who have reached 18 years of age, with the following exception: persons under 18 years of age may be members of associations whose activities are related to the needs of children and youth. A member of an association shall enjoy the following rights: 1) to attend and vote in a general meeting of members of the association; 2) to make use of the services provided by the association; 3) to get access to the documents of the association and to receive all information possessed by the association about its activities; 4) to withdraw from the association at any time. In this event the initial contributions of the member and the membership fees or the funds and assets transferred to the ownership of the association in any other manner shall not be returned;

	5) other rights established in legal acts and statutes of the association should also be respected. The list of all members of the association must be kept in the registered office of the association, as well as in the registered offices of the branches and representative offices. Each member of the association shall have the right to get access to this list.
10. Economic activities permitted	The associations in Lithuania enjoy the right to carry out economic and commercial activity, unless prohibited by law, and unless it contradicts its statutes and the purposes of activities, and is necessary to achieve its purposes.
11. Governance, operating rules and bodies	Under Lithuanian law, it is obligatory to set up a General Meeting. Setting up all the other bodies is voluntary. An association must have a General Meeting of Members, General Assembly, or any other body (conference, convention, congress, assembly or other), which enjoys all or part of the rights of the general meeting of members. The powers of the General Meeting are as follows: 1) amend the statutes of an association; 2) appoint (elect) and recall members of the management bodies, unless otherwise provided for in the statutes of an association; 3) appoint (elect) and recall members of other collegiate bodies, if such bodies are provided for in the statutes of an association, unless otherwise established in the statutes of an association; 4) fix the amount of initial contributions of members of the association and the amount of membership fees, the procedure for paying them, if the statutes of the association do not lay down the procedure of payment; 5) within 4 months from the end of the financial year, approve the set of annual financial statements or the annual report of the association; 6) take a decision regarding restructuring or termination (reorganization or liquidation) of the association; 7) take a decision regarding the establishment of other legal persons or becoming a member of other legal persons, unless otherwise provided for in the statutes of the association. 8) decides on the audit of the association's set of annual financial statements and elects the auditor or audit firm. Several additional bodies may be set up in an association. If there is a separate Management Body, it should be responsible for: 1) the organization of accounting in accordance with the Law on Accounting of the Republic of Lithuania;

	2) preparation and submission of a set of annual financial statements and an activity report together with the auditor's report (in cases where the financial statements have been audited) or preparation and submission of the annual report to the Registrar of Legal Entities and the General Meeting of Members (General Assembly); 3) submission of the data specified in Article 2.66 of the Civil Code to the Register of Legal Entities and others.
12. State supervision	According to Article 14 of the Law on Associations, the State and municipal institutions are in charge of controlling the activities of the associations in the areas outside the scope of the law. Political parties, political organizations, other organizations and persons are prohibited from interfering in the activities and in the internal affairs of the association.
13. Reporting and transparency	According to Article 10 of the Law on Associations, at the end of the financial year, the governing body referred to in the statutes of the association shall draw up and submit to the General Meeting (General Assembly) of Members: Annual financial statements, including a statement of financial position showing all the assets, equity, financing amounts and liabilities of the association on the last day of the reporting period, as well as an activity report, specifying the goals, objectives and activities performed by the association, as well as the goals, objectives and activities planned for the next financial year.
14. Resources and assets management	The main sources of income of the associations are membership fees, donations, income from its own activities,public funding. According to Article 16 of the Law on Associations , an association should be permitted to alienate the assets and funds possessed by the right of ownership or any other right, to guarantee the performance of obligations with it or otherwise encumber the possession, use and disposal rights to it only in the event when by this it is sought to implement the purposes of activities defined in the statutes of the association (including the purposes of charity and sponsorship which are set in the statutes in pursuance of the Law on Charity and Sponsorship). It is prohibited, for instance: to transfer the property of the association for use without remuneration to a member of the association, a member of the management and collegiate bodies, a person working in the association on the basis of an employment contract or a person related to them, or a third person, with the exception of the purposes of charity and sponsorship which are set in the statutes in pursuance of the Law on Charity and Sponsorship.

	to pay to the founder or a member of the association payments from profit participation or to transfer the part of the property of the association under liquidation, which exceeds the initial contribution of the member or the membership fee; to divide the assets and funds of the association, including the profit, in any form, with the exception of charity and sponsorship in pursuance of the Law on Charity and Sponsorship, among the members of that association and (or) its management bodies, persons who work in the association under employment contracts, with the exception of the cases when a salary is being paid, other payments related to legal employment relations, and when remuneration is being paid on the basis of intellectual property use, when payment is made for rendered services or sold goods, and others.
15. Liquidation	According to Article 17 of the Law on Associations , associations should be restructured or terminated (reorganized or liquidated) in accordance with the procedure laid down by the Civil Code. An association may not be both reorganized and restructured. If less than three members are left in an association, the association must inform the Register of Legal Entities about decrease of the members. This should be done within thirty days. The procedure laid down by the regulations of the Register of Legal Entities must be respected. The remaining assets and funds of the association, after the meeting of all requirements of the creditors and the requirements of the members of the association regarding the part of the assets of the association, without exceeding the initial contribution of a member or the membership fee, should, prior to the removal of the association from the Register of Legal Entities, be transferred to another or other public legal persons who are designated by a general meeting of members or the court. Besides the duties laid down in the Law on Associations and the Civil Code, the liquidator of the association must: 1) publicly announce in the daily newspaper indicated in the statutes of the association about the liquidation of the association and submit to the Register of Legal Entities the documents confirming the decision to liquidate the association as well as his data; 2) make a balance of the beginning of the period of liquidation; and 3) transfer the remaining assets of the association in accordance with the procedure laid down by this Law, and others.
16. Fundamental decisions	The fundamental decisions within the associations in Lithuania are taken by the General Meeting. The powers of the General Meeting are as follows: 1) amend the statutes of an association;

	2) appoint (elect) and recall members of the management bodies, unless otherwise provided for in the statutes of an association; 3) appoint (elect) and recall members of other collegiate bodies, if such bodies are provided for in the statutes of an association, unless otherwise established in the statutes of an association; 4) fix the amount of initial contributions of members of the association and the amount of membership fees, the procedure for paying them, if the statutes of the association do not lay down the procedure of payment; 5) within 4 months from the end of the financial year, approve the set of annual financial statements or the annual report of the association; 6) take a decision regarding restructuring or termination (reorganization or liquidation) of the association; 7) take a decision regarding the establishment of other legal persons or becoming a member of other legal persons, unless otherwise provided for in the statutes of the association. 8) decides on the audit of the association's set of annual financial statements and elects the auditor or audit firm.
17. Taxation regimes	A range of fiscal exemptions benefiting associations exist: associations with an income from commercial economic activities that do not exceed 300,000 EUR benefit from a zero tax rate for the first 7,250 EUR of their profit; associations enjoy tax-exemption on VAT if they carry out public benefit activities; all types of social enterprises can use municipal and state property for free for an approved period (Law on State and Municipal Property Management, Use and Disposal (Law No. VIII-729, adopted in 1998, amended in 2013); funds donated to associations are considered equal to expenses and reduce the taxable income of companies (the Law on Profit Tax (Law No. IX-675, 2001); individuals can donate 2% of the personal income tax to charities, religious institutions, NPOs or public organizations (Law on Individuals' Income Tax - Law No. IX-1007, 2002).

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	2021, there were 19,318 associations in Lithuania.
2. Number of members	The estimated minimal number of members of the associations in Lithuania is 57,900.
3. Activities covered	A report from 2005 indicates that most associations in Lithuania carried out their activities in the fields of child care and youth, (32.2%), and social problems and health (25.4%).
4. Revenues	In 2020, associations generated a total revenue of EUR 41,525,700.
5. Economic weight	In 2020, the economic weigh of the associations in Lithuania was 0.08% of the GDP.
6. Share between voluntary and paid work	In 2021, there were 7185 employees in associations, according to the National Statistical Department.
7. Cross-border activities	No data available.

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Luxembourg

Association

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	According to the Law of 21 April 1928 on non-profit associations and public benefit entities: (article 1): "*A non-profit association is an entity which does not engage in industrial or commercial operations, or which does not seek to provide its members with material gain. It enjoys civil personality*."[336] Associations in Luxembourg can be of mutual or public interest, according to Art. 26-2 of Sociétés et associations législation: Mémorial A - 569 du 28 juillet 2021[337], Associations et Fondations sans but lucratif. Associations which pursue an aim of public interest may be recognized as being of public interest by a Decree of the Grand Duché, under the form of *établissement d'utilité public*. Their activities are limited to the following areas: philanthropic, religious, scientific, artistic, educational, social, sporting or touristic nature (Article 27).
2. Sources of law founding associations	The Constitution of the Grand-Duchy of Luxembourg (Article 26) guarantees the right of association. In Luxemburg, the main legislative acts regarding associations are: • Law of 21 April 1928 on non-profit associations and public benefit entities • Sociétés et associations législation: Mémorial A - 569 du 28 juillet 2021, Associations et Fondations sans but lucratif.
3. Formation requirements and constitutive acts and elements	All persons over 18 years old may set up an association and contribute to this organization as a member. An association must be made up of at least three people. The constitutive act of the associations is the Statutes. Pursuant to Article 2 of the Law of 21 April 1928, the statutes of a non-profit association must mention the following elements: • name and the registered office of the association; its seat must be established in the Grand Duchy; • object or objects for which it is formed; • minimum number of members; they must be less than three; • surnames, first names, professions, addresses and nationalities of the founders; • conditions for entry and exit of members;

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[336] See: Article 1, Law of 21 April 1928 on non-profit associations and public benefit entities: https://www.legilux.public.lu/eli/etat/leg/loi/1928/04/21/n2/jo.

[337] Societes et associations législation : Mémorial A - 569 du 28 juillet 2021 prise d'effet : 2 août 2021, Associations et Fondations sans but lucratif, https://legilux.public.lu/eli/etat/leg/recueil/societes_associations/20210802 .

	• rules to convene the General Assembly as well as the conditions under which its resolutions will be brought to the attention of the members and third parties; • procedure for appointment and powers of the directors; • maximum contributions or payments to be made by members of the association; • requirements regarding accounts; • rules to follow in order to modify the statutes; • use of the association's assets in the event of a dissolution.
4.Registration requirements	In order to incorporate an association[338], the founders must submit in the Trade And Companies Register (RCS) [339] the following elements: • statutes; • surnames, first names, professions, domiciles of its directors designated in accordance with the statutes. The legal personality is obtained after the publication of the elements required for the incorporation in the official journal (*Mémorial*). The documents must be prepared in one of the three official languages of Luxembourg, i.e. Luxembourgish, French or German.
5. Administration costs	The cost for the registration of an association is 14.61 EUR (to be paid in the Trade And Companies Register (RCS) [340]. The fee to modify statutes is EUR 10.96.
6. Liability	Associations in Luxembourg are liable for any misconduct of their agents and the bodies through which it operates. Board members do not have any personal obligation relevant to the association's commitments. Their liability is limited to their mandate of Board members.[341] The same provisions apply for both mutual benefit and public benefit associations. As stipulated in Article 39 of Law of 21 April 1928 on non-profit associations and public benefit entities, the public benefit associations are civilly liable for the faults of its employees, administrators or other bodies representing it.

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[338] See Article 3 of the Law of 21 April 1928 on non-profit associations and public benefit entities, https://www.legilux.public.lu/eli/etat/leg/loi/1928/04/21/n2/jo.

[339] The business register operates under the authority of the Minister for Justice.

[340] https://www.lbr.lu/mjrcs/jsp/webapp/static/mjrcs/fr/mjrcs/pdf/tarifs.pdf?FROM_MENU=true&time=1546939977180&pageTitle=menu.item.geninfoprices&currentMenuLabel=menu.item.geninfoprices&CURRENT_TIMESTAMP_ID=&time=1546939977363

[341] See Article 14, Law of 21 April 1928 on non-profit associations and public benefit entities.

7. Legal personality	The legal personality is obtained after the publication of the elements required for the incorporation in the official journal (*Mémorial*).
8. Definitions of public interest	The following types of activities are defined by Law of 21 April 1928 as activities of public interest: philanthropy, religion, sciences, arts, education, social, sports, tourism[342]. As per Societes et associations législation : Mémorial A - 569 du 28 juillet 2021, Associations et Fondations sans but lucratif : "Non-profit associations which pursue an aim of general interest of a philanthropic, religious, scientific, artistic, educational, social, sporting or touristic nature may be recognized as being of public utility by a Decree of Grand-Ducal[343].
9. Membership regimes	Law of 21 April 1928 provides for the membership regimes[344]. All members have equal voting rights in the General Assembly. The resolutions are taken by the majority of the votes of the members attending the meeting. Special provisions exist with regards to the management of the list of members. A list of surnames, first names, addresses and nationalities of the members of the association must be submitted to the Registry of the civil court of the registered seat of the association within one month from the publication of the statutes. It must be updated once a year. It is free and available for the public. If the statutes do not determine the deadline for submission of the list of members, it must be presented one month from the end of the social year. Regarding withdrawal, members may freely withdraw from the association by submitting their resignation to the administrators. The members who do not pay their membership fees after the expiry of the legal notice for payment, are required to leave three months after the payment deadline. Regarding exclusion of members, it may be pronounced only in the cases stipulated in the Statute of the association. The decision can be taken by the General Assembly with a majority of two thirds of the votes. A member who decided to resign or has been excluded, has no right of social solidarity fund and cannot claim reimbursement of the membership contributions transferred to the association.

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[342] See Article 27.

[343] See Art. 26-2

[344] See Articles 7,10 and 12 Law of 21 April 1928 on non-profit associations and public benefit entities.

10. Economic activities permitted	Associations are allowed to perform economic activities which are complementary to their goals. Law of 12 December 2016 on Social enterprises provides for the legal framework of economic activities of the associations[345]. Associations in can undertake social impact and profit actions defined as follows: • social impact actions are those that do not give the right to any distribution of dividends; • profit shares are those which give right to dividends provided that the activities are in line with the social purpose of the association.
11. Governance, operating rules and bodies	Law of 21 April 1928 provides for the governance and the operating rules and bodies of the associations. In Luxembourg, associations have two main governing bodies: General Assembly and Board of directors. <u>General Assembly</u> The supreme body of the association is the General Assembly of its members, whose existence is mandatory for the association. A decision of the General Assembly is necessary for the following acts: • modification of the Statute of the association; • the appointment and removal of directors; • approval of budgets and accounts; • dissolution of the association. The General Assembly must be convened by the administrators in the cases stipulated in the Statutes of the Association, or when one fifth of the shareholders request it. All members of the association must be convened to the meetings of the General Assembly. The agenda must be attached to the meeting notice. Any proposal, signed by one-twentieth of the members who were present on the list of members of the year before, must be placed on the agenda. Resolutions may be adopted without being included the agenda only if the Statutes of the association allow it explicitly. The members are authorized to be represented at the General Assembly by another member or by a third party (if the Statutes of association authorizes it). All members have equal voting rights in the General Assembly and the resolutions are taken by a majority of the votes of the members present.

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[345] https://legilux.public.lu/eli/etat/leg/loi/2016/12/12/n1/jo

	The General Assembly can amend the Statutes of the association if the purpose of the amendment is specifically indicated in the notice, and at least two-thirds of the members are present. If two-thirds of the members are not present or represented at the first meeting, a second meeting may be convened. It can take a decision regardless of the number of members present. However, in this case the decision will be subject to the approval of the civil court. [346] Board of directors The board of directors manages the association and represents it in all judicial and extrajudicial acts. It can delegate its powers to one of its members or to a third party (if the Statutes or the General Assembly authorize it). It is required to submit the accounts for the past financial year and the budget for the next financial year to the General Assembly for approval once a year[347].
12. State supervision	Associations in Luxembourg must register in the Trade and companies register (RCS), under the remit of the Ministry of Justice.
13.Reporting and transparency	Associations are also required to report to the Register of Beneficial Owners. The information about the formation of an association must be submitted no later than one month after its registration. Any changes must be reported within a month. The information declared is accessible to the public.
14. Resources and assets management	The main resources of associations in Luxembourg are their main and additional activities and donations. According to Articles 15 and 16 Societés et Associations Législation : Mémorial A - 569 of 28 Juillet 2021, Associations et Fondations sans but lucratif: • an association may only own the buildings necessary to carry out the objectives for which it is formed. • any donation to a non-profit association whose value exceeds EUR 30,000 must be authorized by a Grand-Ducal order. This authorization requires the filing of annual accounts with the RCS. However, the acceptance of the donation and the request for delivery may be made provisionally for precaution by the association. The subsequent authorization will take effect from the day of acceptance.
15. Fundamental decisions	Article 4 of Law 21 April 1928 explicitly requires a deliberation by the General Assembly for the following decisions: • modification of the Statute of the association;

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[346] Articles 5, 6, 7 and 8 Law of 21 April 1928 on non-profit associations and public benefit entities.

[347] Article 13 Law of 21 April 1928 on non-profit associations and public benefit entities.

	• appointment and removal of directors • approval of budgets and accounts • dissolution of the association.[348]
16. Liquidation	Articles 19 to 26 of Sociétés et associations législation : Mémorial A - 569 du 28 juillet 2021, Associations et Fondations provides for the liquidation regime of associations in Luxembourg. In the event of judicial dissolution of an association, the court will appoint one or more liquidators. After paying the liabilities, they will manage the assets as prescribed by the Statutes. If there are no provisions in the Statute, the liquidators will convene the General Assembly to determine them. In the absence of a statutory provision and a decision of the General Assembly, the liquidators will transfer the assets to an organization which purpose is as close as possible to the purpose for which the association was created. The members, the creditors and the public prosecutor can contest the decisions of the liquidators before the civil court. In the absence of a statutory provision, the decision of the General Assembly which pronounces the non-judiciary dissolution, will also determine the allocation of assets.
17. Taxation regime	Income tax According to Article 159 of the Income tax law, associations are considered corporate entities subject to corporate income tax (CIT) and municipal business tax (MBT). The corporate income tax maximum rate is 17% in 2020. • if the taxable profits do not exceed EUR 175,000 - 15%. • if the taxable income is between EUR175,000 and EUR 200,001 – EUR 26,250 plus 31% of the income exceeding EUR 175,000. The municipal business tax vary depending on the municipality in which the association is registered. Associations which do not pursue a commercial activity are beyond the scope of the Income Tax Law. VAT

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[348] Article 4, Law of 21 April 1928 on non-profit associations and public benefit entities, https://www.legilux.public.lu/eli/etat/leg/loi/1928/04/21/n2/jo,

	According to the VAT Law, if an association performs economic activities independently and on a continuing basis (even if they are non-profit), it can qualify as a taxable person for value added tax (VAT) purposes. However, an association benefits in principle from the right to recover input VAT on costs incurred in the context of taxable activities. [349] Individual as well as corporate donors can deduct donations made to public benefit associations from their taxable base (*Article 112, ITL*). Non-profit associations are subject to an annual tax on the value of their buildings owned in the Grand Duchy and their movable property, provided that this value exceeds the figure of 100,000 fr. "This tax is fixed at 12 centimes per 100 fr. without fractions". "The tax is due on the market value of the goods on January 1 of the tax year[350].

LANDSCAPE OF ASSOCIATIONS

1 Number of associations	In 2021, there were 8281 associations registered in Luxembourg. 107 were recognized as working for public interest[351].
2. Number of members	The average number of members paying their membership fees is 52 per association[352]. The estimated number of members in 2021 is 430 000.
3. Activities covered	In 2017, over 60% of the associations in Luxembourg were operating in the field of collective social and personal service activities, around 20% in health and social work, less than 5% in each of the following areas: education, agriculture, manufacturing, electricity, gas and water, retail[353].

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[349] https://uk.practicallaw.thomsonreuters.com/0-633-0607?transitionType=Default&contextData=(sc.Default)

[350] See article 44 at 45, Law of 21 April 1928 on non-profit associations and public benefit entities, https://www.legilux.public.lu/eli/etat/leg/loi/1928/04/21/n2/jo#jo,

[351] https://gouvernement.lu/fr/actualites/toutes_actualites/communiques/2021/07-juillet/13-tanson-associations-fondations.html

[352] https://www.oeuvre.lu/wp-content/uploads/2019/06/secteur-associatif-luxembourg-etude-ceps.pdf

[353] Social Enterprises and their Ecosystem in Europe – Luxembourg (2018).

4. Revenues	No data available.
5. Economic weight	No data available.
6. Share between voluntary and paid work	In 2017, the associations had a total of 17, 851 paid employees[354]. In total, 56 % of the associations work with volunteers only, 23% have both paid employees and volunteers, and 8 % work with paid workers only[355]. In 2009, 79% of the associations in Luxembourg were supported by volunteers, who were working 490 hours per year. [356]
7. Data on cross-border activities	No data available.

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[354] Social Enterprises and their ecosystem in Europe – Luxembourg (2018), p. 46.
[355] https://www.oeuvre.lu/wp-content/uploads/2019/06/secteur-associatif-luxembourg-etude-ceps.pdf
[356] https://www.oeuvre.lu/wp-content/uploads/2019/06/secteur-associatif-luxembourg-etude-ceps.pdf

Malta

Association

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	The Civil code **defines an association** as an agreement between three or more persons to establish an organization with defined aims or purposes to be achieved through the dedication of efforts and resources by such persons and others who may join voluntarily, the patrimony, namely assets and liabilities, if any, of the association being distinct from that of the members, its administrators or any beneficiaries[357]. Associations can be established for **public or private benefit. The public benefit** associations are one of the types of voluntary organizations and they promote a social purpose including that which qualifies as a public purpose or for public benefit[358]. **The private benefit** associations are those that promote a private interest or a particular profession or trade.
2. Sources of law founding associations	**The Constitution of Malta** is the primary source of law with regards to the freedom of association. The key national legal acts are the **Civil code**, Title III, Sub-Title I (from 26 to 28) and Sub-Title III (from 48 to 56) as well as the **Voluntary Organizations Act** XXII of 2007 (Chapter 492 of the Laws of Malta) for public benefit associations. Private benefit associations are regulated by the Title X of Part II of Book Second of the Civil Code as well as special laws, such as laws relating to commercial partnerships, special laws relating to particular professions, special laws relating to unions and employer associations, as well as special laws relating to co-operatives.
3. Formation requirements and constitutive acts and elements	**For forming an association of public benefit**, three persons are needed. **A private benefit association** may be established between two persons.[359] **The statute,** as the most important legal act that the association is required to adopt during its establishment, should contain specific legally prescribed elements. It must be signed by the founding members and any person subscribing to the statute after an association is established must be deemed to have consented to all the provisions of the statute and all rules which may have been validly promulgated by the association until such date. **A document containing a list of all other associating members** shall be sufficient evidence of their consent.

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[357] CIVIL CODE, CHAPTER 16, Title III, Sub-Title I, article 27

[358] Other types of voluntary organizations are: foundations, trusts, temporary organisations.

[359] As per CIVIL CODE, CHAPTER 16, Title III, Sub-Title I, article 27

4.Registration requirements	According to Maltese law, an association is entitled to register itself as a legal person if desired, but there are no obligations imposed upon it to do so. The Foundations and Associations Unit within Malta Business Registry receives and processes applications for registration of organizations in terms of the Second Schedule of the Civil Code. An authentic copy of the constitutive instrument of an association is required for the registration. Once the Malta Business Registry has accepted the application, the Statute of the association, constituting the association, is forwarded to the **Registrar for Legal Persons** for registration. Upon registration, the Registrar will issue a certificate of registration, showing that the organization has been officially registered.
5. Administration costs	To register an association in Malta, depending on its value, you need to pay a minimum of 350 euros to a maximum of 1,747 euros. Changes requested after registration are possible for 35 euros. In the case of an enrolled public benefit association, the above-mentioned fees shall be reduced to 10% of the above sums, with a minimum of €35.
6. Liability	All members of an association cannot be subjected to any liability, other than for unpaid fees. For an unregistered association, when a member leaves the association, this does not affect his liability under the applicable law for the period while he was a member. However, the former member is not liable for any activities of the association after that.[360] Concerning public benefit associations, any person acting in breach of the Voluntary Organizations Act XXII of 2007 are liable to a fine of not less than EUR 116.47 and not more than EUR 2,329.37. In addition to that, the person can be liable to a term imprisonment for a period of up to six months. The Voluntary Organizations Act XXII of 2007 distinguishes between offenses, breach of duties and more serious crimes
7. Legal personality	Associations in Malta gain legal personality by registering under the applicable law. Since the legal personality in Malta is the status granted by law to an organization which is established for a lawful purpose stated in writing in a constitutive instrument, the association has a patrimony of assets and liabilities, separate and distinct from that of any other person. It has the legal powers to achieve such purpose through the administration of its own governing body.

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[360] According to Article 54 paragraph 2 of CHAPTER 16, CIVIL CODE, Second schedule, Title III, Sub-Title III

8. Definitions of public interest	Public interest associations are associations that have an impact on the public in general and the operations of which affect a substantial part of society[361]. In accordance with the Voluntary Organizations Act XXII of 2007 the public interest purpose of a public benefit association should not include a political purpose and should not be owned by the Government. Any organization with such objectives shall not be eligible for enrolment in the Register of Voluntary Organizations.
9. Membership regimes	Members of associations are those persons who subscribe to the purposes of the association, meet the personal status or qualifications for membership as set out in the statute, provide the necessary membership details, pay such membership fee as applicable or otherwise fulfil such conditions on participation as required by the statute or rules of the organization. They must be admitted by the membership committee or a committee authorised by the general meeting of members to admit new members. Every person who is a member of an association must be free to leave the association. Such member cannot be subjected to any liability, other than for unpaid fees. The membership of a person **in a public benefit organization** established as an association is not transferable or subject to inheritance.
10. Economic activities permitted	According to the Civil Code, the assets of an association may originate from any lawful business or activity and may consist of present or future assets of any nature. This leads to the conclusion that associations in Malta can still engage in business activities. Public benefit associations cannot be established for trading purposes. When a public benefit association wishes to carry out a trading activity in order to raise funds to achieve its purposes, such organization should establish an appropriate legal entity and the administrators shall ensure that such activity does not burden the human and financial resources of such association.
11. Governance, operating rules and bodies	The associations in Malta (in general) are governed by a general meeting and administrators.

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[361] This a definition from legal practice

	A general meeting for all members must be convened at least once a year. At this meeting the annual report and the accounts of the association as approved by the administrators, as well as the report of the auditors or reviewers must be presented and discussed. Other meetings may be convened by the administrators whenever they consider it necessary. In the absence of specific provisions in the statute, at meetings of the members, decisions must be taken by the majority of members present at the meeting. A Board of Administrators must have clear functions and responsibilities and must organize itself in a manner which enables it to perform such functions and responsibilities effectively. Unless otherwise stated or implied by the statute, it shall be presumed that the administrators must be members of the organization except in the case where the administrators are engaged under a contract of employment. An association established for the promotion **<u>of a private benefit</u>** may be administered by only one administrator. In case **<u>of a public benefit association</u>** the same rules shall apply but notwithstanding the provisions of the statute: • the majority of the administrators shall be appointed by means of elections among the members in general meeting except where every member or every class of members is each given the right to appoint and remove an administrator; • a majority of the administrators shall be subject to confirmation by the general meeting of the members at least once every five years.
12. State supervision	All types of associations in Malta are administrated by **the Malta Business Registry.** The Malta Business Registry (MBR)[362], is responsible for the registration of new commercial partnerships and legal entities, the registration of documents related to commercial partnership, the issuing of certified documentation including certificates of good-standing amongst others, the reservation of company names, the collection of registration and other fees, the publication of notices and the imposition and collection of penalties. For **<u>the public benefit associations,</u>** a commissioner is appointed by the Minister responsible for Social Policy in order to control them (as a type of voluntary organization).
13. Reporting and transparency	The annual report and the accounts of associations as approved by the administrators, as well as the report of the auditors or reviewers, should be presented and discussed at the general meeting of the associations.

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[362] established under Subsidiary Legislation 595.27

	All **public benefit associations** are obliged to submit an annual report to the Commissioner of Voluntary Organizations. They should make the statute, annual report and audited accounts available for inspection, free of charge, by any founder, administrator or member of a public benefit association as well as by any donor or beneficiary.
14. Resources and assets management	The assets of an association may originate from any lawful business or activity and may consist of present or future assets of any nature.[363] Where an association is governed in accordance with the provisions of the Civil Code and there is no other special law, and irrespective of whether the association is registered or not, any member must be liable to third parties with whom the association has contracted in proportion to his share in the profits and losses or in proportion to his benefit or other interests in such association, whichever is the higher, unless some exceptions defined in the law. When an association has a private benefit, new or additional endowments must be considered contributions to the capital of the association with concrete defined rules.
15. Liquidation	An association shall exist until it is terminated in accordance with the provisions of its statute, unless the members, upon being given thirty days' written notice of termination by the administrators, amend the statute to establish other purposes to which the property of the association may be dedicated. Termination shall be suspended until such time as the administrators certify to the Registrar (Malta Business Registry) that all lawful commitments have been fulfilled. In case of **public benefit associations**, subject to the provisions of the statute, any assets on termination shall be donated or distributed by the administrators on behalf of the association. Liquidations (winding up) of **public benefit associations as type of voluntary organizations** are covered in the Civil Code, Title IV. Winding up can be voluntary or by the court.

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[363] According to Article 50, paragraph 2 of CHAPTER 16, CIVIL CODE, Second schedule, Title III, Sub-Title III

	In the case of associations established for a combination of purposes, being a partly private benefit and partly social or public benefit, the assets shall be paid out to the members in such manner that the assets reflecting the private benefit owned by the members shall be paid to the members and the remaining assets shall be disposed of in accordance with the asset management requirements for public benefit associations.
16. Fundamental decisions	The General Meeting (General Assembly) of all members is taking the fundamental decision within the associations in Malta. At this meeting the annual report and the accounts of the association as approved by the administrators, as well as the report of the auditors or reviewers, shall be presented and discussed.
17. Taxation regimes	Associations in Malta are taxed at rates capped at 15-35% from profit, depending on the objectives of the association.[364] Taxation of public benefit associations is covered in the Income Tax Act. In 2021 the Income Tax Act was amended. In accordance with LN 39 of 2021, the Enrolled Voluntary Organizations (Tax Exemption) Rules (SL 123.190) have changed. The modifications apply as of year of assessment 2022. The voluntary organization are exempt from taxes if its turnover for a given year does not exceed €50,000. This amount was previously capped at €10,00.

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	As **of February 2022, there were 1854 entities enrolled as voluntary organizations** with the Malta Council of the Voluntary Sector (including public benefit associations - the predominant part of all associations in Malta).
2. Number of members	The estimated **number of members of public benefit associations is 3000 people (at minimum)**, based on the requirements for minimal number of members of the associations.

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[364] https://www.ccmalta.com/associations-law

3. Activities covered	Activities covered by voluntary organizations in 2015 (of which an important part are public benefit associations) was the following: • Philanthropy; • Education and sport; • Religion; • Health; • Social and community; • Culture, • Arts and National Heritage; • Environment and Animal Welfare; • Promotion of Human Rights. •
4. Revenues	The total turnover of all voluntary organizations (of which an important part are public benefit associations) was EUR 17,400,200 in 2014.
5. Economic weight	The turnover of all voluntary organizations (of which an important part are public benefit associations) represents 0.16% of the GDP (2014).
6. Share between voluntary and paid work	The total number of registered employees with voluntary organizations (of which an important part are public benefit associations) was 1198 in 2015. Definitive number of volunteers are not available, but stakeholders have suggested that 12% of the Maltese adult population are engaged on volunteering work, which suggests a figure of around 35,000 people. According to the National Statistics Office of Malta, more than 31,000 persons aged 12 and over and living in private households were involved in some form of voluntary work in 2014.
7.Cross-border activities	No data available.

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The Netherlands

Vereniging

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	Based on the legislation in the Netherlands, an association (*Vereniging*) is an organization with at least two members which engages in activities to achieve certain goals (or ideals). In the legal system of the Netherlands, the existence of two different types of associations is defined: 1. The associations with Full Legal Capacity (or personality) (Volledige rechtsbevoegdheid), and 2. The associations with Limited Legal Capacity (or personality) *(Beperkte rechtsbevoegdheid).* Another typology is based on the purpose of the associations: operating for public or private benefit. Since 2008 the Dutch Tax Administration has been able to designate an association to be a "Public Benefit Organization"(ANBI). At least 90% of the efforts of an ANBI have to be focused on the general good.
2. Sources of law founding associations	Initially, the right of association is primarily regulated in the Constitution of the Netherlands[365], as the highest legal act in a country. The rules governing associations are found in Book 2, title 2 of the Dutch Civil Code (articles 26 through 52).[366] A new important piece of legislation relevant for the Dutch associations is the Legal Entities Governance and Supervision Act, which entered into force on 1 July 2021. This Act formalises the governance and supervision of associations, cooperatives, mutual societies and foundations by aligning the governance structure of these organizations with existing rules for public limited companies (NVs) and private limited companies (BVs) in the Dutch Civil Code.
3. Formation requirements and constitutive acts and elements	An association is formed by means of a multilateral legal act. If the association is not founded using a notarial deed, the General Assembly can opt to have the articles of incorporation written down in a notarial deed after the formation.

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[365] The Constitution of the Kingdom of the Netherlands (https://www.government.nl/documents/regulations/2012/10/18/the-constitution-of-the-kingdom-of-the-netherlands-2008)

[366] Unless stated otherwise articles mentioned in this report are references to the articles of this code.

	If it is opted for the formation through a notarial deed, certain requirements apply. The notarial deed must be executed in Dutch.; a procuration (power of attorney) to cooperate with the execution of the notarial deed must be granted in writing (article 27.2); and the Statute of incorporation has to be included in the deed.
4.Registration requirements	The directors of an association are responsible for the registration of the association in the Netherlands. In case the Statute is written down in a notarial deed, directors of an association are obliged to register the association in the central database of enterprises (within the Chamber of Commerce) (*het Handelsregister*) and to deposit an authentic copy of the deed or an authentic extract of the deed, containing the Statute with the offices of the central database of enterprises (Chamber of Commerce). (article 29.1) In case the Statute is not written down in a notarial deed, the directors of an association can register the association in the central database of enterprises. If the Statute exist in written form, they can deposit a copy of them with the offices of the mentioned database.
5. Administration costs	The registration of the association in the Netherlands with the Chamber of Commerce (*Kamer van Koophandel)* **costs 51.95 EUR.** The notary costs, associated with the formation of the association, can range from 400 to 1,000 euros, depending on the complexity and the specific notary office. The administration costs related to the functioning of an existing association can range from 600 to 1,800 euros, per year.
6. Liability	**In case if the Statute is written down in a notarial deed:** As long as no application for an initial registration or deposit has been lodged with the keeper of the commercial, register, each Director is jointly and severally liable, in addition to the Association, for juridical acts through which he has committed (bound) the Association. **In case the Statute is not written down in a notarial deed:** The directors and the association are jointly and severally liable for any debts arising from a legal action that are certain and due during their management.

7. Legal personality	The **legal personality** of an association is acquired after registration. The association is a legal person with members, pursuing a particular purpose, which is different from the purpose of a cooperative. Regarding the property law of the Netherlands, a legal person is equal to a natural person unless the law indicates otherwise. If the Statute is not written down in a notarial deed, the association cannot own assets that are subject to registration (for example land or large ships) and it cannot be an heir (article 30.1). Notwithstanding the abov**e, in Dutch law all associations are a legal person with members.**
8. Definitions of public interest	In the Netherlands, the interests of society only become public interests if the markets or the society are not able to provide for them. On some occasions, the government will opt to only legislate the market behavior to guarantee the public interest. Since 2008 the Dutch Tax Administration can designate an organization to be a "Public Benefit Organization"[367] (ANBI). At least 90% of the efforts of an ANBI has to be focused on the general good. The ANBI be an organization that is for the benefit of its members or shareholders only: a sport club, association of personnel, or a commercial institution. The ANBI does not have to have registered offices in the Netherlands nor in the EU.
9. Membership regimes	The membership of an association is personal, unless the articles of incorporation contain other provisions. If a legal person is a member of an association and this legal person ceases to exist as a result of a merger or split up (demerger), then its membership shall pass to the acquiring legal person or, respectively, to one of the acquiring legal persons in accordance with the description appended to the notarial deed of the split up (demerger), unless the articles of incorporation of the association provide otherwise. Unless the articles of association state otherwise, **the management board (*Bestuur*) decides on the acceptance of members** and the general meeting can override a decision of non-acceptance (article 33). Unless the articles

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[367] (Dutch: Algemeen Nut Beogende Instelling, ANBI)

	of association state otherwise, membership of an association is personal (article 34.1). Obligations can only be connected to membership by the power of the articles of incorporation. The Civil Code provides for the termination of membership. All members who are not suspended may attend the General Assembly and may cast one vote during its sessions. **The Statute of incorporation may grant to particular members more than one vote.** In addition, the Statute may provide that persons belonging to other bodies of the association who are not a member of the association may vote at the General Assembly.
10. Economic activities permitted	In the current normative legislation in the Netherlands it is stated that an association may not distribute profits among its members. Any profits must be allocated to the association's objective of purpose. An association can conduct business activities.
11. Governance, operating rules and bodies	Associations in the Netherlands are governed by three main bodies: the general assembly, the board of directors and the council of members.
12. State supervision	Where the activities of a legal person are contrary to public order, the District Court shall prohibit and dissolve that legal person upon the request of the Public Prosecution Service. Where the purpose (objective) of a legal person, as defined in its articles of incorporation, is contrary to public order, the District Court shall dissolve that legal person upon the request of the Public Prosecution Service. Before the dissolution, the District Court may grant the legal person for a specific period of time the opportunity to adjust its purpose (objective) in such a way that it no longer is contrary to public order.
13. Reporting and transparency	In a meeting held no later than six months after the end of the financial year, the Board of Directors informs the General Assembly about the performance of the association. The Board of Directors has to submit the balance sheet and the state of assets and expenditures to the General Assembly for approval. **In case the association has performs business activities** (*onderneming*), then it is subject to mandatory registration requirements.

	An association that is registered in the central database of enterprises, is subject to public notifications of bankruptcies, or a court granted grace period in relation thereto. When the association does not have a Supervisory Board, and no statement of an accountant is submitted to the General Assembly with regard to the correctness of the documents, the General Assembly shall for each accounting year appoint a committee of at least two persons who are not members of the Board of Directors. The committee shall examine the documents, and shall report to the General Assembly on its findings. The Board of Directors shall provide all information which the committee requires for its investigation; it will display to the committee, upon request, all cash and valuables and it will allow the committee to inspect the books, records and other data carriers of the association. Upon request, the Minister of Economic Affairs may, for compelling reasons, grant relief from the obligation to draw up, submit and adopt the annual accounts.
14. Resources and assets management	Regarding property law, a legal person is equal to a natural person unless the law indicates otherwise. If its articles of incorporation are not written down in a notarial deed, the association cannot own assets that are subject to registration (for example land or large ships) and it cannot be an heir. As far as the Statute do not provide the contrary, the association may stipulate rights on behalf of its members. The Statute specifically grants this power to the association, the association may enter into commitments and obligations for account of its members. The association may claim performance of the rights stipulated on behalf of its members and recovers damages related to these rights, unless the involved member opposes to this.
15. Liquidation	After its dissolution the association continues to exist in so far this is necessary for the liquidation (winding up) of its property. In documents and announcements that are released by the association, the words 'in liquidation' must be added to the name of the association. To the extent that the District Court or the articles of incorporation have not appointed any other liquidators, the Directors will act as liquidators of the property of the dissolved association. Regarding liquidators who are not appointed by the court, the provisions for the appointment, suspension and discharge (dismissal) of Directors and the provisions for exercising supervision over Directors shall apply, insofar the articles of incorporation do not provide otherwise.

	The property of a legal person which has been dissolved by the court, is wound up by one or more liquidators appointed by that court. If the expenditures are likely to outweigh the assets, the liquidators will generally file for bankruptcy. After all, debtors are paid, any remaining assets of the associations are to be attributed in accordance with the provisions of the Statute. An association cannot distribute profit between its members. **In the event of a bankruptcy** or an official moratorium on payment of an association that is registered in the commercial register, the announcements which have to be published in the Dutch Gazette by virtue of the Bankruptcy Act, shall be reported also for registration to the keeper of the commercial register by the person who is charged with the publication of these announcements in the Dutch Gazette (i.e. by the bankruptcy liquidator or, respectively, the administrator appointed by the court under the moratorium). The dissolution can be both voluntary and not.
16. Fundamental decisions	If the articles of incorporation provide that the **General Assembly** will be made up of chosen representatives, the articles can connect certain decisions to a mandatory referendum. **Regarding amendments to the Statute**, it can only be amended by a decision of the General Assembly. The convocation has to mention that an amendment of the Statute will be proposed. Subject to any restrictions under the articles of incorporation**, the Board of Directors** is charged with the administration and management of the association. A legal person can be terminated by a decision of its General Assembly. Within the association, the General Meeting is conferred with all powers insofar that these powers are not granted by law or the Statute to other bodies of the association.
17. Taxation regimes	Taxation regimes for associations can be complex. Filing a corporate **tax return** is mandatory when the association has a business and no exemption applies. If the association has employees, it has to withhold taxes on the wages it pays. **Exemptions** apply when working with volunteer labour.

	An association which operates as a business usually pays **corporate income tax.** On the other hand, whether an association is obligated to **pay and charge VAT**, or not, depends on its specific situation. Foundations, non-profit associations and similar organizations conducting a business are exempt from corporate income tax: • if the taxable profit in any one year does not exceed € 15,000, or • if the taxable profit in any one year is higher than € 15,000, but together with the taxable profits in the 4 preceding years, does not exceed € 75,000.[368] An association can make use of **tax deductions**, such as the investment allowance. Any profits must be allocated to the association's objective or purpose. Associations **'for a good cause'** that acquire ANBI[369] or SBBI[370] status are subject to certain tax benefits. ANBI refers to organizations that have a goal of public interest or use. SBBI refers to organizations that have a goal of social interest. A request for ANBI or SBBI status is directed to the tax authorities.

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	According to the Dutch Central Bureau of Statistics[371] *Centraal Bureau voor de Statistiek*) there were 38.600 associations and foundations (*Verenigingen of stichtingen*) in the Netherlands **in the 3rd quarter of 2020**. This number also includes 'church societies' (*Kerkgenootschap*). **The preliminary number of associations and foundations for the 1st quarter of 2022 is 42,765.**[372]

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[368] https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/eu-rights-and-rules-in-the-netherlands/eu-businesses/corporate-income-tax-exemption/

[369] This has already been mentioned and refers to the Algemeen Nut Beogende Instelling (ANBI) which means "public benefit organization".

[370] Sociale Belang Behartende Instelling (SBBI) means "social welfare institution".

[371] Centraal Bureau Voor de Statistiek https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/eu-rights-and-rules-in-the-netherlands/eu-businesses/corporate-income-tax-exemption/

[372] https://opendata.cbs.nl/#/CBS/nl/dataset/81588NED/line

2. Number of members	In the period 2012-2013 about 78% of the Dutch population was a member of at least one association. 40% of the Dutch population was a member of a consumer's association, over 30% had a membership of a sports association and over 20% of an environmental organization.[373] For one specific type of associations, sports clubs, more numbers are available. These clubs have an average of 197 members per club. 74% of sports clubs have 200 members or less, 57% has 100 members or less and 38% has less than 51 members.[374] The Royal Dutch Soccer Association (KNVB) has over 1,1 million members.
3. Activities covered	The associations can be found in most types of sectors including business services, financial services, and communications. However, associations seem to be most common in the sports/culture/recreation sector and the health/care sector. [375]
4. Revenues	For one specific type of association, sports clubs, more numbers are available. Preliminary numbers for 2020 indicate a total of **26,130 sports clubs** with combined total revenue of **1,133 million euros**.[376]
5. Economic weight	In 2020, the economic weight of the associations representing sports clubs **is 0.08%** of the GDP of Netherlands.
6. Share between voluntary and paid work	For one specific type of association, sports clubs, more numbers are available. Preliminary numbers for 2020 indicate **a total of 26,130 sports clubs**. These clubs have a total of 10,160 paid staff members. The clubs can count on 1,869,000 hours of volunteer work per week. [377]
7. Cross-border activities	The report entitled "[a] statute for European cross-border associations and nonprofit organizations" issued by the European Parliament[378] presents the Netherlands as a positive example for the adoption of international treaties that would enable a foreign-based public benefit organizations' tax-privileged status to be automatically recognized in the jurisdictions of all the contracting countries.

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[373] https://www.cbs.nl/nl-nl/achtergrond/2014/38/lidmaatschap-en-deelname-verenigingen .

[374] https://opendata.cbs.nl/statline/#/CBS/nl/dataset/70256ned/table?fromstatweb .

[375] https://opendata.cbs.nl/#/CBS/nl/dataset/81588NED/table?ts=1644584558840 .

[376] https://opendata.cbs.nl/statline/#/CBS/nl/dataset/70256ned/table?fromstatweb .

[377] https://opendata.cbs.nl/statline/#/CBS/nl/dataset/70256ned/table?fromstatweb .

[378] "A statute for European cross-border associations and nonprofit organizations", European Parliament, May 2021, page 68 (https://www.europarl.europa.eu/RegData/etudes/STUD/2021/693439/IPOL_STU(2021)693439_EN.pdf)

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A statute for European cross-border associations and nonprofit organizations", European Parliament, May 2021, page 68 (https://www.europarl.europa.eu/RegData/etudes/STUD/2021/693439/IPOL_STU(2021)693439_EN.pdf).

Poland

Stowarzyszenia

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	Polish case law has established that an association is a permanent grouping of persons, organized to pursue a particular interest.[379] Therefore, an association is defined as a voluntary, self-governing, lasting non-profit union. The Law on Associations does not, however, define the term of such a union. It only follows from the provision in question that an association is a type of union, the attributes of which - voluntariness, self-governance, permanence and non-profit objectives - have been indicated. The statutory characteristics that distinguish an association consist in its independence in setting its goals and objectives. An association also adopts internal acts concerning its activities. Most importantly, its activities are based on the social work of the associations' members. Whereas in order to conduct its affairs, an association may hire employees, including its members. There are two types of associations in Poland: the so-called 'ordinary association' and 'registered association.' • An ordinary association is a more simple form of association, deprived of legal personality, which may be established by at least 3 persons. It may acquire rights on its own behalf, including property rights, incur liabilities, sue and be sued. • A registered association, on the other hand, constitutes a union with greater capacity for action. Unlike an ordinary association, it must be registered with the Polish National Court Registers. Upon registration, it is granted legal personality.[380] A registered association is founded by at least 7 persons[381], who must adopt the association's statute and elect, among themselves, the authorities of the association: the management board and an internal control body. [382]

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[379] Judgment of the Voivodship Administrative Court in Warsaw of 28 March 2011, ref. no. III SA/Wa 1695/10.

[380] Article 17(1) of the Law on Associations.

[381] Article 9 of the Law on Associations.

[382] Article 11 of the Law on Associations.

2. Sources of law founding associations	Associations in Poland are regulated mainly by the Polish Constitution, which ensures freedom for the creation and functioning of trade unions, socio-occupational organizations of farmers, societies, citizens' movements, other voluntary associations and foundations.[383] At a general level, the detailed rules of associations are, in turn, described by the Law on Associations, which provides for their definition, types and obligations. Associations are also subject to the Act on Public Benefit Activity and Volunteerism, [384] the so-called constitution of the third sector.
3. Formation requirements and constitutive acts and elements	Polish law grants minors as well as foreigners the right to form associations.[385] Ordinary and registered associations are subject to different formation requirements. • In order to establish an <u>ordinary association</u>, at least 3 persons are required who must adopt the rules of procedure. An ordinary association is not required to have a management board and an internal control body. • A <u>registered association</u> is founded by at least 7 persons,[386] who must adopt the association's statute and elect the founding committee or the authorities of the association: the management board and an internal control body. [387] The management board shall submit an application for the registration of the association in the National Court Register together with the statute.
4. Registration requirements	Both ordinary and registered associations are subject to the obligation of registration. However, while ordinary associations do not acquire legal personality by registering, registered associations do so. • <u>Ordinary associations</u> are listed in the register of ordinary associations held by the locally competent supervising authority, typically an administrator of a district. • <u>Registered associations</u> must be entered in the centralised National Court Register, with which they acquire legal personality.

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[383] Article 12 of the Constitution.

[384] The Act on Public Benefit Activity and Volunteerism of 24 April 2003 (Journal of Laws of 2020, item 1057).

[385] Articles 3 and 4 of the Law on Associations.

[386] Article 9 of the Law on Associations.

[387] Article 11 of the Law on Associations.

5. Administration costs	The registration process is free of charge.
6. Liability	Ordinary and registered associations are subject to different liability regimes. • Each member of an ordinary association is liable without limitation jointly and severally with the other members and with the association. The members of an ordinary association are personally liable for civil law liabilities arising from contracts and other legal transactions, as well as public law liabilities, such as taxes. • The members and management board members of a registered association are not liable for the association's debts. However, the management board members are liable for the association's tax obligations.[388] The persons acting on behalf of the registered association until the registration are jointly and severally liable for the taxes of the association incurred before its registration. Members of the management board are jointly and severally liable towards third parties for actions necessary for the registered association to commence its activity, performed in favor of the association before its entry into the National Court Register.
7. Legal personality	Ordinary associations do not have legal personality, while registered associations do. • An ordinary association is a simplified form of association without legal personality. An ordinary association may acquire rights in its own name, incur liabilities, sue and be sued.[389] An ordinary association - despite its lack of legal personality - is therefore subject to rights and obligations. It is a legal entity with limited legal capacity. • A registered association has legal personality. Its legal subjectivity is closely related to the constitutive character of the entry in the National Court Register. A registered association acquires legal personality and may commence its activities after it has been entered into the National Court Register. Thus, a registered association acts, as a rule, on its own behalf. Registered associations may set up field organizational units of two types: without and with legal personality. The latter are granted legal personality after being entered into the National Court Register.

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[388] Article 116a in connection with Article 116 of the Act of 29 August 1997 - Tax Ordinance (Journal of Laws of 2021, item 1540).

[389] Article 40(1a) of the Law on Associations.

8. Definitions of public interest	In the Constitution of Poland, the concept of public interest is included in several provisions and is associated with the 'common good' of all citizens. Apart from the Constitution, the notion of public interest is mentioned in approximately 540 other legal acts and is aimed at achieving certain pragmatic goals in constantly changing situations by providing flexibility.[390] The activities of associations may also be considered in the context of public interest. It should be mentioned in this regard that the income of public benefit organizations referred to in the Act on Public Benefit Activity and Volunteerism is tax free.
9. Membership regimes	Membership of the association is regulated in the statute in case of registered associations, and in the rules of procedures with regard to ordinary associations. The Polish doctrine assumes that the statute of an association, which is the source of the legal relation of membership, is a civil law agreement concluded by the founders of an association.
10. Economic activities permitted	Economic activities are permitted in accordance with the following rules: • An <u>ordinary association</u> may neither carry out economic activities nor engage in paid public activities. However, this requirement does not apply to ordinary associations carrying out solely unpaid public benefit activities. • A <u>registered association</u> can carry out economic activities according to the general rules specified in separate regulations. However, the income from the economic activity of the association must serve to achieve the statutory goals and cannot be distributed among its members.

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[390] Wilczyńska, Aleksandra. (2009). Interes publiczny w prawie stanowionym i orzecznictwie Trybunału Konstytucyjnego.

11. Governance, operating rules and bodies	The governance model is different for both types of associations. - Ordinary associations operate on the basis of the rules of procedure, which they draw up themselves. The rules of procedure shall define the objective of the ordinary association, its activities and means of action, the representative representing the association (or the management board), the rules for amending the rules of procedure, the method of acquiring and losing membership and the method of dissolving the association. An ordinary association is represented by a representative of the ordinary association or by its management board, if the founders choose to establish such a body in the association. - Founders of a registered association must adopt the association's statute and elect, among themselves, the authorities of the association: the management board and the internal control body.[391] Registered associations may also create local organizational units.
12. State supervision	The supervision over the activities of associations that are not associations of local self-government units, i.e. over the vast majority of associations, is exercised by the district administrator.[392] It is important to point out that the supervising authority oversees the activities of associations only with regard to compliance with the law and with the provisions of their statutes. Thus, the supervising authority has the right to request, on a specified date, copies of resolutions of the general meeting of members (or the assembly of delegates) and necessary explanations from the different organs of the association. However, the supervising authority is obliged to justify these requests, i.e. to indicate why it decided to undertake such actions.[393] If the association fails to comply with the requests of the supervising authority, the court - at the request of the supervising authority - may impose fine on the association.
13. Reporting and transparency	The nature of reporting obligations depends on the legal form of the entity, not its size or scale of activities. In accordance with the provisions of the Accounting Act, NPOs are obliged to keep full accounting, covering all expenses. Therefore, associations also have an obligation to draw up and adopt an annual financial statement. However, they may keep simplified records of income and expenses under the terms and conditions set out in the Accounting Act.[394]

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[391] Article 11(3) of the Law on Associations.
[392] Article 8(5)(2) of the Law on Associations.
[393] Article 25 of the Law on Associations.
[394] Article 2(5) of the Accounting Act.

	If an organization is required to submit an annual management report on the organization's activities to a competent authority (e.g. the general meeting of members), the organization's management has to prepare and submit such a report in accordance with the time limits set out in the constitutive act of the association.
14. Resources and assets management	Ordinary associations and registered associations have the following resources: • Ordinary associations are financed by membership fees, donations, inheritances, bequests, income from the property of the association and public collections. They may also receive grant aids. [395] • Registered associations are also financed by membership fees, donations, inheritances, bequests, income from the property of the association, public collections[396] and, potentially, grant aids.[397]
15. Liquidation	Liquidation has to be covered by the property of the liquidated association. • In case the registered association is dissolved by its own resolution, the liquidators of the association are the members of its management board (provided that the statute or, in the absence of relevant provisions of the statute, the resolution of the last general meeting of members, or the assembly of delegates, of the association does not provide otherwise). On the other hand, in case the association is dissolved by the court, the court has to order the association's liquidation and appoint a liquidator. The liquidator acts on behalf of the association in liquidation. Only natural persons having full legal capacity may be liquidators. If the association is under liquidation, it may not carry on its activities. Upon the opening of the liquidation, the authority of the members of the management board also terminates. • Liquidation of an ordinary association appears to be a similar process. It consists of the complete termination of its activities, the disposal of its property and the deletion from the register of the district administrator after the creditors have been satisfied or secured.

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[395] Article 42(2)-(3) of the Law on Associations.

[396] Article 33 of the Law on Associations.

[397] Article 35 of the Law on Associations.

16. Fundamental decisions	The general meeting is responsible for making resolutions in matters which are not specified in the constitutive act.[398] In contracts between the association and a member of the management board (and in disputes with him), the association shall be represented by a member of the internal control body indicated in a resolution of this body or by a proxy appointed by a resolution of the general meeting of members (the assembly of delegates).[399]
17. Taxation regimes	Both types of associations are subject to the Corporate Income Tax Act (hereinafter referred to as the 'CIT Act').[400] The Polish legislator has not introduced any subjective income tax exemption for organizations, i.e. an exemption only because an entity is an association or a foundation. This does not mean, however, that all associations, earning income must pay income tax. Thus, associations are exempted from income tax if their statutory objective belongs to one of the following areas: science; technological science; education; culture; sport; environmental protection; supporting social initiatives for the construction of roads and telecommunications networks in rural areas and water supply to rural area; charity; health protection and social aid; professional and social rehabilitation of the handicapped; religious worship. The income of public benefit organizations referred to in the Act on Public Benefit Activity and Volunteerism is also tax free – i.e. the income allocated to statutory activities, except from economic activities.[401] Moreover, membership fees intended for the statutory activities of the association are exempt from income tax as well.[402] On the other hand, fees that have been designated for economic purposes are not exempted.[403]

LANDSCAPE OF ASSOCIATIONS

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[398] Article 11(1) of the Law on Associations.
[399] Article 11(4) of the Law on Associations.
[400] The Act of 15 February 1992 on Corporate Income Tax Act (Journal of Laws of 2021, item 1800).
[401] Article 17(1)(6c) of the CIT Act.
[402] Article 17(1)(40) of the CIT Act.
[403] Individual interpretation of the Tax Chamber of Bydgoszcz of 23 September 2014, ref. no. ITPB3/423-324/13/14-S/KK.

1. Number of associations	According to the data collected by Polish Central, associations and similar social organizations constituted the largest group of registered NPOs in Poland in 2020. Out of 95 000 registered NPOs, 67 000 were associations.
2. Number of members	Associations and similar organizations had the highest membership capacity in 2020. They accounted for the vast majority of membership declared by non-profit entities, accounting for approximately 6.7 million members.
3. Activities covered	In terms of activities covered, the Polish Central Statistical Office survey took into account the NPO sector as a whole, without collecting data on associations only. In 2020, most NPOs were involved in sport, tourism, recreation, hobbies (26.9%), rescue services (15.3%), culture and arts (12.4%), education and upbringing, scientific research (10.5%) and social and humanitarian aid (8,3%). Public benefit organizations (PBOs) operated mainly in the field of social and humanitarian aid (24.7% vs. 8.3%) and health care (12.9% vs. 3,9%).
4. Revenues	More than half of the revenue generated by NPOs came from non-market sources (63.0%). In this category, by far the largest share came from public funds (45.2%), including co-financing from local government administration (19.6%). The share of revenues from market sources amounted to 28.5%. This stemmed mainly of income from paid statutory activities (14.8%) and from business activities (11.6%). Membership fees and other financial means constituted 8.6% of all income generated by NPOs.
5. Economic weight	In 2020, the estimated economic weight of associations and similar entities was 1,12% of the total GDP of Poland.
6. Share between voluntary and paid work	In 2020, 181 000 people were employed in NPOs on the basis of an employment contract, out of whom 149 000 people worked full time. In addition to employment contracts, 394 000 people were employed on the basis of civil law contracts, out of whom 38 000 people worked full time. 89.4% of NPOs benefited from community service through social work. NPOs had 2.6 million volunteers in 2020.
7. Cross-border activities	For the time being, the Polish Central Statistical Office has not released any data on cross-border activities of associations or any other non-profit organizations.

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Portugal

Associação

LEGAL FRAMEWORK

1.Definition, types of associations and characteristics	While Portuguese law does not define associations, doctrine considers them legal entities endowed with legal personality and constituted to realize common or collective interests that may be governed by public or private law[404]. Associations, foundations, and companies are the three entities governed by private law in Portugal.[405] An association is formed by a group of people who aim for a certain non-profit purpose. As long as an entity respects these criteria, as well as formation and formality requirements, it will be considered as an association.[406] What differentiates associations from other legal entities is the fact that financial revenues are not distributed among the members. Associations are managed by Statutes, and may or may not have capital at the time of their incorporation. The income derived from the developed activity is destined to the purpose described in its by laws. The Portuguese legislator did not include an exhaustive enumeration of association types, Some examples for Associations’ types would be: mutual associations, mercy associations, community and self-managed subsectors and associations with altruistic purposes. A specific type of associations are public associations. These are legal persons of an associative nature, created by the public authorities to ensure the pursuit of non-profit interests belonging to a group of people who gather themselves for their pursuit.
2. Sources of law founding associations	Associations stem, first and foremost, from the Portuguese Constitution[407] which, under its article 46, refers to them in the following terms: “*Citizens have the right to form associations freely and without the requirement for any authorisation, on condition that such associations are not intended to promote violence and their purposes are not contrary to the criminal law…”*

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[404] VASCONCELOS, Pedro Pais de, *Teoria Geral do Direito Civil,* 5th edition, 2019, p.134.

[405] The Portuguese Civil Code available at ::: DL n.º 47344/66, de 25 de Novembro (pgdlisboa.pt), articles 157 to 184.

[406] These requirements are further described below.

[407] The Constitution of the Portuguese Republic, available at Constitution of the Portuguese Republic - DRE

<table>
<tr><td></td><td>The other major source of law for associations in Portugal is the Portuguese Civil Code, which has a section dedicated to these legal entities ((all under chapter II – section I regulates the general terms - article 157 to 166 - and section II are dedicated specifically to associations – article 167 to 184).</td></tr>
<tr><td>3. Formation requirements and constitutive acts and elements</td><td>In Portugal, there are two ways to constitute an association:
<u>through a public deed</u>[408]. The procedure is the following one:
draft the Association’s bylaws, which must include:
the goods and services the association will provide, as well as its goals. This is one of the most important aspects to establish since the entity will not be able to pursue activities that are not directly related to its social object.
the founders should choose about five names for their association, as there may already exist other entities with the same name – this will be checked for registration by the authorities;
location of the headquarters.[409]
the rights and obligations of the members, the conditions for admission, withdrawal, or exclusion of new members, as well as the powers of the association's bodies, its revenues, or the terms for termination of the legal entity. [410]
the founders of the association must call a General Assembly meeting at least 15 days before submitting the document of foundation. This first Assembly cannot make decisions without the presence of half of its members. It will decide on the following agenda: approve the bylaws project; election of bodies – all these decisions must be included in the minutes book, dully dated and signed by everyone who was present at the assembly;
founders must then request a certificate of admissibility from the national authority <i>Registo Nacional de Pessoas Coletivas</i> which is governed by the Ministry of Justice - a document which will analyse whether the association meets all the requirements. For this, the applicants must display their ID cards or passports as well as the General Assembly minute which approved the bylaws;</td></tr>
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[408] See Portuguese Civil Code, op. Cit., art. 168

[409] See Ibid. art. 159

[410] See Ibid. art. 167

	4. if all the steps above are fulfilled, the founders will then make a public deed before a notary, for which it will be necessary the following documents: admissibility certificate; national IDs or passports of members; approved bylaws; General Assembly minute which approved the bylaws. - Constitution “on the spot”[411]. The procedure is the following one: 1. Choose a name, and a template of Statute previously approved by the *Registo Nacional de Pessoas Coletivas* (governed by the Ministry of Justice). 2. The constitution is made with the administration called “*balcão Associação na Hora*” [412]. It does not require public deed nor admissibility certificate. 3. The association will be constituted in the moment, without having to go through any further procedures. The association will have a common fund constituted by the associates’ contributions and the assets acquired by them. Associates are not allowed to demand the common fund’s division, and creditors are not able to require the fund’s execution.[413]
4.Registration requirements	For both through a public deed and constitution “on the spot”, associations must be registered within the national authoritiy (*Registo Nacional de Pessoas Coletivas).* For constitution through a public deed, if the notary does not approve the registration, the registration must be repeated within the validity of the admissibility certificate (3 months). Should the association follows the constitution “on the spot” format, no further requirements for registration are necessary, as it will be done automatically.
5. Administration costs	Depending on the selected way to constitute an association, the costs are as follows: - through public deed: the notary will arbitrarily define the cost.

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[411] Legal Act nr. 40/2007 of August 24th, available at Lei n.º 40/2007 \| DRE

[412] Please find the list of the administrations in the link: https://irn.justica.gov.pt/Portals/33/Contactos-bacloes%20ANH.pdf

[413] See Portuguese Civil Code, op. Cit., art. 196

	- constitution on the spot: associations will cost EUR 300, 00.[414] except students' associations which are free of charges - further registration costs (when not automatically registered): EUR 50, 00[415]
6. Liability	Should the association have a legal personality (see below), it is liable for the acts or omissions of its representatives, agents, or mandataries.[416] For associations without legal personality, concerning obligations validly taken on in the name of the association, the common fund shall be liable and, in the absence or insufficiency of the common fund, the assets of the person who contracted them. In the absence or insufficiency of the common fund and the assets of the members directly responsible, the creditors have legitimacy to file a lawsuit against the remaining members, who shall respond in proportion to their contribution to the common fund. Representation of the common fund in court is the responsibility of those who have assumed the obligation.[417]
7. Legal personality	Not all associations have legal personality in Portugal. Under Portuguese law, it is admissible for associations not to have legal personality, should this intention be mentioned in the constitutive deed and bylaws.[418] This has no link with the type of registration chosen (on the spot or through a deed). This is possible because most associations are private legal entities, and thus are governed by the general civil principle of private autonomy. However, if there is a lack of specification in the constitutive act or bylaws (i.e., specifying the association should not have legal personality) and if the entity meets all the formal requirements, it is presumed to benefit from legal personality.[419]

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[414] See Portuguese government's website available at Criar uma associação na hora - ePortugal.gov.pt

[415] See Portuguese authority's website available at Instituto dos Registos e Notariado: 41 (mj.pt)

[416] See Portuguese Civil Code, op. cit., art. 165

[417] See Ibid. art. 198

[418] See Ibid. art. 195

[419] See Ibid. art. 158

8. Definitions of public interest	As mentioned above, associations in Portugal are deemed as private legal entities. Thus, it is not necessary that these entities pursue public interest goals. *i.e.* associations are allowed to pursue whatever goals they find suitable or necessary without interference from public powers, as long as the rule of law is dully observed.[420] Notwithstanding, there is an exception to this rule for public associations. These are legal persons of an associative nature, created by the public authorities to ensure the pursuit of non-profit interests belonging to a group of people who gather themselves for their pursuit. For example, the Professional Associations and the Chambers of Solicitors, of Official Brokers and of Chartered Accountants are public associations, since they are associations of members of the respective professions that regulate and discipline the exercise of their activity.[421] In this case, as public entities with an associative structure representing professions, they must be subject, cumulatively, to control of their respective access and exercise, to the elaboration of technical standards and specific deontological principles and rules, and to an autonomous disciplinary regime for the imperative protection of the public interest pursued.[422] The notion of public interest in Portuguese law is therefore materialized by the concept of public associations.
9. Membership regimes	Members take on their role voluntarily after being approved by the General Assembly and are, in principle, allowed to unilaterally terminate the contractual relationship with the association. However, associations are in the scope of private law, thus private autonomy shall apply to the drafting of the bylaws. As long as not contrary to the rule of law, bylaws are allowed to include further requirements for termination. In any case, the General Assembly is always allowed to exclude a member, should the bylaws be respected in said decision.[423] It is the General Assembly that elects the members of the association's bodies, whenever the bylaws do not establish another choice process. While the functions of the elected or designated members are revocable, revocation does not affect the rights based on the constitution act.[424]

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[420] See Constitution of the Portuguese Republic, op. cit., art. 46(1)(2)

[421] See Legal Act nr. 2/2013 of 10th January, available at ::: Lei n.º 2/2013, de 10 de Janeiro (pgdlisboa.pt)

[422] See Ibid., article 2

[423] See Ibid. art. 172(2) *ab initio*

[424] See Ibid. art. 170(1)(2)

	Further, the member who, for any reason, decides to cease to belong to the association does not have the right to retrieve the contributions that it has made and loses the right to the associations' social assets.[425] Lastly, the quality as members shall not be transmittable through succession or one'stheir lifetime, unless if otherwise foreseen in the bylaws. Members are not allowed to instruct others to exercise their personal rights within the association.[426]
10. Economic activities permitted	Associations in Portugal are generally allowed to engage in whatever economic activities they deem necessary to achieve the goals outlined by the bylaws; however, these activities must be related to the aims outlined by the bylaws; otherwise, these activities will fall outside the scope of the association and will be rejected. Further, because associations do not seek the economic profit of their associates, any profits on the balance sheet may not distributed to members.[427]
11. Governance, operating rules and bodies	The bylaws of the association designate its managing bodies, among which shall be (i) a collegial management body composed of an odd number of holders, one of whom shall be the president (<u>General Assembly</u>), and (ii) a supervisory body, which may be composed of a single auditor or of an odd number of holders, one of whom shall be the president (<u>Management and fiscal bodies</u>).[428] Bodies' responsibility and obligations are indicated under the bylaws; in case the bylaws do not provide for this information, civil law applies. <u>General Assembly</u> The General Assembly is composed by all the members of an association. It must be convened by the board in the circumstances established by the bylaws and in any case, once a year for approval of the balance sheet. In addition, it must be convened whenever a legitimate reason for convening is requested. This must be done by a group of members that is not less than 1/5 of its total members (unless other requirements about the quorum are included

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[425] See Ibid. art. 181

[426] See Ibid. art. 180

[427] See Ibid. art. 157

[428] See Ibid. art. 162

	in the bylaws). Any member may lawfully call the assembly, if the administration does not call the assembly in the cases when it is legally required. The General Assembly is convened by means of a postal notice[429], sent to each member at least eight days in advance; the notice must indicate the day, time, and place of the meeting, as well as the agenda. Resolutions on items not on the agenda shall be null and void unless all members attend the meeting and agree on the new item. The General Assembly cannot deliberate without the presence of at least half of its members. Decisions shall be generally made by absolute majority vote of the members present (1/2 + 1). Resolutions on amendments to the bylaws or dissolution or extension of the corporate body require the favourable vote of 3/4 of the members present, without prejudice to the bylaws establishing higher numbers for the majorities.[430] The member must be barred from voting in matters involving a conflict of interest between the association and herself/himself, her/his spouse, ascendants or descendants. Decisions that do not respect this rule are voidable.[431] Decisions that violate the rule of law or bylaws are also voidable.[432] This invalidity may be claimed, within a period of six months, by the management body or by any member who did not vote on the resolution. In the case of a member who was not regularly summoned to the meeting, this deadline will only start to run from the date on which he/she became aware of the deliberation.[433] If the decision is deemed void, any subsequent rights owned by third parties will be unaffected, and the decision will remain in effect.[434] <u>Management and fiscal bodies</u> The administration body and the fiscal council are convened by their respective presidents and can only deliberate in the presence of the majority of their holders. Their composition and the matters on which they can deliberate

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[429] See Ibid. art. 173
[430] See Ibid. art. 175
[431] See Ibid. art. 176
[432] See Ibid. art. 177
[433] See Ibid. art. 178
[434] See Ibid. art. 179

	are determined by the bylaws. Except as otherwise provided by law or the bylaws, resolutions shall be taken by a majority vote of the members present, and the chairman shall have the right to a casting vote, in addition to their own vote, to unscramble in the case of a tie. They are in charge of the direct management of the associations.[435]
12. State supervision	The Portuguese state plays a minor role in supervising associations. As mentioned above, associations in Portugal generally have a private nature, being thus ruled by private legislation. The State has a more important supervision regarding professional public associations. The creation of public professional associations is exceptional and may only take place when its objective is to protect a public interest of special importance that the state cannot ensure directly. It must be adequate, necessary, and proportional to protect the intended legal goods and be related to professions that must be subject, cumulatively, to control of their access and exercise, the development of technical standards, specific principles and rules of ethic, as well as an autonomous disciplinary regime, by the imperative of protecting the public interest pursued. The State defines criteria and requirements and supervise whether or not they are suitable to pursue these required goals.[436]
13. Reporting and transparency	Most associations constituted in Portugal are obliged to submit a specific form on a state owned platform, within 30 days of creation.[437] Any association that fails to comply with this legal obligation shall be sentenced to the payment of an administrative fine. Only professional associations (such as unions) are allowed not to comply with the regulation and therefore are not obliged to report.
14. Resources and assets management	Associations guarantee their sustainability through a set of resources and assets, such as: donations; membership fees; State subsidies (usually acquired through public tenders); sale of goods; business activities (when applicable); gratuitous transfer of assets (e.g., property or vehicles); service provisions. One common rule for associations is that profits – should they exist – will not be distributed among members, but must be applied to pursue the entity's goals as set out in the bylaws and the constitutive deed.

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[435] See Ibid. art. 171

[436] See Legal Act nr. 02/2013 of January 10th, op. cit., art. 3(1)

[437] See Ibid. art. 12

15. Liquidation	Associations are considered extinct: • by resolution of the General Assembly; • by the expiration of the term, if the statutes stated a duration of activities; • by the verification of any other extinctive cause foreseen in the act of incorporation or in the statutes; • by the death or disappearance of all members; • by a court decision declaring its insolvency. Associations may also be dissolved by judicial decision: • when their purpose has been exhausted or has become impossible; • when its real purpose does not coincide with the purpose expressed in the statutes; • when its purpose is systematically pursued by unlawful or immoral means; when its existence becomes contrary to public policy.[438] Once the entity is dissolved and there are assets that have been donated or left to it with any charge and/or that are allocated to a certain purpose, these assets will be assigned to a different corporate body. The court, at the request of the Public Prosecutor's Office, the liquidators, any associate or interested party, or the heirs of the donor or the author of the testamentary covenant, has competence to take this action.[439] In case of bankruptcy, the liquidation shall follow the general terms prescribed by Portuguese legislation[440]. This means once the insolvent estate is calculated, the creditors shall be paid in the order prescribed at the law.
16. Fundamental decisions	The General Assembly is the body adopting fundamental decisions on the association's life. It is responsible for all decisions not included in the legal or statutory attributions of other bodies of the legal entity. The Assembly cannot deliberate without the presence of at least half of its members. Generally, decisions shall be deemed adopted if there is an absolute majority of voters (50% + 1). The exceptions would be the amendments of the bylaws, which require a majority of ¾ of the voters who attended and decisions on dissolution or extension of the corporate body require the favorable vote of ¾ of the number of all members.

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[438] See Ibid. article 182.
[439] See Ibid. art. 166(1)
[440] See Insolvency and Corporate Recovery Code, available at ::: DL n.º 53/2004, de 18 de Março (pgdlisboa.pt)

17. Taxation regimes	Corporate Income Tax Associations that do not exercise a commercial, industrial, or agricultural aim are taxed according to the “global income” (corresponding to the algebraic sum of the net incomes of the categories considered for tax purposes, including asset increments obtained gratuitously).[441] The taxable income to which the corporate income tax rate is applied, is obtained by deducting from the overall income (made up of activities of a business nature; advertising; rights for audio-visual transmission of the activities; real estate, including capital gains from its sale; financial investments): - common expenses and other expenses attributable to income are subject to tax and not exempt; - any existing tax benefits that consist of deductions from that income. Thus, taxable income = overall income minus common expenses and tax benefits. Value Added Tax The VAT Code[442] exempts a set of activities that, as a rule, are performed by associations. It is not the association that is exempted from VAT, but rather the activity it performs. If an association performs an activity, which the VAT Code does not exempt from VAT, it must charge VAT and submit it to the Treasury. Some exemptions granted by the VAT Code are only available to non-profit organizations.[443] For VAT purposes, an organization shall be considered non-profit and thus exempt according to the following requirements:[444] • it does not distribute profits; • the managing bodies have no direct or indirect interest in the results of the operation; • it has bookkeeping concerning all activities, at the disposal of the tax services; • practice prices approved by the public authorities or, for operations not subject to approval, prices lower than those of companies subject to VAT; • it is not in direct competition with taxpayers.

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[441] See Portuguese Corporate Income Tax Code, art. 53, available at CIRC - Código do IRC - Índice (portaldasfinancas.gov.pt)

[442] Portuguese VAT Code, available at Código do Imposto sobre o Valor Acrescentado (portaldasfinancas.gov.pt)

[443] Portuguese VAT Code, available at Código do Imposto sobre o Valor Acrescentado (portaldasfinancas.gov.pt)

[444] See Ibid. art. 10

	It is, however, possible for the associations to waive the exemption, should they deem it preferable[445] (the VAT exemption for associations for activities below €12,500 may, in some cases, be disadvantageous. This is because the exemptions do not allow the deduction of input VAT on purchases made by the association).

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	In 2016, the number of associations in Portugal according to the Satellite accounts[446] was 68923.
2. Number of members	In 2016, the estimated minimal number of members of the associations in Portugal is 140 000.
3. Activities covered	In 2016, the biggest share of associations were operating in the field of culture (33 772), education (2594), human health services (2386), social services (6978).
4. Revenues	In 2016, the total turnover of all type of associations was EUR 4.8 billion.[447]
5. Economic weight	In 2016, the economic weight of all types of associations was 2.6% of the GDP of Portugal[448].
6. Share between voluntary and paid work	In 2016, the total number of paid employees working for associations was 234,886, which represented 6% of the total workforce[449]. According to a Survey on Volunteer Work 2018, "In 2018, the volunteer rate, which corresponds to the percentage of the resident population, aged 15 or more, who participated in, at least, one formal and / or informal volunteer

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[445] See Ibid. art. 12

[446] https://www.cases.pt/wp-content/uploads/2019/11/Livro-Conta-Sat%C3%A9lite-Voluntariado.pdf

[447] https://www.cases.pt/wp-content/uploads/2019/11/Livro-Conta-Sat%C3%A9lite-Voluntariado.pdf

[448] https://www.cases.pt/wp-content/uploads/2019/11/Livro-Conta-Sat%C3%A9lite-Voluntariado.pdf

[449] https://www.cases.pt/wp-content/uploads/2019/11/Livro-Conta-Sat%C3%A9lite-Voluntariado.pdf

	work activity was 7.8%, the equivalent to around 695 thousand volunteers. The formal volunteer rate was 6.4%, while the informal volunteer rate was 1.5%[450].
7. Cross-border activities	No data available.

References:

VASCONCELOS, Pedro Pais de, *Teoria Geral do Direito Civil*, 5th edition, Lisbon, Portugal, 2019
The Constitution of the Portuguese Republic, available at Constitution of the Portuguese Republic - DRE
The Portuguese Civil Code, available at ::: DL n.º 47344/66, de 25 de Novembro (pgdlisboa.pt)
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Publication on the satellite accounts of the social economy in Portugal, available at https://www.cases.pt/wp-content/uploads/2019/11/Livro-Conta-Sat%C3%A9lite-Voluntariado.pdf

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[450] https://www.cases.pt/wp-content/uploads/2019/11/Livro-Conta-Sat%C3%A9lite-Voluntariado.pdf

Romania

Asociere

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	According to the framework law on associations and foundations, an association is a private subject of law constituted of three or more persons who, on the basis of an agreement, share, without being entitled to restitution, their material contribution, their knowledge and their lucrative activity, in order to accomplish activities of general interest, for the interest of a collectivity or for their personal non-patrimonial interest. There are specific types of associations, such as: • Professional associations of some professions (lawyers, architects, medical doctors, etc.) • Religious associations (they have to have at least 300 members with the purpose to practice religious faith) • Associations of pensioners (the members can only be pensioners) • Credit unions of employees (their objective is to financially support their members by giving loans; their activities are entirely for-profit in nature, although they do not distribute it to their members) • Credit unions of pensioners (they are private organizations, following charitable, mutual help and social assistance purposes; their range of services exceeds the strict area of financial loans; their activities are for-profit in nature) • Forest and pasture commons and the compossessorates (ancient form of managing the commons in a designated territory, owned and governed mostly by communities, which can be territorial villages, kinship-groups or groups of descendants • Associations of owners/tenants (they are set up for the management of common property) • Associations of agriculture (they are not commercial in character, are governed by the "one associate, one vote" principle,[451] but they distribute profit.) Under certain conditions, an association may receive a status of public utility via Government Decision.
2. Sources of law founding associations	Art. 40 of the Constitution; Government Ordinance no. 26/2000, approved by Law no. 246/2005, with the subsequent modifications.

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[451] One man, one vote, or one person, one vote, expresses the principle that individuals should have equal representation in voting. Legal forms where the decision is made following this rule and without consideration to the capital/ financial contribution of each member are considered as open and participatory structures (this is related to the structure of the governance which is analysed when checking if an organisation meets the conditions for being qualified as a social economy structure).

3. Formation requirements and constitutive acts and elements	An association may be set up by a minimum of 3 founding members. To establish an association, the founding members are required to draft the statute that has to include the following data: • name, address and ID of the founding members • the will to set up the association along with its purpose and objectives • the name of the association • the address of the association's seat • the anticipated duration of operation (it may be a fixed date or undetermined) • the initial patrimony • the names of the first nominees for the Board of Directors and the censor (if applicable) • the name of the person authorized to represent the association during the registration procedure • the commencement and termination of membership • the rights and duties of the members • the sources of revenues • the tasks of the governing bodies • the transfer of remaining assets in case of dissolution • the signatures of the founding members. The statute is the constitutive act of the association, which is not required to be notarised, unless the initial patrimony includes in-kind immovable goods.
4. Registration requirements	Associations are registered in the special Registry of Associations and Foundations held by the judicial court competent for granting legal personality. The request for registration needs to be accompanied by the following documents: • the statute of the association • the address of the association's seat • certified copies of the identification documents of the founding members and that of the members of the Board of Directors • financial certificate of the founding members • sworn statement with the identity of the beneficial owners of the association (name, address, citizenship, personal identification number, ID)

	• whether the name intended to be used by the association is available in accordance with the Ministry of Justice • proof of the initial patrimony (only in case the patrimony includes in-kind contribution in immovable goods, such as buildings or lands).
5. Administration costs	The cost for registering an association is around 30 EUR and stems from the following costs: • fee of the judicial procedure: 100 Ron, approximately 20 EUR • the fee for reserving the association's name: 36 Ron, approximately 7 EUR • the fee for legalising the court decision at the end of the judicial procedure: 5 lei, 1 EUR
6. Liability	A registered association has a separate existence from its founders and members from the acquisition of legal personality. Therefore, it is liable for its debts and obligations with its own present and future assets.
7. Legal personality	Associations acquire legal personality following the publication of the Court's decision in the special Registry of Associations and Foundations held by the judicial court competent for granting legal personality. For statistical reasons, the Ministry of Justice holds a National Registry of Non-Profit Entities, where all registered associations, foundations etc. are recorded. It is important to point out in this regard that the absence of the record in the National Registry of Non-profit Entities does not have any impact on the legal capacity of the entity concerned, which is, therefore, true for associations as well.
8. Definitions of public interest	Although the term "public interest" is referred to in several legal acts, there is no legal definition available. The Law on Associations and Foundations refers to "activities of general interest, interest of a collectivity or personal non-patrimonial interest." As there is no definition of public interest, practitioners in the non-profit field often refer to activities of general interest as being similar to activities of public interest. The social economy law defines activities of general interest as activities that are to be found in the fields of economy, culture, society, education, science, health, sports, housing and environment and have the following objectives: social and economic cohesion, employment, development of social services. However, as the activities of general interest have a broader meaning in the Law on Associations and Foundations, it is recommended not to limit its understanding to the one conferred by the social economy law.

9. Membership regimes	Any person with full legal capacity may become a member of an association. As a general rule, minors between the age of 14 and 18 have limited legal capacity. Therefore, they can only become members of an association with the consent of their parents and cannot be part of their governing bodies until they reach full legal capacity. Exceptionally, emancipated minors (minors who acquire full legal capacity before turning 18, either thorough marriage or by the means of court procedure) may benefit from all rights and duties of a member. The conditions for becoming a member as well as the causes for the termination of membership have to be included in the statute as a mandatory requirement.
10. Economic activities permitted	An association can carry out economic activities either directly or indirectly by setting up a separate company. According to law, direct economic activities (i.e. carrying out economic activities without setting up a separate legal entity) have to be auxiliary and in close connection with the main purpose of the association. (However, it has to be noted that the law does make a distinction between a main purpose and a secondary one. In the absence of regulation or relevant practice in this area, there is no way to know what are the conditions for “auxiliary”, “close connection” or “main purpose” activities.)
11. Governance, operating rules and bodies	<u>General Assembly</u> The General Assembly is the governing body, which includes all members of the association and appoints the Board of Directors. <u>Board of Directors</u> There are no requirements regarding the number of board members. The Board of Directors can decide to delegate some of its responsibilities to an executive director. <u>Censor</u> The internal financial control is ensured by a censor. The censor is mandatory for associations with more than 15 members. If the association has more than 100 members, the internal financial control has to be ensured by a Committee of Censors.

12. State supervision	Throughout the registration procedure, the State Prosecutor may oppose to the registration for legality reasons. He/she may also request the association's dissolution in the following cases: when the purpose or the activity of the association has become illicit or contrary to public order; when its purpose is accomplished by illicit means or in a way that is contrary to public order; when the association seeks to accomplish a different purpose than the one for which it has been established; when the association becomes insolvent; in case of a failure to obtain the required authorisations or certifications. Reporting on the beneficial owners is also required and has to be submitted to the Ministry of Justice. The term "beneficial owner" refers to any natural person who owns or controls the entity concerned or has effective control over it. In case the declaration of beneficial owners is neither renewed nor submitted to the Ministry of Justice, the State Prosecutor's Office or the National Agency for Preventing and Fighting Money Laundering may ask for the judicial dissolution of the association. Regular financial reporting related to incomes and expenditures need to be submitted to the tax authority. Labour contracts, including all subsequent changes, have to be registered in the employment database of the Ministry of Labour; additional reporting for social service providers has to be submitted as well. All loans from foreign sources must be declared to the National Bank on the bases of regular financial reporting in connection with all operations that involve non-residents. If grants are awarded from public funds, a separate reporting on expenditures and activities has to be submitted to the Public Contracting Authority.
13. Reporting and transparency	The reporting obligations of associations are similar to those that apply for companies. However, associations may face a bigger administrative burden as the public infrastructure for data collection is not that interconnected and organized when it comes to the non-profit-organization sector.

14. Resources and assets management	The revenues of associations stem from the following sources: • membership fees • interests and dividends resulting from financial investments • dividends from companies where the association is an associate or shareholder • revenues from direct economic activities • donations, sponsorships or legacies • funds from the state or local budgets • any other revenues stipulated by law. In case the association is dissolved, the remaining assets cannot be transferred to natural persons. They may be transferred only to legal persons of private law or public law carrying out an identical or similar purpose as the association. If, within 6 months from the date of liquidation, the liquidators fail to succeed in following the statutory procedure that is established for the remaining assets, or the statutory procedure is contrary to the law or to public order, the remaining assets have to be distributed by the competent court to a legal person, which carries out an identical or similar purpose as the association.
15. Liquidation	The association gets dissolved by law: • when the period the association has been established for has come to an end • when the purpose for which the association has been established has been accomplished or can no longer be accomplished, provided that within 3 months the purpose concerned is not modified • when the General Assembly or the Board of Directors can no longer be constituted according to the statute of the association, provided that this situation lasts for more than a year from the date they should have been constituted; • when the number of members has decreased under the limit provided by the law, provided the number has not been completed within 3 months. The association is dissolved by court decision, upon the request of any interested person or that of the State Prosecutor's: • when the purpose or the activity of the association has become illicit or contrary to public order • when the purpose is accomplished by illicit means or in a way that is contrary to public order • when the association seeks to accomplish a different purpose than the one for which it has been established

	- when the association becomes insolvent - in case of a failure to obtain the required authorisations or certifications The association may dissolve voluntarily based on the decision of the General Assembly. Within 15 days from the date of the General Assembly's decision, it has to be submitted to the court, in order to be registered in the Registry of Associations and Foundations. The liquidation procedure is carried out by authorised liquidators appointed by the court. In case the dissolution is ordered by the General Assembly, the liquidation procedure is carried out by this body.
16. Fundamental decisions	Fundamental decisions are made by the General Assembly as the governing body of the association. As already mentioned, it includes all members of the association who have the right to express their will and vote on any strategic decision related to the operations of the association. Expansion and growth of the association's operations by the means of establishing branches and subsidiaries is also decided by the General Assembly. Moreover, as the statute is the "internal" law guiding the major decisions and operations of the association, its amendments are also considered fundamental decisions. Only the General Assembly is authorized to amend it. Following the same rationale and considering the impact on a variety of stakeholders of the association, decision on the voluntary dissolution also lies with the General Assembly.
17. Taxation regimes	According to the Romanian Fiscal Code, NPOs (including associations) are exempted from paying profit tax for several categories of income, such as: - members' dues and registration fees - members and supporters' in-cash or in-kind contributions - registration fees established by legislation - income from visa, fees and sporting penalties - income from donations and sponsorships - dividends and interest earned from investments made with exempted income - income for performance - resources obtained from public funds or grants - income from occasional activities held for social or professional purposes, such as fundraising events

	- income from transferring assets owned by the organization concerned, other than those used in connection with an economic activity.

LANDSCAPE OF ASSOCIATIONS

1. Number of associations existing in each Member States	In 2021, the National Non-Governmental Organization (NGO) Register included a total of 117,510 registered NPOs, out of which 95,972 were associations and 19,335 were foundations. However, only half of the registered NPOs are estimated to be active. The data of National Non-Governmental Organization (NGO) Register shows that the number of associations has increased to 105,402 since the beginning of 2022.
2. Number of members	In 2021, associations in Romania had 300 000 members. The number is estimated on the basis of the number of registered associations and the minimum requirement of members for an official registration.
3. Types of activities	

Field of activity	Distribution of associations and foundations	Total number of associations and foundations (2015)	Associations and foundations with economic income (2015)
Social/Charitable	21%	8,861	9%
Sports / Leisure	19%	8,107	8%
Education	13%	5,453	12%
Cultural	12%	5,310	12%
Professional	12%	4,984	12%
Religious	5%	2,178	9%
Agricultural	10%	4,108	23%
Health	6%	2,456	9%
Development/Tourism	6%	2,734	12%
Commons/Forestry	4%	1,539	48%
Civic	4%	1,623	10%
Environment/Ecology	3%	1,233	9%

<table>
<tr><td></td><td>Source: Ministry of Justice – the Registry of NGOs and the National Institute of Statistics, data processed by CSDF</td></tr>
<tr><td>4. Revenues</td><td>
<table>
<tr><th>Indicator / Reference Year</th><th>2013</th><th>2014</th><th>2015</th></tr>
<tr><td>Total number of associations & foundations</td><td>37,679</td><td>40,838</td><td>42,707</td></tr>
<tr><td>Total income of associations & foundations (EUR) [452]</td><td>2,041,518,669</td><td>2,115,385,861</td><td>2,540,171,879</td></tr>
<tr><td>Total number of employees of associations & foundations</td><td>83,844</td><td>92,430</td><td>99,774</td></tr>
<tr><td>Total number of associations & foundations with incomes from economic activities</td><td>4,468</td><td>4,744</td><td>5,302</td></tr>
<tr><td>Income from economic activities (EUR)</td><td>573,208,871</td><td>632,963,596</td><td>727,988,751</td></tr>
<tr><td>Number of employees in economic activities</td><td>11,272</td><td>12,469</td><td>13,117</td></tr>
<tr><td>Share of economic activities (%)</td><td>11.86</td><td>11.62</td><td>12.41</td></tr>
<tr><td>Share of income from economic activities (%) when compared to the total income of associations & foundations</td><td>28.07</td><td>29.92</td><td>28.66</td></tr>
</table>
Source: Report on the Non-profit sector – profile, evolution and challenges” (CSDF, 2017)</td></tr>
<tr><td>5. Economic weight</td><td>In 2015, the economic weight of associations and foundations was 0,4% of the GDP.</td></tr>
<tr><td>6. Share between voluntary and paid work</td><td>No data available</td></tr>
<tr><td>7. Data on cross-border activities</td><td>No data available</td></tr>
</table>

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[452] Conversion from the national currency (RON) done at the annual exchange rate published by the National Bank of Romania

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Law no. 502 of 17 November 2004 on pensioners' associations
Law no. 122 of 16 October 1996 on the legal status of the employees' credit unions
Law no. 540 of 27 September 2002 on the pensioners' credit unions
Law no. 1/2000 for the reconstitution of the ownership right over the agricultural and forest lands
Law no. 230 of 6 July 2007 on the establishment, organization and functioning of the owners' associations
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Slovakia

Združenia

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	In the Slovakian legal system, associations are defined as “non-profit organizations, which operate in a very large field of general interests and which can exist under many legal forms.”[453] They can be established for various purposes and labelled accordingly as: political parties and movements; non-profit religious associations and churches; civic associations; social purpose associations of natural persons (non-government organizations); social purpose property associations, foundations, non-investment funds. Additionally, associations can operate for public or mutual benefit. According to the Law on Non-Profit Organizations, the following categories of social services are considered public interest:[454] health services; social aid and humanitarian care; development and protection of cultural and spiritual values; human rights protection; education; science; environment; employment; housing. Under Slovakian law, associations do not have legal personality. They cannot possess any rights or obligations since their members (natural persons) possess these rights and obligations and are legally responsible for the actions of the association. Another characteristic of associations is that their main goal is to act for the public interest (services of general social interests). At the same time, they use their income mainly to achieve their social goals.
2. Sources of law founding associations	The primary source of law for associations is the Constitution of Slovakia, which provides the legal framework for the freedom of association.[455] The main piece of legislation regarding associations is the Civil Associations Act.[456] According to this Act, everyone has the right to associate with others in clubs, societies, or other associations. As regards political parties, however, only Slovak citizens have the right to establish political parties or to be part of political movements. Generally, except for cases provided by law, any State intervention in the activities of these associations is forbidden. The legal act also regulates the conditions for founding, registering or dissolving an association.

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[453] https://www.neziskoveorganizacie.sk/33/pravne-formy-neziskovych-organizacii-na-slovensku-uniqueiduchxzASYZNZfn_ShKlJd3CQezb71JJ-AayX0xicUK50/?justlogged=1
[454] §2 of Law on Non-Profit Organizations providing the general public benefits services, available at : https://www.zakonypreludi.sk/zz/1997-213
[455] Constitution of Slovak Republic, available at: https://beta.ucps.sk/Ustava_SR_anglicky
[456] The Civil Associations Act n.83/1990

	Moreover, many special laws regulate the specificities of associations: • Law on the Social Economic Management and Social Enterprises n. 112/2018 • Law on the Register of Non-profit Legal Entities n. 346/ 2018 • Law on Public Administration Budgetary Rules n. 523/2004 • Law on Non-Profit Organizations Providing Public Benefit Services n. 213/1997 • Law on Association in Terms of Political Parties and Movements n. 424/1991 • Law on Religious Freedom and Church or Religious Organization Status n. 308/1991 • Law on Foundations n. 34/ 2002 • Law on Non-Investment Funds n. 147/1997.
3. Formation requirements and constitutive acts and elements	As stated in the Civil Associations Act, an association can be constituted only by natural persons. The first requirement for the establishment of an association is the registration. An association is considered to be established if at least three citizens submit a request for registration and this request is approved. The founders are required to adopt the statute of the association, which must contain the following elements: • association's name • the office of registration • the goals of the association and means for their achievement • the powers of the governing bodies of the association • the rules regarding the organizational unites and the principles of their financial management • the statutory body of the association.[457]
4. Registration requirements	The registration is the first condition for legal existence since an association is only considered to be established if at least three citizens submit a request for registration and the request is approved. The request must be signed by a preparatory committee and has to contain the same elements as the statute. (A possible ground for the refusal of the application is for instance the statute's non-compliance with the applicable legal provisions.) If the application is approved, the association has to be registered in the Register of Non-Profit Legal Entities (since 01.01.2021),[458] which is administrated by the Ministry of Interior.

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[457] Civil Associations Act, available at: https://www.zakonypreludi.sk/zz/1990-83

[458] The Law on the Register of Non-profit legal entities, available at : https://www.zakonypreludi.sk/zz/2018-346

5. Administration costs	The Ministry of Interior is responsible for collecting the following fees (administration costs) for the establishment of an association:[459] • Request for registering a civil association: 66 EUR • Modification of the statue: 16,50 EUR • Engrossment of the new statutes: 13 EUR • Copy of the register statement: 5 EUR • Copy of the register information: 5 EUR • Deletion of the civil association from the Register: 16,50 EUR • Registering information on the organization unit authorized to act in its own name: 66 EUR • Modification of the registered information on the organization unit: 16,50 EUR • Deleting the registered information on the organization unit: 16,50 EUR • Publishing information on the civil association's statutory organ: 16,50 EUR.
6. Liability	According to § 829 of the Civil Code, associations are excluded from liability. They cannot possess any rights or obligations. Their members (natural persons) are possessing these rights and obligations and are legally responsible for the association's actions. All members of the association are jointly liable to respect and accomplish all the obligations that they have in relation to a third party. The members have to make efforts to achieve the purposes and goals determined in the memorandum (which is adopted before the statute) and the statue of the association (which establishes the governing principles for the functioning of the association as well as its internal rules).[460] The members can be obliged to provide financial support for the association if prescribed by the statute.[461]
7. Legal personality	According to § 18-1 of Slovakian Civil Code, legal entities have the capacity to possess rights and obligations and the capacity to enter into legal relations or perform legal acts. However, according to § 829 of the Civil Code, associations do not have legal personality. Their members (natural persons) possess these rights and obligations and are legally responsible for the association's actions.

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[459] https://www.minv.sk/?informacie-o-registracii-3

[460] §830 Civil Code of Slovakia, op.cit.

[461] §831 Civil Code of Slovakia, op.cit.

8. Definitions of public interest	According to the Slovakian Law on Non-Profit Organizations Providing Public Benefit Services n. 213/1997, the following categories of social services are considered to be of public interest:[462] • health services • social aid and humanitarian care • development and protection of cultural and spiritual values • human rights protection • education • science • environment • employment • housing. The most important tax benefit that exists in the Slovak legal system is that Slovak taxpayers can allocate a certain percentage of their tax (which is currently 2%) to a registered NGO or a charity of their choice. These benefits provide for an important share of associations' income.[463] Moreover, associations that pursue public benefit objectives are exempted from all tax obligations related to donations, which are defined by their statutes. Grants received on the basis of international treaties, or income from their main activities (which concern the purpose for which they were created) are also tax-exempt.
9. Membership regimes	All prospective members must send a written request to the executive organ of the association (usually a Counsel). If it is required by the statute, the members are obliged to make contributions. Membership is terminated due to the following causes: • by a unilateral expression of will addressed to the association • by the death of the member or by losing his/her full legal capacity • by exclusion • by dissolution of the association • by the termination of membership

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[462] §2 of Law on Non-Profit Organizations providing the general public benefits services, available at : https://www.zakonypreludi.sk/zz/1997-213

[463] §50 of The Law of income tax, available at: https://www.zakonypreludi.sk/zz/2003-595#cast3

	- by the failure to pay the annual membership fee or contribution. [464]
10. Economic activities permitted	Associations can carry out supplementary economic activities if they are related to the main objectives/purposes of the association. It is an important restriction, however, that the revenue gained from such activities must be used to achieve the goals of the association determined by its statute. Profit-distribution is, thus, prohibited by law. [465]
11. Governance, operating rules and bodies	Associations have four governing bodies:[466] the Administrative Board, the Director, the Supervisory Board and other bodies if defined by the statute. <u>Administrative Board</u> The supreme body of the association is the Administrative Board, which has the following powers: • nominates and removes the members • approves the association's budget • approves financial statements and the annual report on the association's functioning and economy • decides on the dissolution, liquidation or transformation of the association • nominates and removes the director and determines the amount of his/her salary • nominates and removes the members of Administrative Board • decides on the amendments of the statute etc. <u>Director</u> The Director is a statutory body, which has the following powers: • manages the functioning of the association • represents the association and determines the degree of the representative power • can participate at the sessions of the Administrative Board • responsible for the management of the association's property. <u>Supervisory Board</u> The Supervisory Board (Revisor) supervises the activities of the association and has the following powers:[467]

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[464] https://www.mikroregionhurbanovo.sk/o-nas/stanovy/clenstvo-v-zdruzeni-vznik-prava-povinnosti-zanik/

[465] Law on Non-Profit Organizations providing the general public benefits services, available at: https://www.zakonypreludi.sk/zz/1997-213#oddiel5

[466] §18 of Law on Non-Profit Organizations providing the general public benefits services, available at : https://www.zakonypreludi.sk/zz/1997-213

[467] §25 of Law on Non-Profit Organizations providing the general public benefits services, available at : https://www.zakonypreludi.sk/zz/1997-213

	- examines the association's accounts and the annual activity report - warns the Administrative Board about potential problems - can suggest to convene the members of the Administrative Board if urgently required - can suggest the removal of the Director.
12. State supervision	The activities pursued by associations are monitored by the Government and its special bodies. The Register of Non-profit Legal Entities is the main informational system of the Public Administration, which is operated by the Ministry of Interior. The Register helps the Government keep track of all information concerning the activities of associations in Slovakia. It has the following duties: supervises if the acts of the association are in line with its purpose; evaluates the content of the annual reports published by the association; informs the association about the weaknesses identified; can request the liquidation of the association. The Government Office for the Non-Profit Organizations (established in 2012) is another important body in charge of State supervision. It is a consultative and coordinating body, which cooperates with the ministries and examines the achieved objectives of the associations and makes subsequent proposals. [468]
13. Reporting and transparency	According to the Law on the Register of Non-Profit Legal Entities, associations operating for public benefit are obliged to submit their annual activity report and their financial statements to the Ministry of Interior (Registry office) via the portal of financial administration office until the 15th of July every year. The report must contain the activities undertaken during the year, their relevance to the strategic priorities of the organization, the amount of the donations received, the breakdown of the rest of the income obtained, the overall balance of the association, etc.
14. Resources and assets management	Associations operate with the following main types of resources: - income from the main type of activity pursued - income from membership - income from donations (of natural persons or legal entities) - income from succession - income from economic activities (after taxation). - income from state budget

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[468] https://www.minv.sk/?ros_rvmno

	Associations' income must be taxed. They cannot be used for the activities of the political parties of movements. Asset management is determined by the statute of the association. All associations are obliged to keep their accounts. However, they have to submit tax return only if they operate in an area for which they have to pay taxes. Since the 1st of January 2022, all non-profit organizations (including associations) are obliged to conduct accounting procedures by electronic means only.
15. Liquidation	The association ceases to exist when it is removed from the Register of Non-Profit Legal Entities. Before that, it is required to go through the process of annulation (with or without liquidation). Liquidation is not necessary if the association's property passes over to another existing association (e.g. in case of fusion or unification). If the association is liquidated, a liquidator is appointed. The liquidator is a natural person designed to operate the liquidation process and has the right of a remuneration. In case of liquidation, the liquidation balance should pass over to another non-profit organization or foundation only. The charges used for liquidation are covered by the association or its property. The liquidation process is managed according to the rules of the Commercial Code.[469]
16. Fundamental decisions	The fundamental decisions related to the association's functioning are made by the Administrative Board. The Administrative Board nominates and removes the members, approves the association's budget or approves financial statements and the annual report on the association's functioning and economy etc.
17. Taxation regimes	The taxation regime of associations follows the regime of companies. In general, the government is encouraged by the Non-Profit Legal Entities Act to support associations that pursue public benefit objectives through tax advantages or exemptions. This is why associations that pursue public benefit objectives are exempted from all tax obligations related to donations, which are defined by their statutes. Grants received on the basis of international treaties, or income from their main activities (which concern the purpose for which they were created) are also tax-exempt.

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[469] §17 of The law on the Register of Non-profit legal entities , available at: https://www.zakonypreludi.sk/zz/2018-346

	Another advantage is that Slovak taxpayers can allocate a certain percentage of their tax (which is currently 2%) to a registered NGO or a charity of their choice.

LANDSCAPE OF ASSOCIATIONS

1. Number of Associations	According to the database “Data Cube Statistics,”[470] there were 71 486 non-profit organizations in Slovakia in 2020, out of which 50 575 were associations and 471 were foundations.
2. Number of members	In 2020, associations had 150 000 members.
3. Activities covered	According to the international classification of non-profit organizations (ICNPO) released by National Statistical Institute in 2015, the majority of the active associations in Slovakia are established for the following purposes:[471] • culture, sport • education and research • health service • social service • environment • human rights.
4. Revenues	In 2020, associations generated 340 687 708 million EUR.[472]
5. Economic weight	In 2020, the economic weight of associations was 0.2% of the GDP.[473]

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[470] http://datacube.statistics.sk/#!/view/sk/VBD_SLOVSTAT/ns2003rs/v_ns2003rs_00_00_00_sk

[471] https://www.researchgate.net/publication/314101642_Obcianska_spolocnost_na_Slovensku_Krizy_krizovatky_a_vyzvy , p.36

[472] http://datacube.statistics.sk/#!/view/sk/VBD_SLOVSTAT/ns2002rs/v_ns2002rs_00_00_00_sk

[473] http://datacube.statistics.sk/#!/view/sk/VBD_SK_WIN/nu1028rs/v_nu1028rs_00_00_00_sk

6. Share between voluntary and paid work	In 2020, associations employed 37 951 paid employees and 109 006 volunteers.[474] In comparison with the previous years, the number of paid employees has significantly increased: 25 214 (2008), 27 410 (2013), 40 085 (2017). The number of volunteers shows the following tendency: 343 566 (2016), 240 341 (2017), 176 530 (2018), 181 769 (2019).
7. Cross-border activities	According to the national Register of non-profit organizations, the total number of registered organizations with international participation is 171.

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[474] http://datacube.statistics.sk/#!/view/sk/VBD_SLOVSTAT/ns2002rs/v_ns2002rs_00_00_00_sk

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Slovenia

Združenje

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	An association is a voluntary, independent and non-profit type of organization established for the realization of the common interests of its members.[475] In Slovenia, associations, institutions, institutes and some other forms of association belong to the NPO sector. Most NPOs are associations. The purpose of establishing and operating an association is not to make profit. Therefore, the income generated by economic activities should be set aside by the association for the achievement of the goal for which it was established and cannot be distributed among the members of the association. An association registered in Slovenia can be granted the status of public interest if it operates in the following fields: culture, education, health care, social protection, implementation of family policy, protection of human rights, protection of the environment, protection of animals, sports, defense and protection against natural and other disasters, economy, agriculture, forestry, veterinary or food, foreign affairs, development of democracy or in other areas, if its activities go beyond the interests of its members and are of general benefit.
2. Sources of law founding associations	The right of association is constitutionally guaranteed by the Constitution of the Republic of Slovenia.[476] In addition to the Constitution, the Law on Associations[477] is essential in this field. Another important laws that regulate associations in Slovenia are the Rulebook of the Register of Associations, the Register of Branches of Foreign Associations and the Register of Associations of Public Interest.[478; 479]
3. Formation requirements and constitutive acts and elements	An association is established by at least three natural or legal persons.[480] It is founded by a founding General Assembly, where the founders make a decision on the establishment of the association and on its basic act (which is the constitutive act), and at the same time elect a representative of the association.

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[475] Article 1, paragraph 1 of the Law on Associations, op. cit.

[476] Constitution of the Republic of Slovenia, "Official Gazette" No. 33/91, 42/97, 66/00, 24/03, 69/04, 68/06, 47/13, 75/16, 92/21 (http://pisrs.si/Pis.web/pregledPredpisa?id=USTA1)

[477] Law on Associations, "Official Gazette" No. 61/06, 58/09, 39/11 (https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina/2011-01-2969/#(objava%C2%A0prenehanja)

[478] Rulebook of the Register of Associations, the Register of Branches of Foreign Associations and the Register of Associations of Public Interest, "Official Gazette" No. 5/07, 56/08, 64/11, 21/18 (http://www.pisrs.si/Pis.web/pregledPredpisa?id=PRAV7271)

[479] Of the cited Rulebook, the part referring to public interest associations was later abolished, despite the still existing name of the Rulebook.

[480] Article 1, article 8, article 9 and article 11 of the Law on Associations, op. cit.

	There are several precisely defined aspects (in the law) that must be contained in the basic act of each association registered in the Republic of Slovenia. The general activities and the profit- oriented activities of the association must be clearly defined in the basic act.[481] [482]
4. Registration requirements	The administrative unit on whose territory the seat of the association or the branch of the foreign association in Slovenia is located is responsible for the registration of the association, as well as for the registration of their branches, offices or other territorial units and the registration of foreign associations. When applying for registration, the competent authority must decide on the application for registration within 30 days of receipt of the application. If the competent authority determines that the application is incomplete or that the basic act does not comply with the applicable legal provisions in Slovenia, the competent authority is required to notify the association thereof and set a deadline within which the application for registration may be supplemented or amended. The registry is kept as a centralized computerized database and is therefore called the Central Register of Associations,[483] which is a database for all data entered in the register of all competent authorities in Slovenia.
5. Administration costs	The costs of the administrative procedures are as follows: • Registering an association or registering an association that is composed of several associations: 31.70 EUR • Changing the basic act of the association: 22.60 EUR • Changing the name, seat or the representative of the association: 9 EUR • Deleting an association: 22.60 EUR.

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[481] In Slovenia it is regulated with the Regulation on the standard classification of activities, "Official Gazette" No. 69/07, 17/08 (http://www.pisrs.si/Pis.web/pregledPredpisa?id=URED4092)

[482] The Regulation on the standard classification of activities complements the statistical classification of economic activities required for the collection, recording, processing, analysis, transmission and dissemination of statistics by economic activity, which is laid down in Regulation (EC) No 1782/2003. Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 2454/93 Regulation (EC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1), by setting the level of classification (subclass), which further breaks down the level of the Standard Classification of Activities Revision 2.

The Standard Classification of Activities (NACE) is a mandatory national standard for recording, collecting, processing, analyzing, transmitting and disseminating data important for monitoring the situation and trends in the economic and social fields and the field of environment and natural resources.

[483] The Central Register of Associations can be accessed at the following link http://mrrsp.gov.si/rdruobjave/dr/index.faces

6. Liability	Unless otherwise provided by the basic act, the association and the representative of the association are responsible for the legal operation of the association. The association is responsible for its obligations with all its property. The responsible persons of the association are, on the other hand, jointly liable for the obligations of the association and are responsible with all their property if they tried to increase their property at the expense of the association, and they knew that the association will not be able to satisfy the claims of third parties.
7. Legal personality	Associations have the status of legal entities regulated by private law. The legal personality of the association is acquired by its entry into the Register of Associations. From then on, it has the legal capacity to assume rights and obligations, e.g. the ability to acquire, transfer, change and terminate rights and obligations.
8. Definitions of public interest	An association registered according to the current regulations in Slovenia can be granted the status of public interest if it operates in the following fields: culture, education, health care, social protection, implementation of family policy, protection of human rights, protection of the environment, protection of animals, sports, defence and protection against natural and other disasters, economy, agriculture, forestry, veterinary or food, foreign affairs, development of democracy or in other areas, if its activities go beyond the interests of its members and are of general benefit. In public tenders aimed at obtaining funds from the state budget intended for associations, the requirements for selecting the recipients of funds are established on the basis to take into account the status of the association of public interest, where the respect of the status can not exceed 20% of other criteria.[484]
9. Membership regimes	It is voluntary to form an association in Slovenia.[485] Anyone can become a member of an association and participate in its activities under the conditions determined by the association’s basic act. Participation in the activities is based on the principle of the equality of membership.

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[484] Article 36 of the Law on Associations, op. cit.

[485] Article 1, article 2 and article 11 of the Law on Associations, op. cit.

10. Economic activities permitted	An association may perform a profit-making activity under conditions determined by law for performing that activity. Such activity from which profit can be realized must be prescribed in the basic act of the association and it should be in line with the purpose of the association. The profit-making activity should be secondary to the non-profit activity of the association and can be performed only to the extent necessary to achieve the goal and purpose of the association since the purpose of establishing and operating an association is not to make profit. Therefore, the income generated by economic activities should be set aside by the association for the achievement of the goal for which it was established and cannot be distributed among the members of the association.
11. Governance, operating rules and bodies	The members of the association and the authorized persons of the legal entities that are members of the association directly or indirectly participate in the management of the association through representatives or elected bodies. For instance, the basic act of the association and its amendments are adopted by the General Assembly of members, which consists of all members of the association. If other bodies are established by the basic act of the association, their composition, authorizations, responsibilities, the manner of decision-making, their mutual relations, the mandate and the manner of election or appointment/dismissal of members is also determined.
12. State supervision	The state supervision[486] of associations, including control over compliance with the provisions of the Law on Associations is divided into four different state institutions (bodies): • The Inspectorate of Internal Affairs of the Republic of Slovenia • The Tax Administration of the Republic of Slovenia • The Agency for Public Legal Records and Related Services (AJPES) • The Market Inspectorate of the Republic of Slovenia. The competent body responsible for the operation of associations[487] [488] [489] is the Ministry of Interior. The responsible body for processing financial transactions and publishing the annual reports of the associations is the Agency for Public Legal Records and Related Services (AJPES).
13. Reporting and transparency	One of the mandatory elements that must be included in the basic act of the associations is the manner of ensuring the public operation of the association. Therefore, if a member of the association considers that the association has

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[486] Article 51 of the Law on Associations, op. cit.
[487] Article 12 and article 13 of the Law on Associations, op. cit.
[488] Official letter, response to a letter from the Ministry of Interior of the Republic of Slovenia no. 215-10 / 2022/2 (134-07) from 04.02.2022, op. cit.
[489] https://www.ajpes.si/O_AJPES/Vizitka#

	made decisions that are contrary to the law, the basic act or some other act, he/she has the right to challenge these decisions in court within one year from the adoption of these decisions. The purpose of keeping the Register of Associations and the Register of Branches of Foreign Associations, as well as the Register of Associations of Public Interest, is to record and provide publicly available information on the legally relevant facts about the associations operating in Slovenia. Associations are required to prepare an annual report for a given financial year, which has to include a balance sheet and income statement, accompanied by notes on the accounts and a report on the operation of the association. The report must provide a true and fair view of the assets and business operations of the association. The annual report is adopted by the General Assembly of the members of the association. The report is validly adopted if, before its adoption, an internal control of the financial and material management of the association was performed. The annual report of the association for the previous financial year must be submitted to the Agency for Public Legal Records and Related Services (AJPES).
14. Resources and assets management	The resources of an association[490] consist of the following: • money and other funds that the association acquires from membership fees • gifts • donations • public funds • resources stemming from performing the activity of the association • real estate and movable property • material rights. It is an important safeguard that the association cannot distribute its property to its members. Any division of property among members is void.

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[490] Article 24 and article 25 of the Law on Associations, op. cit.

15. Liquidation	An association may be liquidated[491] due to the following reasons: • at the will of its members • by merging with other associations • by joining another association • due to bankruptcy • due to a court decision prohibiting its action • by law. The association is dissolved if the General Assembly of members makes a decision for the dissolution of the association. In such a decision, the General Assembly is required to designate a company, institute, foundation or other non-profit legal entity to which the property of the association will be transferred after settling all its obligations, and which pursues similar activities as the association. In case the association does not determine a successor in the decision, the property of the association will belong to the local community on the territory of which the association had its seat. [492] Creditors whose claims against the association have not been settled before the deletion of the association from the Register of Associations may, within one year from the deletion of the association from the Register of Associations, request compensation from the legal entity to which the property has been transferred.
16. Fundamental decisions	The purpose, the activities, the tasks and the way of work of the association are determined by the association itself, and the decisions for the management of the association are made directly or indirectly by the members of the association. Important decisions of the association are made by its representatives, elected bodies or through a representative.
17. Taxation regimes	The purpose of establishing and operating an association is not to make a profit. However, in some cases, associations may carry out certain economic activities, which are subject to appropriate taxation. The Law on Value Added Tax[493] regulates the system of collection of value-added taxes and determines who are the taxpayers for its payment. All purchases of goods and services are subject to taxation of the economic activity performed on the territory of the Republic of Slovenia. Associations can be exempt from VAT if in the last 12

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[491] Article 37, article 38, article 39, article 40, article 41, article 42, article 43, article 44 and article 45 of the Law on Associations, op. cit.

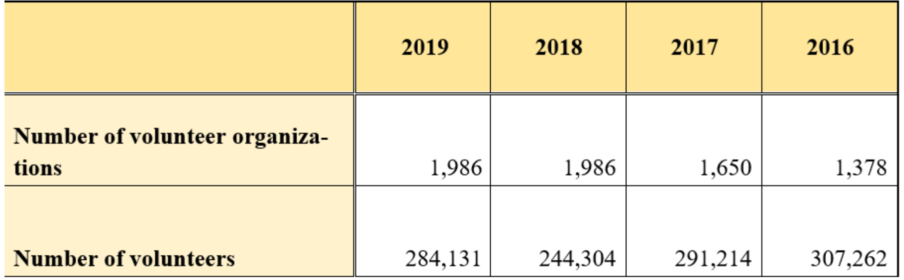
[492] The property of the association cannot be transferred to a political party.

[493] Law on Value Added Tax, op. cit.

	months they have not exceeded the amount of 50,000 euros from tax turnover. In this case, they do not have to pay VAT. However, the association can decide to pay this tax, which would voluntarily enter into the VAT system. When an association exceeds the set threshold of 50,000 euros from tax turnover or if it decides to enter the VAT system, then it is obliged to pay value-added tax. The Law on Profit Tax stipulates that all associations operating for-profit activities should pay profit tax. The general tax base is 17%. But, in case the associations have income only from non-profit activities, then it can be taxed at 0%.

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	At the beginning of 2022, there were 23 634 associations.
2. Number of members	On the basis of the number of associations registered in 2022, the members of associations are estimated to be 70,000.
3. Activities covered	Associations perform the following main types of activities and can be classified accordingly as follows: • Sports and recreational associations • Associations that help people in need • Cultural and artistic associations • Scientific research, educational and professional associations • Associations for environmental protection, animal and plant breeding • Housing associations • Local development associations • National and political associations • Associations for spiritual life • Other associations. •
4. Revenues	In 2020, associations generated 557 355 000 EUR in revenue.
5. Economic weight	In 2020, the economic weight of associations was 1,07% of the GDP.

<table>
<tr><td>6. Share between voluntary and paid work</td><td>In 2020, associations had 4718 employees. The number of volunteers is shown by the table below:
<table><tr><th></th><th>2019</th><th>2018</th><th>2017</th><th>2016</th></tr><tr><td>Number of volunteer organizations</td><td>1,986</td><td>1,986</td><td>1,650</td><td>1,378</td></tr><tr><td>Number of volunteers</td><td>284,131</td><td>244,304</td><td>291,214</td><td>307,262</td></tr></table></td></tr>
<tr><td>7. Cross-border activities</td><td>According to the laws of Slovenia, associations are not obliged to submit information on their cross-border activities and cooperation. For this reason, there is no database available, where the cross-border activities of associations could be monitored and reported.</td></tr>
</table>

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Spain

Asociación

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	Article 5.1. of Organic Law 1/2002, of 22 March 2002, Regulating the Right of Association (hereafter "LODA"), and the Ministry of the Interior's Annual Report indicate that "*associations are non-profit entities that are formed by agreement of three or more individuals or legal entities that undertake to pool knowledge, means and activities in order to achieve lawful, common purposes of general or particular interest*". The Code of Associations (2022) completes this definition and states that: "*associations may be formed by individuals aged fourteen or over, private legal persons and public legal persons, provided that in the latter case it does not imply a position of dominance within the association. Associations are legal persons which, although defined as non-profit entities, may carry out economic activities and possess assets for the fulfilment of their objectives, which is why they are subject to the corresponding taxes*". These regulations differentiate between associations subject to the common legal regime and associations under the special associative regime: a) <u>Common regime associations</u>, which are not governed by a specific association regime, but by Organic Law 1/2002, of 22 March, Regulating the Right of Association. b) <u>Associations under a specific regime</u>, which are specialised by the nature of their aims: political parties; trade unions; sports associations; consumer and user associations; and professional associations of members of the Armed Forces, the Guardia Civil and of magistrates, judges and prosecutors. Furthermore, within the associations regulated by the LODA, we can differentiate: 1) <u>associations of the general type</u>; 2) <u>associations that have been declared of public interest</u>. The declaration of public interest is a promotional measure granted to those associations that meet the requirements established by Organic Law 1/2002 and whose activities tend to promote general interest purposes. The declaration of public interest confers on the entity the rights and benefits that the law recognises in its favour, but also entails a series of obligations, such as the obligation to report annually to the Administration.

	The LODA (art. 2) sets as a starting point the following fundamental issues that have to be fulfilled in order to guarantee the right of association: 1) All persons have the right to associate for the pursuit of lawful purposes; 2) Freedom to associate or create associations, without the need for prior authorisation; 3) No one may be forced to form an association, to join it or to remain in it, or to declare his or her membership of a legally constituted association; 4) The internal organization and functioning of associations must be democratic with full respect of pluralism; 5) Public entities may exercise the right of association among themselves or with private individuals; 6) Membership of a given association may in no case be a reason for the public authorities to favour, advantage or discriminate against any person. Finally, it is important to point out that associations form part of the social economy sector regulated by Law 5/2011 on Social Economy (Article 5).
2. Sources of law founding associations	In Spain, the main acts governing associations under the general regime are: • **National**: Organic Law 1/2002, of 22 March, regulating the Right of Association. • **Andalusia**: Law 4/2006, of 23 June, on Andalusian Associations (LAA). Decree 152/2002, of 21 March 2002, approving the Regulations on the Organization and Operation of the Andalusian Register of Associations (BOJA number 69, of 13 June). • **Canary Islands**: Law 4/2003, of 28 February, on Associations of the Canary Islands (LAC). • **Catalonia**: Law 4/2008, of 24 April, of the Third Book of the Civil Code of Catalonia (CcC), relating to legal persons and Law 21/2014, on the protectorate of foundations and verification of the activity of associations declared to be of public interest. • **Basque** Country: Law 7/2007 of 22 June 2007 on Associations in the Basque Country (LAE). • **Valencia**: Law 14/2008, of 18 November 2008, of the Generalitat, on Associations of the Valencian Region. The main acts governing associations under special regimes are: • **Political parties**: Organic Law 6/2002, of 27 June 2002, on Political Parties. • **Trade unions and employers' organizations**: Law 19/1977 of 1 April 1977 on the regulation of the right to trade union association. Royal Decree 416/2015 of 29 May on the deposit of statutes of trade union and employers' organizations.

	- **Religious entities**: Organic Law 7/1980, of 5 July 1980, on Religious Freedom. Royal Decree 594/2015, of 3 July, regulating the Register of Religious Entities. - **Sports associations**: Law 10/1990 of 15 October 1990 on Sport. Royal Decree 1835/1991, of 20 December 1991, on Spanish Sports Federations. - **Armed Forces Associations**: Organic Law 9/2011, of 27 July, on the rights and duties of members of the Armed Forces. Order DEF/3217/2011, of 18 November, regulating the Register of Professional Associations of members of the Armed Forces. - **Associations of members of the Civil Guard**: Organic Law 11/2007, of 22 October, regulating the rights and duties of members of the Guardia Civil. Order INT/3939/2007, of 28 December, which enables the Register of Professional Associations of Civil Guards. - **Judges' and magistrates' associations**: Organic Law 6/1985 of 1 July 1985 on the Judiciary. [Partial inclusion]. Agreement of 28 February 2011, of the Plenary of the General Council of the Judiciary, approving Regulation 1/2011 on professional judicial associations. - **Prosecutors' Associations**: Law 50/1981, of 30 December 1981, which regulates the Organic Statute of the Public Prosecutor's Office. [Partial inclusion]
3. Formation requirements and constitutive acts and elements	<u>Capacity to constitute the association</u> According to Article 3 of the LODA, the following persons have the capacity both to constitute an association and to be part of an already established association: - natural persons who have the capacity to act and are not subject to any legal limitation for the exercise of the right and un-emancipated minors over fourteen years of age, with the documented consent of the persons who must substitute their capacity. Minors under the age of fourteen cannot form or join an association, except in the case of children's, youth or pupils' associations, in accordance with the provisions of Article 7.2 of Organic Law 1/1996, of 15 January, on the Legal Protection of Minors. The Law does not say anything about incapacitated persons, so we will have to abide by what the judge says when declaring incapacitation. As for foreigners, Article 8 of Organic Law 4/2002, of 11 January, on the rights and freedoms of foreigners in Spain and their social integration, establishes that "all foreigners have the right to association under the same conditions as Spaniards”. - legal entities of an associative nature, which shall require the express agreement of their competent body; and those of an institutional nature, which shall require the agreement of their governing body.

Founding Act

The constitution agreement must be formalised in the founding act, which must contain, in accordance with Article 6 of the LODA (and 5.2 of the LAC, 8 of the LAE and 321-3 of the CCC):

- name and surname(s) of the founders of the association, if they are natural persons; name or company name, if they are legal persons; and, in both cases, nationality and domicile;
- will of the founders to constitute the association; the agreements, if any, that may have been established; and the name of the association;
- statutes governing the operation of the association;
- place and date of execution of the deed; and signature of the founders or of their representatives in the case of legal persons;
- designation of the members of the provisional governing bodies.

The founding act must be accompanied, in the case of legal persons, by a certificate of the resolution validly adopted by the competent body, in which the will to constitute the association and form part of it appears, as well as the designation of the natural person who will represent it and, in the case of natural persons, the accreditation of their identity. When the parties to the deed act through a representative, proof of their identity shall be attached to the deed.

Statutes

The Statutes are the main rule of the association that shall govern its organization and operation and shall contain the following points:

- name of the association;
- address, as well as the territorial area in which it will mainly carry out its activities;
- duration, when the association is not established for an indefinite period;
- aims and activities of the association, described in detail;
- requirements and modalities of admission and withdrawal, sanction and separation of members and, where appropriate, the classes of members. They may also include the consequences of non-payment of membership fees by members;
- rights and obligations of members and, where appropriate, of each of the different types;
- criteria to guarantee the functioning of the association;

	• governing and representative bodies, their composition, rules and procedures for the election and replacement of their members, their attributions, duration of their posts, causes for their cessation, the form of deliberation, adoption and execution of their agreements and the persons or posts with the power to certify them and the requirements for the aforementioned bodies to be validly constituted, as well as the number of members required to be able to call meetings of the governing bodies or to propose items for inclusion on the agenda; • system of administration, accounting and documentation, as well as the closing date of the association's financial year; • initial patrimony and the economic resources that may be used.
4. Registration requirements	Applications may be submitted in any of the places provided for in the legislation regulating the common administrative procedure of the Public Administrations, including the Electronic Registry of the Ministry of the Interior (article 16.4 of Law 39/2015, of 1 October). The deadline for submitting the application to register the constitution of an association, i.e. the one intended to produce the registration of the association in the register, is not expressly established. For associations that are already registered, the deadline for submitting applications for the registration of amendments or updates to the registration data is one month. The text of the application must identify the interested party, indicating name and surname, nationality, address and legal identity document number, exact name of the association, address, activity code and characteristics of the association. The documents supporting the applications are: • founding act; • identity documents of the promoters or their representatives, when the registry is not authorised to check the identity details; • articles of association; • document accrediting payment of the registration fee.

5. Administration costs	The costs for the establishment of an association at national, regional or provincial level are the costs for the registration fee in the relevant register of associations. In 2022, the fee for the establishment of an association is € 38.89. On the other hand, no initial assets are required to set up an association, which means that it can be set up with 0 euros. With regard to the rest of the procedures necessary to start economic activities, no additional fees are required. Furthermore, the membership fees are decided by the assembly and can also be of a small amount. Usually we find membership fees of around € 20 per year. Other administrative costs depend on the activities carried out by the association.
6. Liability	The inscription of the associations in the Official Register makes it possible to "*separate the assets of the association from those of its members, without prejudice to the existence and enforceability of the liability of those who, by their acts or omissions, cause damage or harm to the association or to third parties*" (LODA preface IV). If the association is registered, only the association is liable for its obligations, with all its present and future assets, whereas, if it is not registered, the members, in accordance with articles 15.1 and 2 of the LODA, are personally liable for the association's debts.
7. Legal personality	Associations have legal personality, which makes them capable of acquiring rights and incurring obligations. A distinction is thus made between the association's assets and those of its members. With the execution of the founding act, which is the result of the association agreement, the association acquires legal personality and capacity to act, depriving the subsequent registration of any constitutive character and, therefore, confirming the constitutional declaration that associations are registered in an administrative register for the sole purpose of publicity.
8. Definitions of public interest	The definition of general interest is very similar both in Article 32 of Law 1/2002 on the Right of Association and in Law 49/2002, of 23 December 2002, on the tax regime for non-profit organizations and tax incentives for patronage.

	Article 32 of Law 1/2002 Organic Law on the Right of Association identifies the following areas as being of general interest: “*Civic, educational, scientific, cultural, sporting, health, promotion of constitutional values, promotion of human rights, social assistance, cooperation for development, promotion of women, protection of children, promotion of equal opportunities and tolerance, defence of the environment, promotion of the social economy or research, promotion of social volunteering, defence of consumers and users, promotion and care for people at risk of exclusion for physical, social, economic or cultural reasons, and any others of a similar nature*.” Article 3.1 of Law 49/2002, of 23 December 2002, on the tax regime for non-profit organizations and tax incentives for patronage Article 3. 1 refers to “*the defence of human rights, victims of terrorism and acts of violence, social assistance and social inclusion, civic, educational, cultural, scientific, sporting, health, employment, institutional strengthening, cooperation for development, promotion of voluntary work, promotion of social action, defence of the environment, promotion and care for people at risk of exclusion for physical, economic or cultural reasons, promotion of constitutional values and defence of democratic principles, promotion of tolerance, promotion of the social economy, development of the information society, scientific research, development or technological innovation and its transfer to the productive fabric as a driving force for business productivity and competitiveness*.“
9. Membership regimes	Membership is free and voluntary, and must be in accordance with the provisions of the Statutes. Membership is non-transferable, unless otherwise provided for in the Articles of Association, by death or by gratuitous transfer. The rights of the members include: • to participate to the activities of the association and to the governing and representative bodies, to exercise the right to vote, as well as to attend the General Assembly, in accordance with the Statutes; • to be informed about the composition of the association's governing and representative bodies, its accounts and the development of its activity; • to be heard prior to the adoption of disciplinary measures against oneself and to be informed of the facts that give rise to such measures, and to be informed of the reasons for the resolution that, if appropriate, imposes any sanction; • to challenge the resolutions of the association's bodies which one considers to be breaching to the law or the Articles of Association.

	The duties of the members include: • to share the aims of the association and collaborate in achieving them; • to pay the fees, subscriptions and other contributions which, in accordance with the Statutes, may correspond to each member; • to comply with all other obligations resulting from the provisions of the Articles of Association; • to abide by and comply with the agreements validly adopted by the association's governing and representative bodies. Members have the right to voluntarily withdraw from the association at any time. The Articles of Association may provide that, in the event of a member's voluntary withdrawal, the member may receive the initial equity participation or other financial contributions made, not including the membership fees paid by the member, subject to the conditions, scope and limits laid down in the Articles of Association. This shall be understood as long as the reduction of assets does not involve prejudice to third parties.
10. Economic activities permitted	Article 13 LODA refers to the economic activities carried out by the associations and specifically indicates that: 1. Associations shall carry out the activities necessary for the fulfilment of their purposes, but shall comply with the specific legislation governing such activities. 2. The profits obtained by the associations, derived from the exercise of economic activities, including the provision of services, must be used exclusively for the fulfilment of their purposes, and may under no circumstances be distributed among the members or among their spouses or persons living with them in an analogous relationship of affectivity, or among their relatives, nor may they be transferred free of charge to natural or legal persons with a lucrative interest. In principle, there is no limitation on the economic activities that can be carried out. In fact, Article 5 of Law 5/2011 on the Social Economy, which lists the entities that form part of the social economy, refers to "associations that carry out economic activities".
11. Governance, operating rules and bodies	<u>General assembly</u> The supreme decision-making body is the General Assembly which as a democratic decision-making model based on the one person-one vote principle.

It must be convened at least 1 time per year. Its functions include to approve the statutes, election, supervision and control of the Board of Directors, budget and settlement of accounts, dissolution, federation and confederation with others.

The General Assemblies, both ordinary and extraordinary, shall be validly constituted on first call with one third of the members with voting rights are present, and on second call whatever the number of members with voting rights. Resolutions shall be passed by a simple majority of those present or represented, when the affirmative votes outnumber the negative votes, and null and blank votes and abstentions shall not be counted for these purposes.

The General Assembly is responsible for the following tasks:

- approve the management of the Board of Directors;
- examine and approve the annual accounts;
- elect the members of the Board of Directors;
- fix the ordinary or extraordinary membership fees;
- approve the dissolution of the Association;
- amend the Statutes, including the change of registered office;
- dispose of or dispose of assets;
- approve, where appropriate, the remuneration of the members of the Board of Directors;
- any other powers not attributed to any other corporate body.

Board of Directors

The Board of Directors is the managing and representative body. Its role is "*to manage and represent the interests of the association in accordance with the provisions and directives of the General Assembly*" (Article 11 LODA). It consists of a President and a Secretary. The Vice-President, the Treasurer and other members as may be determined may also form part of the Board of Directors.

The Board of Directors is responsible for the following tasks:

- direct the social activities and to carry out the economic and administrative management of the Association, agreeing to carry out the appropriate contracts and acts;
- execute the resolutions of the General Assembly;
- formulate and submit the balance sheets and annual accounts to the General Assembly for approval;
- decide on the admission of new members;
- appoint delegates for a specific activity of the Association;

	• any other power that does not fall within the exclusive competence of the General Assembly of members.
12. State supervision	Relations with the Public Administration. Article 4 of the LODA is devoted to the relationship between associations and the public administration: 1. the public authorities, within the scope of their respective powers, shall encourage the formation and development of associations which carry out activities of general interest; 2. the administration may not adopt preventive or suspensive measures that interfere in the internal life of associations; 3. the granting of public aid or subsidies and, where appropriate, the recognition of other legally or statutorily envisaged benefits, shall be conditional upon compliance with the requirements established in each case; 4. the competent administration shall offer the advice and technical information at its disposal, when requested, by associations projects of general interest; 5. the public authorities shall not provide any kind of assistance to associations which in their admission process or in their operation discriminate on the grounds of birth, race, sex, religion, opinion or any other personal or social condition or circumstance; 6. the public authorities shall not provide any assistance, financial or otherwise, to associations whose activities promote or justify hatred or violence against natural or legal persons, or glorify or justify by any means crimes of terrorism or those who have participated in their execution, or the carrying out of acts that discredit, belittle or humiliate the victims of terrorist crimes or their families. Association registers: In the preface to Royal Decree 949/2015, of 23 October 2015, which approves the Regulations of the National Register of Associations, it is stated that "*associations are born in law from the very moment of the founding agreement adopted by the founders, acquiring legal personality and full capacity to act, and are endowed with their own rules of organization and operation through the corresponding statutes. However, for reasons of legal certainty, it is a consolidated practice in our law for associations to be entered in a register which, as stated above, has no constitutive effect whatsoever, being carried out for the sole purpose of publicising their existence*". Public Interest Associations:

	Only associations of public interest have to submit accounts to the administration for supervision. These include the balance sheet, the profit and loss account and the financial report.
13. Reporting and transparency	The documentation and accounting obligations of associations are set out in Article 14 LODA. It refers to: 1. Associations must have an updated list of their members, keep accounts that provide a true and fair view of the association's assets, results and financial situation, as well as the activities carried out, keep an inventory of their assets and record the minutes of the meetings of their governing and representative bodies in a book. They shall keep their accounts in accordance with the specific rules applicable to them. 2. Members may access all the documentation listed in the previous section, through the representative bodies, under the terms set out in Organic Law 15/1999, of 13 December, on the protection of personal data. 3. The association's accounts shall be approved annually by the General Assembly. The requirements for public interest associations are greater than for other associations. This includes: 1. Associations of public interest must submit the annual accounts for the previous year within six months of the end of the year, and present a descriptive report on the activities carried out during the year to the body responsible for verifying their incorporation and registering them in the corresponding register, where they will be deposited. These annual accounts must give a true and fair view of the assets, results and financial situation, as well as the origin, amount, destination and application of the public income received. The circumstances in which the annual accounts must be audited shall be determined by regulation. 2. Likewise, they must provide the public administrations with the reports that may be requested, in relation to the activities carried out in fulfilment of their purposes.
14. Resources and assets management	Associations operate with the following main types of resources: • Donations; • Fees paid by members, collaborators or benefactors; • Subsidies; • income from the assets of the entity; • income obtained from economic activities (business tax exempt and non-tax exempt). The business tax-exempted income from economic activities are: (art. 7, Law 49/2002): - economic operations for the provision of services for the promotion and management of social action, as well as social assistance and social inclusion.

	- economic activities for the provision of hospitalisation or healthcare services, including ancillary or complementary activities, such as the supply of medicines or ancillary food, accommodation and transport services. - scientific research and technological development activities. - economic activities of assets declared to be of cultural interest, as well as museums, libraries, archives and documentation centres, provided that the requirements established in the aforementioned regulations are met, particularly with regard to the obligation to visit and display these assets to the public. - economic activities consisting of the organization of musical, choreographic, theatrical, cinematic or circus performances. - economic activities in parks and other protected natural spaces with similar characteristics. - economic activities related to education and vocational training, at all levels and grades of the education system. - economic activities consisting of the organization of exhibitions, conferences, colloquiums, courses or seminars. - economic activities involving the preparation, editing, publication and sale of books, magazines, leaflets, audiovisual material and multimedia material. - economic activities for the provision of sporting services. - economic activities that are merely ancillary or complementary to exempt economic activities or activities aimed at fulfilling the statutory aims or the purpose of the non-profit organization. The management of the association's resources and assets is the responsibility of the Board of Directors or, where appropriate, of the managers hired by the association. Both the Board of Directors and the persons contracted for the management shall be accountable to the general assembly at least once a year.
15. Liquidation	Associations shall be dissolved: • due to the causes foreseen in the statutes; • by agreement of the members adopted in a General Assembly called for this purpose; • by a final court ruling. The association may be dissolved or suspended, by reasoned judicial decision, when it has incurred in any unlawful act, i.e. when it pursues or uses means classified as crimes or when it is a secret or paramilitary association.

	The winding up of the association is regulated in Article 18 LODA as follows: 1. the dissolution of the association opens the liquidation period, until the end of which the association retains its legal personality. 2. the members of the representative body at the time of dissolution become liquidators, unless the statutes establish otherwise or they are appointed by the general assembly or by the judge who, as the case may be, decides on the dissolution. 3. the liquidators shall: a) ensure the integrity of the association's assets. b) conclude pending operations and carry out new ones, which are necessary for the liquidation. c) collect the claims of the association. d) liquidate the assets and pay the creditors. e) apply the surplus assets of the association to the purposes provided for in the Articles of Association. f) request the cancellation of the entries in the Register. 4. In the event of insolvency of the association, the representative body or, if applicable, the liquidators shall immediately initiate insolvency proceedings before the competent judge (regional or national).
16. Fundamental decisions	The association's fundamental decisions are the responsibility of the general assembly. The 2022 Code of Associations differentiates between two types of decisions, according to the majority required: • a qualified majority of the assembly is necessary to decide: dissolution of the entity, amendment of the Articles of Association, including a change of registered office, disposition or disposal of fixed assets, remuneration of the members of the Board of Directors. • a simple majority shall be required for the rest of the decisions of the assembly: approval of the management of the Board of Directors, assessment and approval of the annual accounts, election of the members of the Board of Directors, ordinary or extraordinary fees, any other item that is not a competence attributed to another corporate body.

17. Taxation regimes	From a tax point of view, associations in Spain are considered as other legal entities, although a framework of benefits is established for associations by way of exemptions, especially when they prove that they have general interest purposes and do not distribute the profits obtained to their members. The tax regime is regulated by Law 49/2002 of 23 December 2002 on the tax regime for non-profit organizations and tax incentives for patronage. The prologue to this law sets out the requirements that associations must meet in order to qualify for specific tax treatment: 1. "*to allocate at least 70 percent of the results of the economic operations they carry out and of the income they obtain for any other reason, less the expenses incurred in obtaining them, to the fulfilment of general interest purposes. The requirement is established that the remaining amount, which has not been applied to general interest purposes, must be used to increase the endowment or reserves of the non-profit organizations*" (Prologue Law 49/2002). 2. It is established that the net turnover for the year corresponding to all economic activities not exempt from corporate income tax should not exceed 40 percent of the entity's total income. 3. The governing bodies must be free of charge, although they may be remunerated for the performance of services other than those proper to the office. 4. The destination of the assets of these entities in the event of dissolution, which must be, in any case, another entity benefiting from patronage as defined in the Law, or a public entity, of a non-foundational nature, which also pursues the general interest. 5. The mandatory submission of accounts within six months of the end of the financial year to the public body in charge of the register in which they must be registered. <u>Corporate tax treatment</u> The following income is exempt from corporate income tax: • income derived from income obtained without consideration; • income derived from the movable and immovable assets of the entity, such as dividends, interest, royalties and rents; • income derived from acquisitions or transfers, by whatever title, of assets or rights; • income obtained in the exercise of exempt economic operations; • income which, in accordance with tax regulations, must be attributed or imputed to non-profit entities.

	In relation to income derived from the exercise of economic activities that are complementary and auxiliary to those aimed at fulfilling the purposes pursued by these entities, they will be exempted as long as they respect the limits established in the regulation itself, as well as those derived from economic activities considered to be of little relevance. As regards the corporate income tax base of these entities, it is established that only the income and expenses corresponding to non-exempt economic operations will be computable in its determination. In addition, the effects of the transfer of assets resulting from the dissolution of non-profit entities to other entities are regulated, providing for the conservation of the values and seniority that the transferred assets and rights had in the transferring entity. The taxable base for corporate income tax will be taxed at a single rate of 10%. The determination of exempt income subject to withholding and payment on account is referred to a subsequent regulatory development. VAT Some economic activities carried out by associations, due to their nature, are invoiced as VAT exempt. However, practically all associations and foundations should be registered under some heading depending on their economic activity, therefore, the Entities can and must charge VAT on their invoices. Other taxes Associations will be exempt from Real Estate Tax on all assets subject to this tax that are owned by non-profit organizations, with the exception of those used for economic activities that are not exempt from Corporate Income Tax. Likewise, the economic activities carried out by these entities will be exempt from Business Tax when they have been qualified as exempt by the Law itself. Exemption from the Tax on the Increase in Value of Urban Land when the legal obligation to pay the tax falls on a non-profit entity, as well as donations made in favour of entities benefiting from patronage.

LANDSCAPE OF ASSOCIATIONS

1.Number of associations

Table 4. National Associations as of 31 December by section. Evolution 2004-2020, National Register of Associations.

Year	Section 1st Associations	Section 2.ª Federations	Section 3.ª Youth	Section 4.ª Foreing	Total
2004	23.908	692	655	22	25.277
2005	25.984	743	684	33	27.444
2006	27.446	776	701	49	28.972
2007	28.909	811	711	62	30.493
2008	30.715	847	722	69	32.353
2009	32.896	903	722	88	34.609
2010	35.219	967	730	101	37.017
2011	37.489	1.047	743	110	39.389
2012	39.790	1.098	744	116	41.748
2013	42.472	1.151	745	117	44.485
2014	44.749	1.164	750	126	46.789
2015	46.620	1.186	749	135	48.690

2016	49.271	1.228	760	145	51.404
2017	52.038	1.269	769	153	54.229
2018	53.954	1.287	780	160	56.181
2019	55.878	1.321	782	163	58.144
2020	57.866	1.337	789	169	60.161

Source: Anuario Estadístico Ministerio del Interior, 2020

2.Number of members

Table 6. Membership of associations as a percentage of the total population in Spain

	2007	**2009**	**2011**	**2016**	**2019**
Sí	38,7	41,1	32,2	31,5	30
No	60,5	58,2	66,5	68,2	69,9
N.C.	0,8	0,7	1,4	0,3	0,1
(N)	2983	2978	6081	6175	4804

Source: CIS, Muestra nacional (con Ceuta y Melilla) Población con derecho a voto en elecciones generales, autonómicas y municipales y residente en España ambos sexos 18 y más años. Pregunta ¿Pertenece a alguna asociación, ya sea deportiva, sindical, política, laboral, de vecinos, AMPA o de cualquier otro tipo?.

3.Activities covered

year	Group I. Ideological, cultural, educational	Group II. Women, equal treatment and non-	Group III. Children, youth, seniors, family and well-being	Group IV. Environment and health	Group V. Disability and dependency	Group VI. Victims, affected and injured	Group VII. Solidarity	Group VIII. Economic, technological, professi	Group IX. Sport and recreation	Group X. Various	Total
2004	10.756	334	863	1.989	649	449	1.992	4.751	2.257	1.237	**25.277**
2005	11.582	375	951	2.123	706	501	2.299	5.143	2.519	1.245	**27.444**
2006	12.056	394	1.004	2.246	752	552	2.589	5.413	2.722	1.244	**28.972**
2007	12.533	434	1.073	2.357	779	580	2.903	5.671	2.917	1.246	**30.493**
2008	13.190	475	1.132	2.498	846	607	3.227	5.965	3.161	1.252	**32.353**
2009	14.000	529	1.190	2.681	889	664	3.646	6.330	3.410	1.270	**34.609**
2010	14.869	583	1.262	2.875	922	690	4.095	6.806	3.604	1.311	**37.017**
2011	15.742	620	1.352	3.065	951	718	4.417	7.201	3.867	1.456	**39.389**
2012	16.579	662	1.439	3.326	1.007	754	4.683	7.691	4.117	1.490	**41.748**
2013	17.612	689	1.514	3.686	1.062	810	4.950	8.254	4.381	1.527	**44.485**
2014	18.373	720	1.599	3.991	1.109	851	5.172	8.721	4.623	1.630	**46.789**
2015	18.995	740	1.644	4.270	1.173	898	5.357	9.135	4.821	1.657	**48.690**
2016	20.077	838	1.829	4.732	1.203	943	5.728	9.477	4.963	1.614	**51.404**
2017	20.924	868	1.852	5.076	1.265	955	5.976	10.105	5.326	1.882	**54.229**
2018	21.612	926	1.928	5.303	1.278	979	6.121	10.380	5.515	2.139	**56.181**
2019	22.298	968	2.003	5.600	1.289	991	6.259	10.628	5.673	2.435	**58.144**
2020	22.923	1.014	2.087	5.897	1.316	1.026	6.410	10.883	5.809	2.796	**60.161**
	38,1%	**1,7%**	**3,5%**	**9,8%**	**2,2%**	**1,7%**	**10,7%**	**18,1%**	**9,7%**	**4,6%**	

Source: Anuario Estadístico Ministerio del Interior, 2020*

4.Revenues

No data available

<table>
<tr><td>5.Economic weight</td><td>No data available</td></tr>
<tr><td>6.Share between voluntary and paid work</td><td>The table shows the percentage of volunteering in Spain based on the survey carried out by the Observatorio del Voluntariado en España in 2020. As can be seen, the percentage is low, only 6.5%, with hardly any differences between men and women, and the age group between 25 and 44 years old being the one with the highest percentage (7.2%).
Percentage of volunteering in Spain 2020
<table>
<tr><th></th><th>2020</th></tr>
<tr><td>% Total del voluntariado</td><td>6,5%</td></tr>
<tr><td>Women</td><td>6,4</td></tr>
<tr><td>Men</td><td>6,5</td></tr>
<tr><td>Population aged 14-24</td><td>6,2</td></tr>
<tr><td>Population aged 25- 44</td><td>7,2</td></tr>
<tr><td>Population aged45 - 64</td><td>5,9</td></tr>
<tr><td>Over age 65</td><td>7,0</td></tr>
</table>
Source: Observatorio del Voluntariado</td></tr>
<tr><td>Data on cross-border activities</td><td>No data avaialable</td></tr>
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Sweden

Förening

LEGAL FRAMEWORK

1. Definition, types of associations and characteristics	In Sweden, associations are divided into **economic associations**[494] and **ideological/non-profit associations**. Whereas an economic association's motive is to further the economic interests of its members through economic activities, a non-profit association has a non-profit motive, or it performs non-profit-making activities. Within the non-profit associations category, three types exist: 1. Those who do not engage in commercial activity but by other means intend to advance a non-profit objective (such as political parties). 2. Those who have a clear intent to yield funds for their members, but do not take part in commercial activity (such as trade unions). 3. Those who despite engaging in commercial activity, have a non-profit objective, that is, funds received are not distributed to members, but are used for other means (such as handicrafts associations).[495]
2. Sources of law founding associations	Under **the Instrument of Government**[496] (which together with the Act of Succession, the Freedom of the Press Act and the Fundamental Law on Freedom of Expression make up the Swedish Constitution), "**Everyone shall**

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[494] Under the Swedish Economic Associations Act 2018:672, an association is considered an economic association if its purpose is to promote the financial interests of the members through economic activities in which the members participate

1. as consumers,
2. as suppliers,
3. with their own work effort,
4. by use the association's services, or
5. in any other similar way. See Economic Associations Act, chapter 1, section 4, paragraph 1.

An association is also considered an economic association if

1. the association's purpose is to promote members' financial interests by working to ensure that they participate in the manner specified in section 4, paragraph 1, in economic activities conducted by one or more other associations.
2. the association's assets mainly consist of shares in the other association or associations, and
3. the association or associations are economic associations. See Economic Associations Act, chapter 1, section 5.

[495] Karlsson – Engvall 2016, p. 4.

[496] Instrument of Government 1974:152

	be guaranteed freedom of association: that is, the freedom to associate with others for private or public purposes.” [497] In Sweden, **there is no separate statute or act regulating non-profit associations.**[498] For the most part, non-profit associations are governed by principles formed in case law and analogous use of legal rules covering other types of associations. The lack of written law regarding non-profit associations does not mean they are outside the legal system. The most important regulations of an association are created through the rules of an association that the members decide to formulate and adopt.
3. Formation requirements and constitutive acts and elements	A non-profit association becomes a legal entity when it is formed by members, and there is, thus, no requirement for registration. For non-profit associations to exist legally, it is required that a number of natural or legal persons agree to work for a common goal. This agreement must be formalized in bylaws, which are normally in writing. They must contain the name of the association and its purpose as well as provisions on how decisions are to be made regarding the association’s affairs. A board must also be appointed.[499]
4. Registration requirements	Contrary to economic associations, **non-profit associations are not required to be registered**. A non-profit association can, however, be registered with the **Swedish Companies Registration Office**[500], if it will engage in commercial business and seeks to protect its trade name. Non-profit associations that are large, i.e., exceeding certain thresholds in terms of number of employees, balance sheet total and net turnover, and conduct commercial business must register with the **Companies Registration Office**.[501] Under the Economic Associations Act, an association must be registered **no later than six months after its formation**.[502]

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[497] Instrument of Government, chapter 1, article 1.5.

[498] There have been several attempts in the past to legislate on non-profit associations, but without success. A contributing reason for this is that non-profit associations differ from each other and have different needs and ways of functioning. The most prominent reason, however, is probably the fact that there is a dominant view that it is both valuable and even expedient that non-profit associations possess great freedom of action. Common consensus is that there is no need for separate legislation in addition to the rules that already exist, e.g., through case law, especially since Sweden has a very rich association life that works well. See Regeringens proposition 2009/10:55, p. 11.

[499] Regeringens proposition 2009/10:55, p. 10.

[500] Swedish Companies Registration Office, https://bolagsverket.se

[501] Karlsson – Engvall 2016, p. 6.

[502] Economic Associations Act, chapter 2, section 2.

5. Administration costs	Registering a non-profit association with the Swedish Companies Registration Office **costs 1,500 Swedish kronor** (new registration). **Registration protects the name** of the association in the county where it is registered. The name can be registered in several counties (protection registration) and the charge is **1,200 Swedish kronor per county.**[503]
6. Liability	As a legal entity**, a non-profit association is responsible** for the commitments its competent representative makes in the name of the association. **Individual members are not personally liable** for the association's debts or other obligations. The competence of a representative is generally regulated in the rules of an association or in other instructions. **Individual members are not personally liable for the association's debts or other obligations. Generally, the board of the association also has no responsibility for the association's debts. A board member or a managing director may, however, be liable to pay damages to the associations if he or she intentionally or through negligence damages the association when carrying out assignments. In relation to tax matters, the board of an association** can jointly and severally **be liable** for unpaid taxes and fees together with the association.[504]
7. Legal personality	For a non-profit association to exist in a legal sense, it is required that a number of individuals or legal persons agree to work together for a common goal. A non-profit association becomes **a legal entity** when it is formed by the members. Registration, thus, is not a prerequisite for a non-profit to have legal personality; it can therefore acquire rights, assume liability, and be a party in judicial proceedings.[505]
8. Definitions of public interest	Under the Swedish Income Tax Act[506], non-profit associations can receive tax-exemptions if they operate to pursue certain public utility purposes. A public utility activity is an activity that the community at large finds as something worth supporting. This includes, e.g., culture, sports and youth activities.

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[503] Swedish Companies Registration Office, https://bolagsverket.se/fo/foreningsformer/ideell/starta/namn-1.2921

[504] Swedish Tax Agency, https://www4.skatteverket.se/rattsligvagledning/edition/2022.1/1742.html

[505] Karlsson – Engvall 2016, p. 4.

[506] Karlsson – Engvall 2016, p. 4.

9. Membership regimes	As stated in the Instrument of Government, **everyone in Sweden is guaranteed the freedom to associate with others for private or public purposes.**[507] Furthermore, it is established in the Economic Associations Act, that economic associations are open to new members.[508] A non-profit association is open to all who share the aims of the association and adhere to the association's statutes. On the other hand, the association can lay down certain requirements for membership, e.g. a minimum age limit for a shooting club.
10. Economic activities permitted	Non-profit associations can engage in economic activities but the income received from such activities cannot be distributed to its members, but need to be used for other means. Non-profit associations cannot, therefore, conduct business activities that would provide its members financial gain.
11. Governance, operating rules and bodies	Economic associations are often used as a model when organizing a non- profit association. Thus, non-profit associations generally have a **member's meeting**, where they exercise their right to decide on the association's affairs[509], and an **administrative body,** usually a board[510], to make decisions.[511] The functions of different bodies in non-profit associations vary based on the fact that non-profits possess significant organizational freedom. At the member's meeting, the core tasks for members are to decide on the changes to the charter and to appoint the board. The board is responsible for managing the association's activities in an acceptable manner and representing the association in its external relations.[512] If a non-profit association is to conduct any type of business activity, it must have a board that should consist of at least three members.

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[507] Instrument of Government, chapter 1, article 1.5.

[508] Economic Associations Act, chapter 4, section 1. Economic Associations can, however, refuse an applicant, if:

1. the applicant cannot be expected to participate in the association's activities in a manner referred to in chapter 4 or 5 of the Act,
2. the applicant does not meet the requirements imposed on the members with regard to the nature and scope of the association's activities, or
3. there are otherwise special reasons for refusal. See Economic Associations Act, chapter 4, section 2.

[509] Economic Associations Act, chapter 6, section 1.

[510] Under the Economic Associations Act chapter 7, section 4, subsection 1, the board

1. is responsible for the association's organization and the administration of the association's affairs,
2. continuously evaluates the association's and, if the association is a parent association, the group's financial situation, and
3. ensures that the association's organization is designed in a way that the accounts, funds and the economic conditions are otherwise controlled in a reassuring manner.

[511] Karlsson – Engvall 2016, p. 8.

[512] Karlsson – Engvall 2016, p. 8.

12. State supervision	In Sweden, charitable organizations, such as non-profit associations, **are not subject to public regulation due to the absence of charity legislation.** No governmental authority exists that would regulate non-profits or inspect their activities. Therefore, there are private organizations, such as the Swedish Fundraising Control[513], that supervise and inspect, e.g., non-profit associations, in this context.[514]
13. Reporting and transparency	A non-profit association is required to keep accounts if its value of assets exceeds 1.5 million Swedish kronor. The obligation to keep accounts arises: 1. from the time of the formation of a legal entity, if its assets then exceed the amount specified, or 2. from the calendar year at the beginning of which the value of the assets exceeds the amount specified.[515] However, if a non-profit association conducts business or if it is the parent entity of a group, it is required to keep accounts even if it does not meet the aforementioned conditions.[516] The obligation to keep accounts ceases when the value of the assets at the end of the last three financial years has been lower than the specified limit amount.[517]
14. Resources and assets management	Non-profit organizations can finance their activities by self-financing, i.e., collecting membership fees, selling various products or services. Additionally, they also get financed by the public (and private) sector in the form of grants, transfers, and services purchased by the state, municipalities and county councils. Most commonly, the municipality buys services from the non-profit association, such as preschool services and care of the elderly. The same applies to county councils.[518] An association's board is the executive body and one of its ongoing tasks is to manage the assets.
15. Liquidation	The general meeting may decide that the association shall go into **liquidation** and at least two thirds of the votes must be in favour for the liquidation decision to be valid[519].

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[513] The Swedish Fundraising Control, https://www.insamlingskontroll.se/

[514] Karlsson – Engvall 2016, p. 6-7.

[515] Accounting Act, chapter 2, section 2, subsection 2.

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[518] Statistics Sweden. The Civil Society 2019 – Satellite Accounts, p. 20, 22-23.

[519] Economic Associations Act, chapter 17, section 2, subsection 1.

	The board considers the question whether the association goes into liquidation immediately before the general meeting. If the general meeting is to consider a question of liquidation, the board prepares a proposal, unless the proposal is raised by someone else, in which case they prepare the proposal[520]. The Swedish Companies Registration Office can decide on a compulsory liquidation of an association.
16. Fundamental decisions	Non-profit associations are often similarly organized as economic associations. Thus, non-profit associations usually have a member's meeting, where members exercise their right to decide on the association's affairs, and a board. An annual general member's meeting is held within six months of the end of each financial year, where the board presents the annual report and the auditor's report[521]. At the annual general meeting, the following shall at least be decided on: the adoption of the income statement and balance sheet, dispositions of the association's profit or loss according to the approved balance sheet, the association for the board members and, where applicable, the managing director, and other matters that the general meeting deals with, in accordance with the Economic Associations Act or the rules of association.[522] The member's meeting usually decides on the amendments to the charter of the association and appointing the board. However, the tasks of different bodies of non-profit associations vary due to the organizational freedom these type of associations have.[523]
17. Taxation regimes	**The tax rules applicable to legal persons in the Swedish Income Tax Act[524] generally also apply to non-profit associations**. Hence, they are subject to tax on income and capital gains in the same way as other legal entities. Non-profit associations can, however, qualify for tax exemptions and only pay tax on income received from real estate or commercial business.[525] There are four conditions laid down in the Income Tax Act that determine whether an association pays taxes on certain income or not. A non-profit association is subject to tax on rental income, income from sale of goods and

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[520] Economic Associations Act, chapter 17, section 4, subsection 1.

[521] Economic Associations Act, chapter 6, section 9. in a parent association which is required to prepare the consolidated accounts, the board present the consolidated accounts and the consolidated auditor's report.

[522] Economic Associations Act, chapter 6, section 10.

[523] Karlsson – Engvall 2016, p. 8.

[524] Income Tax Act 1999/1229

[525] Karlsson – Engvall 2016, p. 10.

	services, and income from capital. These incomes may, however, be tax-exempt if the association satisfies all of the four conditions and therefore qualifies as a non-profit: 1. the purpose requirement; an association shall have a non-profit purpose, i.e., a purpose that benefits the public, such as sports, culture or health care.[526] 2. the business requirement; an association shall in its activities conducted during the tax year exclusively or almost exclusively promote non-profit purpose.[527] 3. the completion requirement; During the tax year, an association shall, to a reasonable extent, use its income for non-profit purposes.[528] 4. the openness requirement; an association shall have an open membership, i.e., it may not refuse entry as a member, unless special reasons exist with regard to the nature or scope of its activities, purpose or otherwise.[529]

LANDSCAPE OF ASSOCIATIONS

1. Number of associations	In 2019, there were a **total of 159,298 non-profit organizations in Sweden,** and 50,331 of them conducted economic activities.[530]
2. Number of members	From 2018 to 2019, a total of 6,284,000 (75.3%) Swedish people over the age of 16 were a member of at least one association.[531]
4. Activities covered	Non-profit associations cover a variety of activities, such as sports, culture, environmental care, care for children, political activities, religious activities, healthcare, social assistance, education, or scientific research.

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[526] Income Tax Act, chapter 7, section 4, subsection 1.

[527] Income Tax Act, chapter 7, section 5, subsection 1.

[528] Income Tax Act, chapter 7, section 6, subsection 1.

[529] Income Tax Act, chapter 7, section 10.

[530] Statistics Sweden, The civil society 2019 – Satellite Accounts, p. 10.

[531] Statistics Sweden, Civic activities, associations by indicator, study domain and sex. Percentage and estimated numbers in thousands. Year 2012-2013 - 2018-2019, https://www.statistikdatabasen.scb.se/pxweb/en/ssd/START__LE__LE0101__LE0101M/LE01012019M03/table/tableViewLayout1/

	The distribution of the shares of employees in the voluntary sector in 2002 was as follows: Culture and recreation (27%), Social welfare (20%) Education and research (16%), Religion (14%), Employment (8%), Politics, identity and interest (5%).[532]
5. Revenues	In Sweden, the whole civil society, that non-profit associations are part of, generated a total of 275 billion Swedish kronor (26,439 152,412 EUR) in 2019.[533] Municipal purchases of activities from non-profit associations and foundations amounted to 16.4 billion Swedish kronor in 2019. In the same year, grants and transfers amounted to 4,9 billion Swedish kronor.[534] Activities purchased by county councils from non-profits and foundations in 2019 amounted to 1,6 billion Swedish kronor. Contributions by county councils amounted to 2.7 billion Swedish kronor.[535]
6. Economic weight	Civil society's contribution to Sweden's gross domestic product /GDP) **was 3.1% in 2019.[536]**
7. Share between voluntary and paid work	In 2019, there were a total of 75,921 persons gainfully employed in non-profit organizations[537], and 68.2% of them were full-time employees[538].
8. Cross-border activities	No data available.

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PDF Volume_01	ISBN	978-92-76-53948-3	ISSN		doi 10.2873/05056	ET-07-22-605-EN-N

Luxembourg: Publications Office of the European Union, 2022

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ET-07-22-605-EN-N

Publications Office
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ISBN 978-92-76-53948-3