REGISTERING A
CIVIL SOCIETY ORGANISATION

A handbook of key laws from 10 countries in Europe and the MENA region
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Disclaimer: The purpose of the Handbook is not to give legal advice, but to provide interested persons with access to informative materials. Recognising that CSO laws change and interpretations of local law vary, ECNL is not liable for any differences or inaccuracies.

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Report layout and formatting: Jeff Vize
As our world becomes more globalised, civil society organisations ("CSOs") are increasingly finding that they have choices in finding the right place to set up. While some countries support a strong and vibrant civil society and make it easy to operate, others may not.

This Handbook has been prepared for those that wish to set up an organisation at home or in another country, or to compare conditions for incorporation and operation between countries. It provides comparative information on 10 selected countries in Europe and the Middle East and North Africa (MENA) region.

Each country note is broken down into 10 thematic subsections, listed in the sidebar at right.

Each subsection contains specific, detailed requirements for the existing legal forms in each country.

The following issues should be considered when reviewing options for registration:

- Generally, the conditions for registration of CSOs in the countries reviewed are relatively easy for the incorporation of new organisations. In all countries apart from Lebanon, Turkey and Tunisia, registration is open to nationals/residents and foreigners. The procedures are also relatively quick and inexpensive.

- Economic activities are still not fully enabled for all types of legal forms in all countries, even though they are only an auxiliary activity for CSOs. For example, in Turkey, a CSO must establish a separate entity to carry out economic activities.

- The tax treatment of CSOs varies widely. In general, CSOs are subject to tax exemptions on income from donations and grants. But some countries, for example Germany and Georgia, only provide certain tax benefits to CSOs with public benefit/charity or tax-exempt status. All countries aside from Sweden have introduced tax benefits for CSO donors, albeit each provides a different set of thresholds and conditions for how such benefits can be acquired.

- In the area of internal governance, the countries covered can be divided into two broad groups: 1) those that provide
only very rough guidance on how internal governance should be organised, allowing for founders to determine the details, such as Czechia; and 2) countries that provide very detailed regulation on internal governance, such as Estonia. All countries allow CSOs to decide whether or not to employ permanent staff, so long as they abide by all reporting requirements provided by law.

- The subsection on liquidation provides general rules and guidance on how to dissolve a CSO when its representatives voluntarily decide to do so. This chapter does not cover liquidation in case of forced dissolution and wind-up by the authorities.

- **Anti-money laundering measures** may also affect requirements imposed on CSOs. Several countries, including Turkey and Belgium, introduced reporting requirements or other limitations for transactions and/or donations exceeding certain thresholds. As all EU countries need to comply with EU anti-money laundering directives, some regulatory requirements regarding reporting or managing information about donors and beneficiaries may stem from those directives.

- **Organisational banking** for CSOs is becoming a complex issue. Banks are becoming increasingly risk-averse, taking all measures they see as necessary to comply with anti-money laundering and counter-terrorism rules. They are particularly cautious regarding transactions to countries which may be considered “risky” or to organisations engaged in activities they might consider high risk. CSOs are being subjected to increased due diligence requirements, delays of transfers due to lengthy checks, and the closure or suspension of accounts. When opening a bank account in another country, it is advisable to consult other CSOs registered in the country about the most favourable banks, or banks that typically deal with CSO accounts. It may also be helpful to build connections with the bank before opening an account, to demonstrate that the organisation has strong internal governance and accountability mechanisms.

- Finally, the MENA region countries tend to provide less favourable operational environments for CSOs, particularly for foreign organisations. In Lebanon, for example, CSOs are regulated by outdated laws and subsequent executive decisions by relevant government officials, meaning implementation can vary. Moreover, it is very difficult for some nationalities to register foreign CSOs in Lebanon.

- At the time of preparing this Handbook, the government of Tunisia was working on amendments to Decree 88 of 2011 governing associations in Tunisia. Some are concerned that these amendments may limit civic freedoms. The timeline for finalizing the amendments is not clear, but if new amendments are adopted, changes to key issues such as funding, registration and penalties are expected.

This Handbook was developed in collaboration with our partnering law firms, DLA Piper and Dentons. It will be part of an upcoming publication “Guide to Going Global” which will contain a review of additional countries. For more information about this and upcoming projects, please contact info@ecnl.org.

Finally, we would like to thank Réka Dancsecs for supporting the management of the project, and all of our partners in the countries that worked closely with us to ensure accuracy of the information in this report.

IVANA ROSENZWEIGOVÁ, DIMA JWEIHAN & KATERINA HADZI-MICEVA EVANS
WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?

Available CSO forms include non-profit associations (association sans but lucratif), international non-profit associations (association internationale sans but lucratif) and private foundations (fondations).

Non-profit associations and international non-profit associations are membership organisations. The main difference between these two basic membership-based organisations is that the international non-profit association must have a multinational or international scope. Foundations have no members but a Board of Directors which manages the foundation’s assets and liabilities pursuant to its Articles of Association; they can only be incorporated by authentic deed before a notary public.

Foundations may obtain public benefit status if their main purpose is of a philanthropic, philosophical, religious, scientific, artistic, or cultural nature. Public benefit status is awarded and withdrawn by a Royal Decree.

Note: From May 1, 2018, all legal entities are legally considered companies, meaning certain rules for businesses – notably for dissolution and liquidation – also apply to non-profit associations, private foundations and international non-profit associations.

ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?

Non-profit associations & foundations: As a general rule, non-profit organisations should not carry out industrial or commercial operations and should not seek to obtain material gains for their members. However, they are allowed...
to engage in economic activities if they are incidental, accessory or secondary to non-economic activities and those activities are being undertaken in order to achieve the social or altruistic mission of the organisation.

**International non-profit associations**: The purpose of international non-profit association must have a multinational or international scope. However, this does not mean that it must carry out part of its activities outside of Belgium, only that its objective and impact should have an international character. International non-profit association may act beyond Belgian borders.

### 3. What are the key civil society laws?

- Law of 27 June 1921 on non-profit associations, foundations, European political parties and European political foundations (as amended)(referred to here as the Law of 27 June 1921);

### Requirements on the founders of a civil society group

#### 1. What is the minimum number of founders required by law, and how many of them must be citizens or residents?

**Non-profit association**: 3, none required to be a resident or a citizen.

**Private foundation**: 1, none required to be a resident or a citizen.

**International non-profit association**: 2, none required to be a resident or a citizen.

#### 2. What are the eligibility requirements for founders?

Any natural person (older than 18 years) or legal entity (including another non-profit association) can, if they have legal capacity to do so, set up a non-profit association. There are no other requirements with respect to legal capacity to set up a CSO in Belgium.

#### 3. Are foreign citizens allowed to serve as founders? What kind of legal status do foreign citizens need in order to be eligible to serve as founders?

There are no residency or nationality requirements for the founders, Board of Directors or members of organisations. However, when a director who is not an EU/EEA-national receives compensation for his/her position, s/he must obtain a work permit or a professional card.
4. ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?

Non-profit association and international non-profit association: No.

Private foundation: Initial capital should be “sufficient” based on the purpose of the foundation, however, no minimum is required by law.

Foundations with public benefit status: The law does not stipulate a minimum amount, but the Ministry of Justice requires a minimum capital of EUR 25,000 as the initial contribution.

1. WHICH AUTHORITY IS RESPONSIBLE FOR REGISTRATION?

Non-profit association: Commercial Court.

Private foundation: Commercial Court.

Foundations with public benefit status: to acquire legal personality, public interest foundations need an authentic act drawn up by a notary which must be deposited at the Justice Department (Service Public Fédéral Justice/Overheidsdienst Justitie) and addressed to the Minister of Justice, who will review the application and issue the Royal Decree granting legal personality within a few weeks. The Royal Decree and the authentic documents are then deposited with the clerk of the local Commercial Court and published in the Belgian Official Gazette.

International non-profit association: The registration procedure for an international non-profit association requires an authentic act drawn up by a notary. The authentic act and a list of members must then be deposited at the Justice Department (Service Public Fédéral Justice/Overheidsdienst Justitie), with a written request addressed to the Minister of Justice, who will review the application and issue the Royal Decree granting legal personality within a few weeks. The Royal Decree will be issued provided that the organisation pursues a non-profit goal of international utility and its activities do not breach any applicable law or do not violate public policies. The Royal Decree and the authentic documents are then deposited at the clerk of the local Commercial Court and published in the Belgian Official Gazette.

All important information related to the registration can be found at: https://justice.belgium.be/fr/themes_et_dossiers/associations_et_fondations
2. WHAT IS THE REGISTRATION FEE?

**Non-profit association:**
- Incorporation on paper: EUR 154.70 + 21% BTW (VAT): EUR 187.19;
- Incorporation electronically: EUR 111.80 + 21% BTW (VAT): EUR 135.28.

**Private foundation:**
- Incorporation on paper: EUR 154.70 + 21% BTW (VAT): EUR 187.19;
- Incorporation electronically: EUR 111.80 + 21% BTW (VAT): EUR 135.28.

**International non-profit association:**
- Incorporation on paper: EUR 154.70 + 21% BTW (VAT): EUR 187.19;
- Incorporation electronically: EUR 111.80 + 21% BTW (VAT): EUR 135.28.

3. ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?

**Non-profit association:**
- Fees for legal advice by a specialist lawyer (depending on the type of service).
- Potential translation costs of the founding documents.

**Private foundation & International non-profit association:**
- Fees for legal advice by a specialist lawyer (depending on the type of service).
- Cost of the notarial deed is estimated to be between EUR 1,500 and EUR 2,500 (excluding VAT).
- Potential translation costs of the founding documents.

4. HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?

There is no provision under Belgian law as to how long it takes to complete the registration, but the procedure generally takes one to 2 weeks. As soon as the Articles of Association (statutes) are deposited, the non-profit organisation obtains legal personality.

International non-profit associations and foundations that wish to be recognized as being of public utility take a little longer, depending on the Royal Decree.

5. WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?

**Non-profit association:**
- Statutes (content further described in the Article 2 of the Law of 27 June 1921).
- Appointing document of the administrators and of the persons that will manage the organisation on a daily basis.
Private foundation:

- Notarial deed.
- Statutes, which must contain the purpose, the name and address of the foundation as well as the names, places of birth and addresses of the founders. The procedure for appointment of new board members must also be described, as well as conditions for amending statutes and the destination of assets in case the foundation is dissolved.
- Appointing document of the board members.

International non-profit association:

- Authentic notarial deed (drawn before a public notary).
- Additionally the public notary shall submit the Articles of Association to the Belgian Ministry of Justice for approval by Royal Decree. An international non-profit association may be incorporated only by private deed, which must be filled with the clerk of the local Commercial Court. However, if an international non-profit association is incorporated by a Royal Decree, it strengthens its public image and is regarded as evidence of a good reputation.

6. IS ELECTRONIC SUBMISSION POSSIBLE?

Yes.

7. IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?

A physical address in Belgium is required for all organisations. However, there are no additional requirements with regards to the location of the seat.

8. ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?

No.

9. ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION

When a foundation is set up, the notary or the clerk’s office at the Commercial Court must register the foundation in the register of legal persons maintained by the “Banque Carrefour des Entreprises”, which then issues an enterprise number.
WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

Belgian banks generally require non-profit associations to provide a copy of their statutes and to file documents providing information on the non-profit purpose of the association as well as information on the extent of association’s expected financial operations.

MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?

The organisation’s leaders are usually the individuals authorized to open an organisational bank account. They will generally be required to appear in person for a face-to-face meeting prior to opening the bank account, unless they are already known by the bank.

HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

This can vary depending on whether all requested information has been provided by the organisation. Once the bank has received and accepted all information, the opening of an organisational bank account takes a few weeks.

IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?

Yes.

SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.

All major banks in Belgium offer the possibility to open an organisational account. The recommended banks include KBC, ING, Keytrade Bank or Belfius.
6. INFORMATION ON INTERNATIONAL TRANSFERS.

The standard daily limit for organisational accounts at the main banks in Belgium is set at EUR 125,000, but can be increased to EUR 1,000,000 per day subject to prior approval by the bank. These limits do not vary for different types of registered organisations.

7. IS SETTING UP PERSONAL BANK ACCOUNTS RELATIVELY EASY FOR NON-RESIDENTS?

This depends on whether the non-resident wishing to open a bank account is already known by the bank, e.g. the non-resident has an account with one of the bank’s branches in his/her country of residence. Non-residents not known by the bank will generally be required to have a face-to-face meeting at the bank prior to opening a personal account.

Sources of funding

1. WHAT ARE THE PERMITTED POSSIBLE SOURCES OF FUNDING?

There is no list of permitted sources of funding. Traditional sources of funding for non-profit associations are:

- Grants, donations and legacies;
- Subsidies;
- Membership contributions; and
- Sponsorships.

2. WHAT ARE THE RESTRICTIONS ON POSSIBLE SOURCES OF FUNDING?

All donations to not-for profit organisations exceeding EUR 100,000 are subject to approval by the Royal Decree. However, the law does not provide for an annual maximum amount for donations, so the donations exceeding the threshold can be divided into multiple donations not exceeding EUR 100,000.

Non-profit association & International non-profit association:

Economic activities are permitted, provided that these activities are secondary to the organisation’s social or altruistic mission and that the profits arising from these activities are used solely to further the organisation’s primary purposes rather than
benefiting members or employees.

**Private foundations:**

Foundations are allowed to conduct economic activities provided that profits derived are solely used to achieve their non-profit purpose.

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### Tax treatment of civil society groups

1. **HOW ARE CSOs TREATED FOR INCOME TAX PURPOSES?**

The tax regime is generally applicable in the same manner to all CSOs. CSOs are typically not subject to corporate income tax and are only subject to taxation on cadastral income of real property located in Belgium, income from personal property and certain miscellaneous income. In order to benefit from the corporate income tax exemption, CSOs must not carry out profitable (economic) activities on a regular basis.

The cadastral income tax is based on the fictitious rental value of the buildings owned in Belgium, and its basic rate ranges between 1.25% to 2.25%. Personal property tax is based on personal property such as dividends and interest. The tax owed by CSOs on such income is equal to the personal property withholding tax, i.e., 25% on dividends and 15% on interest. Capital gains on significant shareholdings, i.e., participation representing more than 25% of the capital of the organisation, are taxable at 16.5%.

CSOs are not taxed on donations they receive or the revenues generated by their non-profit activity.

Other taxes not related to income are also due, such as a tax at the rate of 0.17% in lieu of inheritance tax calculated on the value of all the assets of the organisation. Non-profit organisations whose assets do not exceed EUR 25,000 are, however, exempt from this duty.

If the non-profit organisation is subject to corporate income tax, its profits from economic activities are taxable at the corporate tax rate of 33.99%.

2. **WHAT IS THE VAT TREATMENT OF CSOs?**

Associations and foundations are also subject to VAT, although they are usually exempted since their activities may fall under some of the exempt categories provided by Article 44, Section 2 of the Belgian VAT Code (provision of services for schools and families and related supply of goods, provision of services and supply of goods related to social assistance, social security and protection of children, etc.).

A CSO is not considered a Belgian VAT taxpayer unless it carries out economic activi-
ties in Belgium. If the organisation supplies goods or renders services in exchange for payment, it will be liable for VAT; however it is possible to apply for a VAT exemption if the economic activities generate an income of less than EUR 25,000 per year.

3. ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?

The Belgian Income Tax Code provides for a deduction of 45% from taxes on all donations of at least EUR 40 made by individuals to recognized CSOs. Taxpayers may deduct up to 10% of their taxable income, within an annual income threshold of EUR 365,950. For companies, the donations to recognized CSOs must be of at least EUR 40; the maximum deduction is 5% of taxable income, within an annual income threshold of EUR 500,000.

This recognition is only available to certain CSOs that are active in the cultural, scientific or in the charity sectors. A comprehensive list of eligible entities can be found in Article 145 of the Belgian Income Tax Code.

Obligations of a registered civil society group

1. WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?

Different types of non-profit organisations must comply with certain auditing and reporting requirements, depending on their size, that are applicable to all legal entities. Usually, the Board of Directors or the managers must prepare annual accounts and submit them to the annual the General Assembly or board for approval within 6 months of the closing financial year.

The form and contents of the annual accounts, as well as publication formalities depend on the size of the non-profit organisation. Typically, CSOs can maintain and draw up simplified accounts. However, CSOs must keep their accounts and draw up their annual accounts as companies, if:

- the organisation has an equivalent, on average over the year, of 5 full-time employees have been registered in the association’s personnel register;
- the organisation has recorded a total of EUR 312,500 in non-exceptional revenue, excluding value added tax;
- the organisation has a balance sheet total of EUR 1,249,500 or more.

2. ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?

No.
1. **WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?**

**Non-profit associations** must have two bodies:
- **General assembly**, composed of all members.
- **Board of directors**, composed of at least three members, appointed by the General Assembly.

The founders may decide to set up additional corporate bodies in the Articles of Association (i.e. Supervisory Board, Management Board, and Representative Body).

**Private foundations** must have a **board** composed of at least three members, to represent the foundation (applicable to both types of foundations, according to Article 34 of the Law of 27 June 1921). The appointment, dismissal and powers of the board must be regulated in the foundation’s statutes.

The bylaws must set out the procedures and conditions for appointment, resignation and dismissal of board members, the length of their terms, and the powers of the board. Upon request of the public prosecutor, the board or any interested person, the court of first instance can order the dismissal of a board member who has been negligent, who did not fulfil the obligations stipulated by the law or by the bylaws, or who has used the assets for purposes other than those for which the organisation was set up, for purposes which are contrary to law or public policies. According to the law, the board has the power to carry out any activities necessary to achieve the foundation’s statutory purpose.

The law does not confer any rights to founders once the foundation has been set up. Daily management can be delegated by the board according to Article 35. A supervisory body is not compulsory.

**International non-profit association**:

In general, the organisation is governed by the **general assembly or the board of directors**, composed of at least two members. However, in contrast to non-profit associations, the structure and functioning of international non-profit associations provides more flexibility. Consequently, the composition, powers and functioning of an international non-profit association’s director and management body can be structured in the articles of association and allocated between different corporate bodies. The board of directors can delegate day-to-day management responsibility to particular persons (who do not necessarily have to be directors), to act jointly or alone.
2. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?**

Unless provided for in the organisation’s statutes, there are no eligibility requirements for members of the governing body. Both individuals and legal entities can be board members. Persons other than founders can also be appointed as board members.

3. **ARE FOREIGN CITIZENS OR RESIDENTS ALLOWED TO SERVE ON THE BOARD?**

There are no residency or nationality requirements for the board of directors or members of organisations. However, when a director who is not an EU/EEA-national receives compensation for his/her position, s/he must obtain a work permit or a professional card.

4. **ARE FOUNDERS AND MEMBERS FINANCIALLY LIABLE BY LAW?**

In general, the founders and the members of organisations are not liable for any debts of the organisation. However, Belgian law provides for different kinds of liabilities for directors and managers. In terms of civil liability, a director or manager can be held liable for faults such as tortious acts, mismanagement, violations of the articles of association or of the Belgian Companies Code, and other specific violations (in case of insolvency, failure to pay corporate taxes, failure to pay VAT, etc.). Directors can be liable for committing criminal offenses in the exercise of their duties. The organisation or company can be also held criminally liable.

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Staff and members of the organisation

1. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR STAFF AND MEMBERS OF A CSO?**

There are no legal requirements with respect to eligibility of the CSO’s staff unless imposed in the association’s statutes.

2. **IS THERE A REQUIREMENT TO HAVE A FULL-TIME EMPLOYEE?**

No.
3. IS THERE A REQUIREMENT TO HAVE AN ACCOUNTANT?

No, but very large organisations should appoint a statutory auditor. This is relevant for foundations having 100 workers or more, or exceeding two of the following three criteria:

- 50 workers;
- EUR 7,300,000 in normal cash receipts;
- EUR 3,600,000 for the total of the balance sheet.

Voluntary dissolution and liquidation

1. WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?

In the event of liquidation, proceeds/assets of the CSO must be allocated to fulfil a similar purpose as stipulated in the articles of association; they may not be shared between members of the CSO.

Because all legal entities are now legally considered companies in Belgium, the same rules on dissolution and liquidation (see Book XX of the Code of Economic Rights on business insolvency) apply also to non-profit associations, private foundations and international non-profit associations. Specifically, CSOs can be subject to these liquidation proceedings:

- a judicial reorganisation procedure (by amicable agreement, collective agreement or transfer under judicial authority) to save all or part of the CSO, when the financial difficulties of the CSO are not too great;
- or of bankruptcy proceedings to liquidate the company when there is no hope of rescue.
1. CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS

Ozgur Kahale: Ozgur.Kahale@DLAPiper.com (Pro Bono Director for Europe, DLA Piper)

2. IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY OF THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?

Yes, founders do not have to be physically present for the registration of an association if they are validly represented by an authorized representative.
1. WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?

There are four types of entities considered as CSOs: association, foundation, fund and institute.

**Association** (*spolek*) is a general membership-based organisational form established by three persons, with no eligibility requirements for founders. Its legal regulations are complex, but many provisions are not mandatory. There are two types of endowments (non-membership organisational forms): foundations and funds. **Foundation** (*nadace*) is a general non-membership organisational form created to collect the financial assets for public benefit purposes, with the initial capital requirement of 500,000 Czech crowns (EUR 18,230). It has rather complicated legal regulations with extensive requirements. **Fund** (*nadační fond*) is a simpler non-membership organisational form, without a specific initial capital requirement; it is designed to serve temporary rather than long-term purposes. **Institute** (*ústav*) is an organisational form that combines aspects of a membership and non-membership CSO; they are required to engage in the provision of certain services.

2. ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?

**Association**: Direct economic activity, with the aim of making a profit, cannot be the main statutory activity, only a supplementary one. In addition, profits can be used only to support the organisation’s main statutory activity or for operational costs.
Registering a Civil Society Organisation: Czechia

**Foundation & Fund:** Foundations and funds “may serve any permanent facilitation of a socially or economically beneficial purpose”. It is forbidden to provide support to political parties or movements or otherwise participate in their functioning. A foundation cannot be established purely for commercial purposes.

**Institute:** Institutes are legal persons that can be created for the purpose of pursuing socially or economically useful activities using their personal resources and property. An institute pursues “activities the results of which are available to everyone under predetermined conditions,” meaning the goods or services they provide must be available equally to all members of the public.

In addition, Article 145 of the Civil Code stipulates that a legal entity cannot be established with the aim to violate the law or achieve a goal illegally, especially if its purpose is:

- denial or restriction of personal, political or other rights of persons because of their nationality, gender, race, origin, political or other opinion, religion and social status;
- incitement of hatred and intolerance;
- promotion of violence;
- control over a public authority or public administration without legal authorisation;

The establishment of an armed legal entity or armed forces is also prohibited.

**3. WHAT ARE THE KEY CIVIL SOCIETY LAWS?**

- Law No. 89/2012 Coll. Civil Code;

**Requirements on the founders of a civil society group**

**1. WHAT IS THE MINIMUM NUMBER OF FOUNDERS REQUIRED BY LAW, AND HOW MANY OF THEM MUST BE CITIZENS OR RESIDENTS?**

**Association:** 3, none required to be a resident or a citizen.

**Foundation:** 1, none required to be a resident or a citizen.

**Fund:** 1, none required to be a resident or a citizen.

**Institute:** 1, none required to be a resident or a citizen.
2. WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR FOUNDERS?

There are no specific eligibility requirements for the founders; all individuals and/or legal entities are allowed to be founders. At least one founder must have full legal capacity.

3. ARE FOREIGN CITIZENS ALLOWED TO SERVE AS FOUNDERS? WHAT KIND OF LEGAL STATUS DO FOREIGN CITIZENS NEED IN ORDER TO BE ELIGIBLE TO SERVE AS FOUNDERS?

There are no limitations in terms of citizenship or residency for the founders.

4. ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?

- **Association**: No.
- **Foundation**: 500,000 CZK (EUR 18,230).
- **Fund**: Contribution amounts are set by the founders in the founding document.
- **Institute**: Contribution amounts are set by the founders in the founding document.

### Registration procedures

1. WHICH AUTHORITY IS RESPONSIBLE FOR REGISTRATION?

Regional Court determined on the basis of the official seat (registered address) of the CSO.

According to the new Civil Code (Law No. 89/2012 Coll., as amended), a notary may also register a CSO. However, this carries additional charges as compared to registering with a court.

The directory of the regional courts, together with their addresses and contact details, can be found at: https://or.justice.cz/ias/ui/soudy

2. WHAT IS THE REGISTRATION FEE?

There is no registration fee for CSOs if registered by a court.
3. **ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?**
   - Notarial costs for the official verification of the signatures on the written documents,
   - Potential costs for professional legal advice,
   - Potential translation costs; registration documents must be submitted in the Czech language,
   - Notarial fee if a CSO is registered through a notary.

4. **HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?**

   According to the law, the court must decide on registration within 5 days. If registration is performed by a notary, it is effective immediately.

   **For associations:** If the respective court does not decide within 30 days, there is a legal presumption that the association has been registered.

5. **WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?**

   **Association:**
   - **Statutes.** Content is determined by Article 218 of the Civil Code, and the full version of the statutes must be kept in the premises of the association’s seat;
   - **Minutes from the founding meeting** with signatures of the persons present at the meeting;
   - A **written affidavit** of the statutory representatives and members of the controlling and other bodies of the association stating that they comply with the conditions for performing their functions and that they agree with the registration of the association (with officially verified signatures);
   - The **criminal register record** of any representative or a member of the controlling or other bodies who is not a citizen of the Czech Republic.
   - **Written confirmation of the owner of the property** stating that the association’s seat can be registered in their premises (with an officially verified signature);
   - If the founder is a legal entity, a **declaration of its legal status** (i.e. original extract from the relevant register) including names of persons authorised to represent the founder;
   - **Application form** for registration with officially verified signatures.
Foundation:

- **Founding document.** Content is determined by Article 310 of the Civil Code in the form of a notarial deed;
- **Statutes.** Content is determined in Article 314 of the Civil Code; they can be also filed within 1 month from the incorporation of a foundation;
- A **written affidavit** of the statutory representatives and members of the controlling and other bodies of the fund stating that they comply with the conditions for performing their functions and that they agree with the registration of the foundation (with officially verified signatures);
- The **criminal register record** of any representative or a member of the controlling or other bodies who is not a citizen of the Czech Republic.
- **Payment confirmation** of the initial contribution;
- **Notification of the administrator** of the initial contributions on how they administer the contribution;
- If the founder is a legal entity, **declaration of its legal status** (i.e. original extract from the relevant register) including names of persons authorised to represent the founder;
- **Written confirmation of the owner of the property** stating that the fund’s seat is registered in their premises (with an officially verified signature);
- **Application form** for registration with officially verified signatures.

Fund:

- **Founding document.** Content is determined by Article 396 of the Civil Code;
- A **written affidavit** of the statutory representatives and members of the controlling and other bodies of the fund stating that they comply with the conditions for performing their functions and that they agree with the registration of the fund (with officially verified signatures);
- The **criminal register record** of any representative or a member of the controlling or other bodies who is not a citizen of the Czech Republic.
- **Payment confirmation** of the initial contribution;
- **Notification of the administrator** of the initial contributions on how they administer the contribution;
- If the founder is a legal entity, a **declaration of its legal status** (i.e. original extract from the relevant register) including names of persons authorised to represent the founder;
- **Written confirmation of the owner of the property** stating that the fund’s seat is registered in their premises (with an officially verified signature);
- **Application form** for registration with officially verified signatures.
Institute:

- **Founding document.** Content is determined by Article 405 of the Civil Code;
- A **written affidavit** of the statutory representatives and members of the controlling and other bodies of the fund stating that they comply with the conditions for performing their functions and that they agree with the registration of the institute’s (with officially verified signatures);
- The **criminal register record** of any representative or a member of the controlling or other bodies who is not a citizen of the Czech Republic.
- **Payment confirmation** of the initial contribution;
- **Notification of the administrator** of the initial contributions on how they administer the contribution;
- In case the founder is a legal entity, **declaration of its legal status** (i.e. original extract from the relevant register) including names of persons authorised to represent the founder;
- **Written confirmation of the owner of the property** stating that the institute seat is registered in their premises (with an officially verified signature);
- **Application form** for registration with officially verified signatures.

6. **IS ELECTRONIC SUBMISSION POSSIBLE?**

Yes, provided the person that is registering the CSO has a data box (*datová schránka*) or an officially verified electronic signature.

7. **IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?**

Yes, there is a requirement to have an office (the official seat), but no additional requirements are set except for the written consent of the landlord. The office may be located in any kind of premises, including apartments, so long as the CSO is able to receive mail at the seat’s address.

8. **ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?**

Yes, all CSOs are required to register their “ultimate beneficial owner” (the UBO) in the registry of UBOs: [https://issm.justice.cz/](https://issm.justice.cz/)

The UBO is always a natural person determined based on the law. Typically the statutory representatives are considered to be the UBO.

The information registered in the registry of UBOs is not publicly available.
9. ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION

If a CSO decides to conduct economic activities, it must register with the trade licensing register.

Associations and institutes may need a bank account for carrying out economic transactions, although it is not expressly required by law to have one. In addition, endowments (foundations and fund) must have a bank account in order to administer contributions and disburse them to beneficiaries, although it is not expressly required by law.

10. WHAT ARE THE LEGAL GROUNDS FOR DENIAL OF REGISTRATION?

The following are the grounds for denial applicable to all organisational forms:

- The application for registration is submitted by a person not entitled to do so;
- The application is not submitted in a prescribed manner;
- The application does not contain all of the prescribed information;
- The application is incomprehensible or vague;
- The application does not include the required documents;
- The purpose of the organisation is not in compliance with Article 145 of the Civil Code (see the question on restrictions and permissible goals of the organisation).

In the case of a denial, the registration authority will explain in its decision the grounds for denial and provide advice on how to make corrections. It will also set a deadline for the submission of a corrected application.

Organisational banking

1. WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

- Proof of establishment/registration (depending on the legal form, e.g. statutes or excerpts from the public register, either originals or officially verified copies not older than 3 months), including a document containing the registration number;
- A document stating who can act on behalf of the CSO, with identifying information (i.e. birth number, date of birth and residential address).
The type of a document depends on the legal form (e.g. minutes from the founding meeting etc.);

- A minimum deposit (up to 1,000 CZK [37 EUR]),
- The bank may require other documents based on its “Know Your Client” procedures.

2. MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?

Typically, the statutory representative/s or any individual authorized to act on behalf of the CSO is authorized to open a bank account.

3. HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

It takes up to one hour to set up a bank account (provided that the CSO has submitted all documents required by the bank) and up to 7 days to get a credit card.

4. IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?

Yes.

5. SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.

Raiffeisen bank, ČSOB, ERA/Poštovní spořitelna.

6. INFORMATION ON INTERNATIONAL TRANSFERS.

Limitations on transfers are not related to the CSO’s legal form. Limitations vary based on the bank and individual settings on the account, and can range from 200,000 CZK (7,300 EUR) to unlimited. It is usually possible to change the limits daily, though conditions depend on the specific bank. Suspicious transfers may be subject to further investigation.

7. IS SETTING UP PERSONAL BANK ACCOUNTS RELATIVELY EASY FOR NON-RESIDENTS?

Non-residents need to provide an address in Czech Republic to open a bank account, but no legal proof of the address (such as a lease agreement) is required.
What are the permitted possible sources of funding?

• State funding (national and local);
• Donations from domestic and foreign individuals and legal entities;
• Membership fees;
• Funding from corporate foundations and/or endowment funds;
• Income from economic activities;
• International and EU funding mechanisms;
• Income from service charges and legacies.

What are the restrictions on possible sources of funding?

Direct economic activity, with the aim of gaining profit, cannot be the main statutory activity, only a supplementary one. In addition, profits can be used only to support the organisation’s main statutory activity or for operational costs.

How are CSOs treated for income tax purposes?

CSOs are generally exempt from taxation on income from grants, donations (if they are used for statutory purposes) and income from statutory activities (if they do not create surplus). Income from non-statutory economic/commercial activities and surplus from other income-generating activities is taxed at a reduced rate. The association or fund may reduce its tax base by 30% (up to a maximum of 1,000,000 CZK [EUR 36,500]) if the profit earned by such reduction is used solely for financing statutory activities. Revenue from the rent of property, revenues from commercial ads, income in form of interest and income from membership fees are all subject to income tax. Associations, however, are not required to pay income tax on membership fees.
2. WHAT IS THE VAT TREATMENT OF CSOs?

CSOs have to pay VAT on income from economic activities if their annual turnover exceeds 1,000,000 CZK (EUR 36,500). The general VAT rate is 21%.

A reduced VAT rate of 15% is applied to many food products and goods of special importance for health care, social services and similar activities, and printed books. This VAT rate also applies to certain services, including wheelchair maintenance, water distribution, public transportation, health and social care, hospice care for children, ill and elderly persons, and several cultural activities (Law on VAT Article 47(1)). A third VAT rate of 10% is applicable to products for newborns, children’s books and basic food products.

3. ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?

Donations of CZK 2,000 or more may be deducted from the corporate income tax base, provided they are given as charitable contributions to communities, regions, branches of state administration, juridical persons with their seat in the Czech Republic, or juridical persons organising public collections organised in compliance with the Law on Public Collections (Act No. 117/2001 Coll., as amended). In order to qualify for the deduction, the donation must be provided for the purpose of supporting activities in one or more of the following fields: science and education; research and development; culture; teaching in schools; police; fire prevention and protection; support and protection of young persons; protection of animals and their health; social or health care; ecological, humanitarian, and charitable purposes; religious purposes of registered churches and congregations; physical training and sporting activities; and support of political parties and movements and their activity. However, CSOs themselves may not deduct any donation they are providing from their own property (Income Tax Law Article 20(8)).

For legal entities, up to 10% of taxable income is deductible from the tax base (Law on Income Tax Article 20(8)). Individuals may deduct donations to qualifying CSOs up to 15% of their taxable income. However, to qualify for the deduction, the individual must donate an amount that is greater than 2% of his or her taxable income or at least CZK 1,000 (Law on Income Tax Article 15(1)).
Obligations of a registered civil society group

1. WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?

**Association:** The association is required to file financial statements with the Registration Court that administers the association register; if the association is required by law to have its annual accounts audited, it is obliged to file an annual report as well.

**Foundation:** A foundation must produce an annual report (approved by the administrative board and reviewed by the supervisory board) and financial statements (approved by the administrative board and reviewed by the supervisory board). Financial statements must be audited if the endowment capital or annual turnover exceeds CZK 5 million. The foundation is required to file the financial statements (and if audited, also the annual report) with the Registration Court that administers the foundation register.

**Fund:** A fund must file a financial statement with the Registration Court; if its annual accounts are required to be audited, it is obliged to file an annual report as well.

**Institute:** An institute must file a financial statement with the Registration Court. In addition, it shall prepare an annual report that contains information on financial management of the institute, including the amounts of remunerations provided to the members of the institute’s bodies.

2. ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?

CSOs must register as VAT taxpayers at the respective Tax Authority and submit a VAT Tax Declaration if their annual turnover from economic activities exceeds CZK 1 million (EUR 36,500). Additionally, if a CSO has income from sources that are not income tax exempted and if it has employees, it is obliged to register with tax authorities and submit an Income tax return.
WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?

**Association:** The law provides broad discretion to associations in determining their internal structure and governance. The compulsory bodies of the association are:

- **statutory body,** usually called general assembly (individual or collective); and
- **supreme body** of the association.

Associations may designate the statutory body to serve as the supreme one. Other possible bodies include the supervisory board, the arbitration board and other bodies determined by statutes. The supreme body must meet at least once a year. Decisions require either a standard majority vote or super-majority when the key decisions are taken. For any decision-making process, a standard majority of members must be present at the meeting.

**Foundation:** Foundations are managed by an administrative **board** with at least 3 members (individuals), and supervised by either a **supervisory board** with at least 3 members (mandatory for foundations with endowment capital of at least CZK 5 million) or by an **inspector** (if no supervisory board is established).

If the foundation deed does not stipulate otherwise, the members of both bodies are elected for 5 years.

**Fund:** The two main bodies of a fund are the **administrative board,** which is a statutory body of the organisation acting on behalf of the organisation, and the **supervisory board or controller.** Powers and responsibilities of the administrative board include everything that is not expressly entrusted to other bodies of the fund, either by law, founding document or by a decision of a public authority. These powers include management of assets and decision-making for all matters related to the fund. The administrative board must be composed of at least 3 members (individuals and/or legal entities can serve as members of the board). For any decision-making process, a standard majority of members must be present at the meeting. Decisions are taken with a standard majority vote or super-majority in case of key decisions.

**Institute:** An institute is obligated to have a **director** and an **administrative board.** Either the director or the administrative board can serve as the statutory body of the institute.

The members of the administrative board are elected by the founder of the institute, unless provided otherwise in the founding documents.
The administrative board’s authorization is required for the following legal acts (unless stipulated otherwise in the founding documents):

- the transfer of ownership of an immovable thing,
- the encumbering of the institute’s own immovable things,
- the acquisition or loss of a copyright or industrial right, or
- establishment of another legal person or participation in such an entity with a contribution (e.g., as a shareholder or serving as the entity’s agent).

The institute may decide to create a supervisory board at its own discretion.

2. ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?

Members of the governing bodies must be at least 18 years old, with full legal capacity and without criminal convictions, pursuant to Trade Licensing Act (Act No. 455/1991 Coll., as amended). If the statutory activities of an association or a fund are linked to the youth or persons without full legal capacity, such individuals can serve as members of governing bodies. However, the CSO cannot engage in economic activities.

In addition, a member of the statutory body of a foundation or fund cannot be a member of the supervisory board, an employee of the fund, or a person that is biased towards the fund’s purpose. A member of the statutory body of an institute cannot be a member of the administrative board or supervisory board (if established).

3. ARE FOREIGN CITIZENS OR RESIDENTS ALLOWED TO SERVE ON THE BOARD?

Yes.

4. ARE FOUNDERS AND MEMBERS FINANCIALLY LIABLE BY LAW?

As a general rule, a person who serves as a member of an elected body in the entity undertakes to perform the office with the necessary loyalty and with the necessary knowledge and due care.

Members of the statutory body can be held personally liable in some cases, e.g. when acting with negligence. Furthermore, members of the statutory body may be held personally liable for wrongful acts which are imputable to the body. Tort liability exists for damage caused by a wrongful act. Furthermore, certain liabilities toward creditors arise from the insolvency law.
**Staff and members of the organisation**

1. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR STAFF AND MEMBERS OF A CSO?**
   No.

2. **IS THERE A REQUIREMENT TO HAVE A FULL-TIME EMPLOYEE?**
   No.

3. **IS THERE A REQUIREMENT TO HAVE AN ACCOUNTANT?**
   There is no obligation to have an accountant, but there is a requirement to keep books. The bookkeeping can be done internally or can be contracted to an external accountant or company.

**Voluntary dissolution and liquidation**

1. **WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?**

   **Association:** The supreme body has the power to voluntarily dissolve the association. If there are any remaining assets or claims, the association shall appoint a liquidator to satisfy the claims of creditors and disburse the remaining assets in accordance with the law. The rest of the assets must be used in compliance with the association’s statute. If this is not possible, then the liquidator offers the remaining assets to an association with similar goals (Article 269–273 of the Civil Code). An association may be dissolved without liquidation through a merger or separation (Article 274–302 of the Civil Code).

   **Foundation:** A foundation is dissolved by liquidation through a resolution at the general meeting of the administrative board. The administrative body is obliged to appoint a liquidator to sell the foundation’s assets in order to settle debts. The remaining balance is used for the purposes stipulated in the deed of foundation (this...
purpose is required to be publicly beneficial). If the deed does not stipulate how the remaining balance should be used, the liquidator will select a foundation with a similar purpose to receive the remaining assets. The Foundation may be dissolved without liquidation through a merger or change of legal form.

**Fund**: The administrative board (a statutory body) may dissolve a fund and appoint a liquidator if: (a) the purpose for which the fund was established has been fulfilled, (b) if the fund was established for definite period of time or (c) it is no longer possible for the fund to fulfil its statutory purposes. The process of liquidation is the same as for all legal entities. The duration of the process depends on the remaining assets and claims (Article 187–209 of the Civil Code). The fund may also be dissolved without liquidation through a merger or change of legal form.

**Institute**: The administrative board decides on voluntary dissolution and appoints a liquidator. The process of liquidation is the same as for all legal entities. The duration of the process depends on the remaining assets and claims. (Article 187–209 of the Civil Code). The institute may be dissolved without liquidation through a merger or change of legal form.

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**1. CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS**

Spiralis: www.spiralis-os.cz;
Ozgur Kahale: Ozgur.Kahale@DLAPiper.com (Pro Bono Director for Europe, DLA Piper)

**2. IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?**

In theory it might be possible, but some documents require officially verified signatures and, from abroad, this would require an apostille or super-legalisation.
1. WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?

Existing CSO forms include non-profit associations (Mittet-ulundusühing), foundations (Sihtasutus) and contracts of partnership (Seltsing).

A **non-profit association** is a general membership organisational form, established by at least 2 persons, without any additional requirements on the eligibility of the founders. A **foundation** is a general non-membership organisational form, without any initial capital requirement (though it can be dissolved if assets are clearly insufficient and no acquisition is likely in the immediate future). A **contract of partnership** is an organisational form without a registration requirement and without legal personality, governed by the Law on Obligations Act. It is typically used for local or hobby groups only, hence it is not further described in this country profile.

2. ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?

**Non-profit association:** There are no particular restrictions except of those arising from the non-profit nature of the association: the objective or main activity cannot include the earning of income from economic activities, and income may be used only to support objectives specified in the association’s statute. Additional restrictions may be provided by law.

**Foundation:** As with non-profit associations, there are no particular restrictions, except of those arising from the non-profit nature of the foundation. Foundations may pursue public benefit or private purposes.
3. WHAT ARE THE KEY CIVIL SOCIETY LAWS?

- Non-profit Associations Act of June 6, 1996;
- Foundations Act of November 15, 1995;
- Law on Obligations Act of September 26, 2001;

Requirements on the founders of a civil society group

1. WHAT IS THE MINIMUM NUMBER OF FOUNDERS REQUIRED BY LAW, AND HOW MANY OF THEM MUST BE CITIZENS OR RESIDENTS?

**Non-profit association**: 2, none required to be a resident or citizen.

**Foundation**: 1, none required to be a resident or citizen.

2. WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR FOUNDERS?

There are no eligibility requirements; both natural persons and legal entities may found a non-profit association or a foundation.

3. ARE FOREIGN CITIZENS ALLOWED TO SERVE AS FOUNDERS? WHAT KIND OF LEGAL STATUS DO FOREIGN CITIZENS NEED IN ORDER TO BE ELIGIBLE TO SERVE AS FOUNDERS?

Yes, there are no restrictions in this regard.

4. ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?

**Non-profit association**: No.

**Foundation**: The law stipulates that the contribution amount shall be determined by founders in the founding document (resolution).
1. **WHICH AUTHORITY IS RESPONSIBLE FOR REGISTRATION?**

The registration department of Tartu County Court (Registrar) maintains the register. Registration may be done online with a digital signature in case of non-profit associations and/or via a notary. For foundations, the registration must be done via a notary.

The address and the contact details of the registration court could be found at: http://www.kohus.ee/en/estonian-courts/contacts

2. **WHAT IS THE REGISTRATION FEE?**

   **Non-profit association**: EUR 20  
   **Foundation**: EUR 58

3. **ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?**

   - Costs of the notarial verification of the founding documents and/or application form (petition);
   - Costs of the notarial verification/official certification of the copies of documents submitted to the registrar;
   - Costs of professional legal advice.

4. **HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?**

   The relevant laws do not provide any specific timeframe for registration. However, in practice, the application is generally reviewed within 5 working days.

5. **WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?**

   **Non-profit association**:  
   - **Application form** (petition), containing information specified in Article 10 of the Non-profit Associations Act, submitted and signed by all members of the management board and notarised;
   - **Founding document** (memorandum of association), containing information specified in Article 6 of the Non-profit Associations Act, signed by all founders (at the time of registration it shall not be more than 1 year old);
- **Statutes** (articles of association), containing information specified in Article 7 of the Non-profit Associations Act, signed by all founders;
- **Telecommunication numbers** (telephone, facsimile, etc.);
- Other documents which may be stipulated by a special law.

**Foundation:**

- **Application form** (petition), containing information specified in Article 14 of the Foundations Act, submitted and signed by all members of the management board and notarised;
- **Founding document** (resolution), containing information specified in Article 6 of the Foundations Act, signed by all founders and notarised. A foundation may also be established on the basis of a notarised testament containing foundation resolution with the same information;
- **Statutes** (in writing), containing information specified in Article 8 of the Foundations Act, signed by all founders and notarised;
- **Bank confirmation** acknowledging the transfer of funds to the foundation, as stipulated in the Resolution;
- **Telecommunication numbers** (telephone, facsimile, etc.);
- **Extract from the land register** or other register if an immovable or movable property subject to a registration is transferred to the foundation;
- Other documents which may be stipulated by a special law.

All the documents submitted shall be either originals, notarised copies or officially certified copies. Officially certified copies may be electronic if they contain a digital signature or digital seal of the person/agency certifying the copy.

6. **IS ELECTRONIC SUBMISSION POSSIBLE?**

Yes, but foundations must always submit via notary.

7. **IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?**

No office is required. If the management board is located abroad, it must provide its address when registering.

However, an Estonian address must be entered into the register for the service of declarations of intent addressed to the non-profit association and for procedural documents of the non-profit association. There are no restrictions as to the Estonian address; it may be a residential address, business address, post office box, etc.
8. ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?

**Non-profit association:**
The association shall have only one name, which:
- shall be written in Estonian, with Latin alphabet;
- shall have an appendix in Estonian referring to the fact that it is an association of persons;
- it shall not be contrary to good morals.

**Foundation:**
The foundation shall only have one name, which:
- shall be written in Estonian, with Latin alphabet;
- shall not be contrary to good morals.

9. ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION

**Non-profit association:** No.

**Foundation:** Opening a bank account to transfer the initial capital to the foundation.

10. WHAT ARE THE LEGAL GROUNDS FOR DENIAL OF REGISTRATION?

The registrar will refuse registration if the founding document (resolution), articles of association (statutes) or other documents do not comply with the requirements set forth by law, or if the petition for entry in the register is submitted more than one year from the effective date of a founding document. Upon rejection, the registrar shall indicate the reason for it.

1. WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

Due to heightened Know Your Customer (“KYC”) requirements, banks have become extremely stringent in their requirements (especially with respect to companies or organisations having a foreign resident aspect). Typically, banks require establishment documents and the documents of the members of the managing bodies for identification and KYC purposes. For anti-money laundering purposes, banks also ask the purpose of the intended business and its source of funding.
2. MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?

Some parts of the account opening process can be performed via an apostilled and notarised power of attorney, but the person(s) entitled to represent the entity and do banking will need to be identified physically at the bank before the process can be completed.

3. HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

2 weeks minimum, though recently the time periods have become longer (up to 3 months).

4. IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?

Yes.

5. SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.

This is subject to frequent changes. At the time of drafting, it was AS LHV Bank.

6. INFORMATION ON INTERNATIONAL TRANSFERS.

There are no legal limitations related to the international transfers.

7. IS SETTING UP PERSONAL BANK ACCOUNTS RELATIVELY EASY FOR NON-RESIDENTS?

No, it is rather difficult.

Sources of funding

1. WHAT ARE THE PERMITTED POSSIBLE SOURCES OF FUNDING?

There is no law limiting potential sources of funding for CSOs specifically.
2. WHAT ARE THE RESTRICTIONS ON POSSIBLE SOURCES OF FUNDING?

**Non-profit association:** Economic activities cannot be the main statutory activity of the association, and income earned from them may be used only to achieve objectives specified in the organisation’s statutes (articles of association). If this is not respected, an association may be dissolved by a court.

**Foundation:** Restrictions are described under Article 2 of the Foundations Act. Restrictions on economic activities may be provided by law. A foundation may not grant loans or secure the loans of founders or members of the management board or supervisory board or other persons with an economic interest in the foundation. Income generated by economic activities may be used only to achieve statutory goals.

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1. HOW ARE CSOs TREATED FOR INCOME TAX PURPOSES?

Non-profit associations and foundations generally pay income tax on fringe benefits, gifts, donations, entertainment expenses and non-business related expenses. Non-profit associations and foundations can enjoy tax benefits provided they are enrolled in the government’s list of approved CSOs and sanctioned by a resolution of the Tax and Customs Board after obtaining a recommendation from a committee of experts. This means that such entities can make entertainment expenses without income tax obligations and – provided certain conditions are met – grant scholarships for education, sports, the arts and academic research. The requirements for entering into this list are provided in article 11 of the Income Tax Act.

2. WHAT IS THE VAT TREATMENT OF CSOs?

CSOs are exempt from the general 20% VAT rate if annual turnover from the supply of non-exempt goods or services does not exceed EUR 40,000. Further, VAT is not imposed on (1) the supply of services provided non-profit associations to their members free of charge or for a membership fee and (2) services provided by a non-profit association or foundation to natural persons relating to the use of sports facilities or sports equipment.

3. ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?

Yes, for donations to non-profit associations or foundations with public benefit status. Legal regulations on how to obtain a public benefit status – and to be listed by the Government as a CSO with income tax incentives – is found in Article 11 of the Income Tax Act.
For individual donors, donations valued at up to the 50% of the donor’s total taxable income – but not more than EUR 1,200 in total – can be deducted. For corporate donors, the total amount of donations may not exceed either 3% of payments made during the year to the salary fund or 10% of the calculated profit of the latest fiscal year.

Obligations of a registered civil society group

1. WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?

**Non-profit association**: Must submit an annual report after the end of the financial year, even if the association did not conduct any economic activities. The report shall be audited if the non-profit association has an auditor or audit committee. The report shall be approved at the general meeting and submitted electronically to the registrar. If a non-profit association fails to submit the requisite annual report to the registrar within 6 months after the expiry of the term specified by law, the registrar shall issue a warning on deletion from the register and obligate the association to submit the annual report within a specified term, which shall be at least 6 months. (Article 36 of the Non-profit Associations Act).

**Foundation**: Must submit an annual report after the end of the financial year. The report shall be audited if the audit is obligatory according to the Auditor’s Activity Act, the foundation’s statutes or a resolution of the supervisory board. The report shall be approved by the supervisory board within 4 months and submitted electronically to the registrar. If a foundation fails to submit the requisite annual report to the registrar within 6 months after the expiry of the term specified by law, the registrar shall issue a warning on deletion from the register and obligate the foundation to submit the annual report within a specified term, which shall be at least 6 months. (Article 34 of the Non-profit Associations Act).

2. ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?

- Registered CSOs must register as a VAT taxpayer if the annual turnover from the supply of non-exempt goods or services exceeds EUR 16,000.
- Non-profit associations and foundations that have public-benefit status must also submit a report on their public-benefit activities to the Tax and Customs Board.
WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?

Non-profit association:
The bodies of a non-profit association include:

- **General meeting of association members**: The supreme body, which supervises other bodies of the association; adopts resolutions on all management matters except of those delegated to the management board or other bodies of the association. Its competencies include: amending the statutes, appointing and removing from office members of the management board, approving annual reports, and adopting decisions about dissolution, merger or division of the non-profit association. Resolutions are adopted with a standard majority vote or absolute majority when the statutes are being amended. A 9/10 vote majority is required for changing the statutory purpose of the association (Articles 18 to 25 of the Non-profit Associations Act).

- **Management board**: manages and represents the association. It can be one member (director) or a collegial body. A member shall be appointed for 3 years, statutes may prescribe the term of a maximum of 5 years. Every member of the management board has the right to conduct transactions on behalf of the association, unless otherwise provided by law. The management board may adopt a resolution when one half of the members are present at the meeting, unless otherwise prescribed by statutes (Articles 26 to 30 and Article 32 of the Non-profit Associations Act).

- **Other bodies**: designated by statutes to perform specific tasks (Article 31 of the Non-profit Associations Act).

Foundation:
The bodies of a foundation include:

- **Management board**: manages and represents the foundation. May be composed of one or several members. Management board shall perform its tasks in compliance with the lawful orders of the supervisory board. Every member of the management board has the right to conduct transactions on behalf of the foundation, unless otherwise provided by law. Transactions beyond the scope of everyday economic activities require the consent of the supervisory board (Articles 17 to 23 of the Foundation Act).
- **Supervisory board**: composed of minimum of 3 members, the supervisory board plans the activities of the foundation, organises the management of the foundation and supervises the activities of the foundation. It must approve transactions which are beyond the scope of everyday economic activities (described under Article 25 par. 1 of the Foundations Act). It has the right to demand and obtain information about the activities of the foundation from management board. The meetings of the supervisory board shall be held as necessary, as called by the chair, but not less frequently than once per year. At least one half of the members must be present for decision making (Articles 24 to 32 of the Foundations Act).

2. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?**

**Non-profit association**: Members of the management board must be natural persons with full legal capacity. A person may not serve as a member of the management board if they are: (1) prohibited by a Court decision to act as a member of the management board; or (2) prohibited to engage in the same area as the non-profit association due to potential conflicts of interest. Members of the management board may not be a controller in the organisation (or a member of the audit committee if there are several controllers).

**Foundation**: The same requirements set forth for associations apply. In addition, a member of a foundation’s management board cannot serve simultaneously as a member of the supervisory board. Statutes may prescribe additional eligibility requirements.

3. **ARE FOREIGN CITIZENS OR RESIDENTS ALLOWED TO SERVE ON THE BOARD?**

**Non-profit association**: Yes. The provision requiring that at least one-half of the members of the management board have a residence in Estonia or other Member State of the European Economic Area or in Switzerland was repealed in 2018.

**Foundation**: Yes. The provision requiring that at least one-half of the members of the management board have a residence in Estonia or other Member State of the European Economic Area or in Switzerland was repealed in 2018.

4. **ARE FOUNDERS AND MEMBERS FINANcially LIABLE BY LAW?**

**Non-profit association**: Yes. Different liability rules apply, depending on the persons involved and the status of the association, as follows:

- Liability of founders and members of the management board during the establishment process of a Non-profit Association: see Article 10 of the Non-profit Associations Act;
• Liability of persons that entered into a transaction before the registration of an association: see Article 11 of the Non-profit Associations Act;
• Liability of a member of the management board or other body: see Article 32 of the Non-profit Associations Act.

**Foundation**: Yes. Different liability rules apply, depending on the persons involved and the status of the foundation, as follows:

• Liability of founders and members of the management board and supervisory board upon establishment of a foundation: see Article 13 of the Foundations Act;
• Liability of a member of the management board: see Article 23 of the Foundations Act;
• Liability of a member of the supervisory board: see Article 32 of the Foundations Act.

Members of the management board and supervisory board shall perform their obligations with due diligence, in accordance with what is normally expected from persons in their position. They are jointly liable for damages caused to the organisation.

### Staff and members of the organisation

1. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR STAFF AND MEMBERS OF A CSO?**

**Non-profit association**: Requirements for members are prescribed by the statutes (articles of association).

**Foundation**: No.

2. **IS THERE A REQUIREMENT TO HAVE A FULL-TIME EMPLOYEE?**

No.

3. **IS THERE A REQUIREMENT TO HAVE AN ACCOUNTANT?**

The management board is required to organise accounting in compliance with the Accounting Act, but there is no obligation to employ an accountant to perform this task.
Voluntary dissolution and liquidation

1. WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?

A non-profit association and foundation are liquidated upon dissolution unless otherwise provided by law. During the liquidation procedure, likvideerimisel (in liquidation) should be appended to the organisation’s name. The liquidators must be members of the management board unless otherwise prescribed by the statutes or, in the case of a non-profit association, by a resolution of the general meeting. At least half of the liquidators should be residents of Estonia. The management board is required to submit a petition appointing the liquidators in the register.

Liquidation procedure:

- Liquidators shall publish a notice of the liquidation proceeding in the official publication Ametlikud Teadaanded and send a notice of liquidation to the known creditors.
- Creditors may submit their claims within a two-month period.
- If the assets of a non-profit association/foundation are insufficient to satisfy creditors’ claims, the liquidators shall submit a bankruptcy petition.
- If all the claims are satisfied the remaining assets shall be distributed among the persons entitled by the statutes and liquidators shall submit a petition for deletion of the non-profit association/foundation from the register.

The liquidation procedure for non-profit associations is described under Articles 42 to 54 of the Non-profit Associations Act. The procedure for foundations is described under Articles 48 to 59 of the Foundations Act.

If a CSO with public benefit status has assets remaining after satisfaction of creditors’ claims, the assets must be transferred to either (1) an association entered in the list of non-profit associations, (2) a foundation benefiting from income tax incentives or (3) a legal person in public law.

Documents concerning the liquidation must be preserved and archived. The Non-profit Associations Act stipulates that the liquidators shall deposit the documents of a non-profit association to a liquidator, a person maintaining an archive or another trustworthy person. If the liquidators have not appointed a depositary of documents, a court shall appoint one if necessary. The documents shall be deposited in Estonia.
1. CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS

Ozgur Kahale: Ozgur.Kahale@DLAPiper.com (Pro Bono Director for Europe, DLA Piper)

2. IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?

In general an apostilled and notarised power of attorney would be sufficient, though banks may require physical presence in order to open an account for the organisation.
1. **WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?**

*Non-profit organisations.* Georgian law does not differentiate between various forms of CSOs. CSOs may include “foundation” or other similar reference in their names, but there is no distinction between them under the law. The only distinction Georgian law makes is whether the CSO is based on membership or not.

2. **ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?**

The law does not provide any restrictions on the permissible goals and activities of CSOs. CSOs may also engage in economic activities provided that the profits from such activities are used for the statutory non-profit purpose of a CSO. However, the law provides that a CSO may not engage in economic activity as its primary activity. In such case, the court may suspend or terminate the activities of the CSO.

3. **WHAT ARE THE KEY CIVIL SOCIETY LAWS?**

- Civil Code of Georgia 1997
- Law on Entrepreneurs of Georgia 1994
WHAT IS THE MINIMUM NUMBER OF FOUNDERS REQUIRED BY LAW, AND HOW MANY OF THEM MUST BE CITIZENS OR RESIDENTS?

The CSO must have at least one founder; none are required to be a resident or a citizen.

WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR FOUNDERS?

There are no specific requirements; any person or a legal entity may be the founder.

ARE FOREIGN CITIZENS ALLOWED TO SERVE AS FOUNDERS? WHAT KIND OF LEGAL STATUS DO FOREIGN CITIZENS NEED IN ORDER TO BE ELIGIBLE TO SERVE AS FOUNDERS?

Yes, foreign citizens are allowed to serve as founders of a CSO and there are no requirements with respect to their legal status.

ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?

No minimum contributions or property contribution is required. CSOs have no initial capital requirement.

WHICH AUTHORITY IS RESPONSIBLE FOR REGISTRATION?

Registry of Entrepreneurs and Non-Entrepreneurial (Non-commercial) Legal Persons of the National Agency of Public Registry of the Ministry of Justice of Georgia (“Registry”).

The contact details of the Registry can be found at: http://napr.gov.ge/contact.
2. **WHAT IS THE REGISTRATION FEE?**

GEL 100 (EUR 35) for one business day registration or GEL 200 (EUR 70) for same business day registration service.

3. **ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?**

Additional costs may be incurred for preparation of the registration documents (legal costs) and certifying/notarising such documents.

4. **HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?**

The registration process itself may be completed within one business day. Expedited registration is also available upon payment of a GEL 200 (EUR 70) registration fee.

5. **WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?**

- **Resolution of the founder** on registration of the CSO and assigning the name, legal address and the official e-mail address of the CSO, and appointing the manager (director) of the CSO;
- **Charter** (articles of association);
- **Consent of the manager** (director) of the CSO with respect to his/her appointment;
- **Consent of the owner** of the legal address used by the CSO.

6. **IS ELECTRONIC SUBMISSION POSSIBLE?**

No. Original (or notarised copies) documents must be submitted (apostilled or legalised in the case of non-Georgian documentation – see “Are there additional requirements related to registration?” below).

7. **IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?**

There is no specific requirement to have an actual office in the country. However, CSOs (as any other legal entity) must have a legal (registered) address in Georgia. Any physical address in Georgia may be used as the legal address, provided that the owner’s consent is secured.
8. ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?

If the founder of the CSO is a foreign entity, the certificate of registration and other corporate documents (such as articles of association) of the foreign entity will be required. In addition, all documents produced outside of Georgia must be notarised and apostilled or legalized and a certified Georgian translation must be also provided.

9. ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION

No.

10. WHAT ARE THE LEGAL GROUNDS FOR DENIAL OF REGISTRATION?

There can be different grounds for denial of registration, such as if the registration documents are not submitted in the form required by law (e.g., if the foreign documents are not properly apostilled or legalized, or if the certified Georgian translation is missing) or if the relevant information for the registration is missing (e.g., if the manager is not appointed, or if the organisation has no legal address or the consent of the owner of the legal address is not provided).

Organisational banking

1. WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

The manager/director of the CSO must fill out the application for opening a bank account provided by the relevant bank. It is also necessary to provide information about the founders and the members of the management board of the founders (if any) for anti-money laundering purposes.

2. MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?

Usually the manager (director) of the CSO is authorized to open the bank account and the banks will require his/her physical presence to sign certain documents. The manager may delegate the right to open a bank account to any third person through a power of attorney.
3. **HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?**

Opening a bank account is a straightforward process and it may be completed in a day. However, banks will require submission of the identification documents of the founder prior to opening the bank account.

4. **IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?**

Yes.

5. **SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.**

The relevant regulations are set forth by the National Bank of Georgia so all Georgian banks have relatively similar procedures for opening the accounts.

6. **INFORMATION ON INTERNATIONAL TRANSFERS.**

Typically, legal entities need to provide the relevant invoices or agreements to their banks in order to verify the purpose of the transfer. There are no specific restrictions on transfer of funds abroad. The organisation’s type of registration does not affect the processes of transfer of funds abroad.

7. **IS SETTING UP PERSONAL BANK ACCOUNTS RELATIVELY EASY FOR NON-RESIDENTS?**

Yes.

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**Sources of funding**

1. **WHAT ARE THE PERMITTED POSSIBLE SOURCES OF FUNDING?**

Georgian law does not specifically regulate permitted sources of funding for CSOs. In practice, the possible sources of funding are donations, membership fees and acquiring funding from other institutions.

2. **WHAT ARE THE RESTRICTIONS ON POSSIBLE SOURCES OF FUNDING?**

There are no restrictions on the possible sources of funding.
1. **HOW ARE CSOs TREATED FOR INCOME TAX PURPOSES?**

Generally, income tax treatment for CSOs is similar to income tax treatment of the commercial companies, which is set at 20%. According to the Tax Code of Georgia, monetary grants are exempted from income tax payments.

2. **WHAT IS THE VAT TREATMENT OF CSOs?**

There is no general VAT exemption for CSOs.

3. **ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?**

Donors may be exempt from income tax for certain types of donations made for charitable purposes to “eligible charity organisations.”

According to the Tax Code of Georgia, charity organisations should be founded for charitable purposes and shall have at least one year of experience conducting charitable activities to be recognized as a charity organisation. Charitable activities are enumerated in Article 10 of the Tax Code and include, for example: public (community) benefit activities in the areas of protection of human rights, environmental protection, democracy and civil society development, culture, education, science and healthcare.

The status of a charity organisation is assigned by the Revenue Service of the Ministry of Finance. In order to obtain charity organisation status, the organisation must apply to the Revenue Service in writing and provide following information/documents:

- Name of the organisation and its legal form;
- Main goals;
- Main activities for the past year;
- Addresses of the headquarters and any branches;
- Copy of the articles of association;
- State registration extract;
- Report describing the last year’s activities;
- Financial report confirmed by an independent auditor;

The Revenue Service has one month to adopt a decision on registration of the charity organisation. If the application is approved, the Revenue Service will issue a certificate confirming registration. Note that the charity organisation may not distribute any profit.
or assets to its founders or officers. In the event of liquidation, assets remaining after the liquidation shall be distributed to other organisations with similar objectives. More information, including contact details, is available on the Revenue Service’s website at: http://rs.ge/en/1340.

Obligations of a registered civil society group

1. WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?
There are no specific reporting requirements applicable to CSOs. Like all legal entities, CSOs shall make relevant tax filings.

2. ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?
No.

Internal governance of a civil society group

1. WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?
Georgian law has very limited regulation of the governance and internal structure of CSOs. In practice, the regulations of commercial legal entities are used by analogy. CSOs are free to set up their governance and internal structure as they deem fit. However, any organisation must have at least one manager (director) who will be authorized to manage and represent the organisation with third parties.

2. ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?
No.
3. Are foreign citizens or residents allowed to serve on the board?
Yes.

4. Are founders and members financially liable by law?
No.

Staff and members of the organisation

1. Are there any eligibility requirements for staff and members of a CSO?
No.

2. Is there a requirement to have a full-time employee?
No.

3. Is there a requirement to have an accountant?
There is no requirement to have an accountant, but in practice the CSO will need an accountant to file tax reports.
Voluntary dissolution and liquidation

1. **WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?**

Voluntary dissolution (liquidation) of a CSO is initiated by adoption of the relevant resolution by the relevant governing body (usually the founder) and registration of the resolution at the Registry. During the liquidation procedure, the CSO will need to finalize any outstanding tax liabilities and issues, close bank accounts, and undertake any other actions related to liquidation of the organisation. Completion of the liquidation process is also registered at the Registry. Under Georgian law, property remaining after the liquidation may not be distributed to the founders/members of the CSO. Such property must be sold for charity purposes or transferred to another CSO with similar goals.

More information

1. **CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS**

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2. **IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY OF THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?**

Yes, foreign nationals may do all of the above through power of attorney.
WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?

- Registered associations (Verein)
- Foundations (Stiftung)
- Limited liability companies (Gesellschaft mit beschränkter Haftung, or GmbH)
- Public institutions (Anstalten des öffentlichen Rechts)
- Foundations established under church law and public law
- Cooperatives (Genossenschaften, which are formed and regulated under the Genossenschaftsgesetz)

The most commonly used CSO forms are registered associations, foundations and limited liability companies (gGmbH).

**Registered Associations** are general membership organisations, established by at least 7 persons, however, in the course of their operations, the number can decrease to 3. **Foundations** are general non-membership organisations, without any initial capital requirement, as compared to **limited liability companies (gGmbH)**, which require founding contributions of at least EUR 25,000. A gGmbH must have a non-profit purpose to be regarded as a CSO.

**Note:** CSO regulation and rules on their establishment may differ from one German state to another. This country profile focuses primarily on federal regulation.
2. ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?

**Registered Association:** No, except that a registered association must adhere to the non-profit purpose for which it was established. If it does not, the registration will be revoked by a court. There are no additional restrictions regarding the activities of registered associations.

An association may be treated as prohibited (Article 9 (2) of the Basic Law) if “the prohibition authority” determines that the association’s purposes or activities are contrary to criminal law, if it violates the constitutional order, or if it goes against the spirit of international understanding between peoples. If an association is identified as being prohibited, “the prohibition authority” will issue an order dissolving the association.

**Foundation:** A foundation must carry out activities and pursue the purpose determined by its founder. If the board of the foundation aims to use its funds for a different purpose, the state foundation authority will withdraw the foundation’s status.

**Limited liability company (gGmbH):** By definition, a gGmbH must have a non-profit purpose. A gGmbH can still carry out economic activities, but the income generated must be used or invested to further the gGmbH’s non-profit purpose. The profit cannot be distributed to the shareholder(s), unless they are non-profit entities themselves.

In addition, associations whose members or directors are all or predominantly foreigners (associations of foreigners) may be banned for if their purpose or activity:

- affects or endangers: (a) political decision-making in the Federal Republic of Germany or the peaceful coexistence of Germans and foreigners or of various groups of foreigners in the Federal territory, (b) the public safety or order or other significant interests of the Federal Republic of Germany;
- contravenes the Federal Republic of Germany’s obligations under international law;
- promotes aspirations outside the territory of the Federal Republic whose goals or means are incompatible with the basic values of a state order respecting the dignity of a man;
- uses force as a means of enforcing, advocating or encouraging political, religious or other interests; or
- supports associations within or outside the federal territory, that cause, endorse or threaten attacks on persons or property.

Nationals of the EU member states are not considered as foreigners under this legal provision.
3. WHAT ARE THE KEY CIVIL SOCIETY LAWS?

- German Constitution (*Grundgesetz*)
- German Federal Civil Code (*Bürgerliches Gesetzbuch*, or *BGB*), First Book (General Provisions), First Subsection (Persons), Second Title (Legal Entities): Chapters I (Associations, Sections 21-79), II (Foundations, Sections 80-88), & III (Public Law Juridical Entities, Section 89) (German)
- Law on Associations (*Vereinsgesetz*) of 1964
- Laws on Foundations of the 16 German states (*Bundesländer*):
  - Baden-Württemberg
  - Bayern
  - Berlin
  - Brandenburg
  - Bremen
  - Hamburg
  - Hessen
  - Mecklenburg-Vorpommern
  - Niedersachsen
  - Nordrhein-Westfalen
  - Rheinland-Pfalz
  - Saarland
  - Sachsen
  - Sachsen-Anhalt
  - Schleswig-Holstein
  - Thüringen
- Limited Liability Company Law (*GmbH-Gesetz*)

Requirements on the founders of a civil society group

1. WHAT IS THE MINIMUM NUMBER OF FOUNDERS REQUIRED BY LAW, AND HOW MANY OF THEM MUST BE CITIZENS OR RESIDENTS?

**Registered Association**: 7, none required to be a resident or a citizen.

Once registered, an association may have fewer than seven members, but not fewer than three.

**Foundation**: 1, none required to be a resident or a citizen.

**Limited liability company (gGmbH)**: 1, none required to be a resident or a citizen.
2. **WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR FOUNDERS?**

**Registered Association:** There are no eligibility requirements; both physical persons and legal entities can be founders of a registered association.

**Foundation:** There are no eligibility requirements; both physical persons and legal entities can be founders of a foundation.

**Limited liability company (gGmbH):** There are no eligibility requirements; both physical persons and legal entities can be founders of a gGmbH.

3. **ARE FOREIGN CITIZENS ALLOWED TO SERVE AS FOUNDERS? WHAT KIND OF LEGAL STATUS DO FOREIGN CITIZENS NEED IN ORDER TO BE ELIGIBLE TO SERVE AS FOUNDERS?**

Foreign nationals and residents are treated equally, which means that there is no specific restriction on the establishment of CSOs by foreign nationals in Germany.

4. **ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?**

**Registered Association:** No initial contributions required.

**Foundation:** No minimum in the law, but in practice between EUR 50,000 and EUR 100,000.

**Limited liability company (gGmbH):** EUR 25,000, at least half of which must be paid before the company can be registered.

If the founders do not have sufficient funds, German law offers the so-called Unternehmergesellschaft as an alternative. It is founded with a minimal initial contribution and follows the same rules and has the same structure as a GmbH. Unternehmergesellschaft profits must be retained until the share capital reaches EUR 25,000, upon which the Unternehmergesellschaft will be automatically converted into a GmbH.
Limited liability company (gGmbH): Local commercial court.
The directory of local courts for registered associations and limited liability companies can be found at: https://www.verzeichnis-anwalt.de/gerichtsverzeichnis/amtsgerichte-deutschland.html
The directory of authorities providing recognition for foundations can be found at: https://www.stiftungen.org/stiftungen/basiswissen-stiftungen/stiftungsgruendung/stiftungsaufsichtsbehoerden/staatliche-aufsichtsbehoerden.html

2. WHAT IS THE REGISTRATION FEE?

Registered Association: Approximately EUR 300, including the notarial fee.
Foundation: No registration fee.
Limited liability company (gGmbH): Approximately EUR 300, including the notarial fee.

3. ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?

Registered Association:
- Fees for legal advice by a specialist lawyer (varies depending on the level of service).
- Potential translation costs of the founding documents.

Foundation:
- Fees for legal advice by a specialist lawyer (varies depending on the level of service).
- Potential translation costs of the founding documents.

Limited liability company (gGmbH):
- Fees for legal advice by a specialist lawyer (varies depend on the level of service).
- Potential translation costs of the founding documents.

Together with the registration fee the costs should not exceed EUR 800.

4. HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?

Registered association: Registration can take a couple of weeks, but may last longer if a CSO applies for tax exempt status and tax authorities request changes to the articles of association.
Foundation: The recognition of a foundation takes up to 2 weeks.
Limited liability company (gGmbH): The registration of a gGmbH takes approximately two to 4 weeks. If the managing directors are not residents of Germany, the process will likely take longer for administrative reasons (certifying and apostilling commercial register applications usually takes longer in foreign countries).

5. WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?

Registered association:
- Notarial deed containing the articles of association,
- Application form.

Foundation:
- Founding deed;
- Letter to the competent authority requesting recognition as a foundation.

Limited liability company (gGmbH):
- Articles of association;
- Application for registration with the commercial register;
- Shareholders’ resolution on foundation, appointment of managers etc.

6. IS ELECTRONIC SUBMISSION POSSIBLE?
No.

7. IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?
Yes, but there are no additional requirements related to this.

8. ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?
No.

9. ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION
Registered Association: Registered associations usually seek non-profit recognition by the tax authorities for tax purposes (see details below). This status has two major benefits: (i) being granted several tax-exemptions and/or tax advantages, and (ii) being able to issue donor receipts (which allows members and/or donors to be eligible for a tax refund).

Foundation: Same as for associations.
Limited liability company (gGmbH): Same as for associations.
CSOs wishing to engage in economic activities must obtain a trade license.

10. WHAT ARE THE LEGAL GROUNDS FOR DENIAL OF REGISTRATION?
There are no additional legal grounds for denial of a registration, aside from the conditions for registration described above.

1. WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?
A document certifying who is the legal representative of the organisation (e.g., a certified excerpt from the association’s register or other documentation, depending on the entity) plus his/her ID or passport. The identity check is mandatory under the anti-money laundering act.

2. MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?
Not necessarily, as most banks allow accounts to be opened online. However, even if the bank account is open online, the organisation must produce a valid representation of its status and prove the identity of its leader. For cases in which the future bank account holder is present in Germany, but cannot attend an appointment with the bank, the customer may declare his identity card in a local post office where his/her identity is confirmed and sent to the bank. Some banks also allow identification through a video chat in connection with an identity card.

3. HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?
Typically only a few days.

4. IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?
Yes.
5. **SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.**

Depends on the state. In some cases, local community-owned banks (so-called *Spar-kassen*) offer better conditions for non-profit organisations.

6. **INFORMATION ON INTERNATIONAL TRANSFERS.**

Payments above EUR 12,500 must be reported to the Federal Bank (*Deutsche Bundesbank*). However, there are no specific restrictions (other than those related to sanctions against specific countries) for international transfers.

For large transfers from “unclear sources”, the bank may under certain circumstances request clarification to ensure the account is not used for money laundering, but this is not necessarily limited to international bank transfers.

7. **IS SETTING UP PERSONAL BANK ACCOUNTS RELATIVELY EASY FOR NON-RESIDENTS?**

Yes, provided they can prove their identity.

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**Sources of funding**

1. **WHAT ARE THE PERMITTED POSSIBLE SOURCES OF FUNDING?**

There is no law limiting potential sources of funding for CSOs specifically.

2. **WHAT ARE THE RESTRICTIONS ON POSSIBLE SOURCES OF FUNDING?**

Irrespective of the legal form, there are no limits on raising funds or receiving or making grants or donations to or from a CSO in Germany. Payments to CSOs are not monitored in Germany, and they are not subject to prior approval. CSOs do not have to register their sources of funding with the authorities.

For payments in excess of EUR 12,500 sent or received from abroad, however, there are general notification requirements imposed by the German Federal Bank.
1. **HOW ARE CSOs TREATED FOR INCOME TAX PURPOSES?**

Generally, associations and foundations are subject to regular taxation, e.g. corporate income tax, trade tax, VAT and real estate tax. However, entities with a tax-privileged purpose can apply for tax-exempt status, which grants them tax exemptions. An entity is eligible for tax-exempt status if it fulfils the relevant provisions of sections 51-68 of the German Fiscal Code. The articles of association and the actual day-to-day management of the entity must directly and exclusively serve the tax-privileged purposes enumerated in the Fiscal Code (e.g., benevolent purposes, public benefit purposes, religious purposes).

According to the Fiscal Code, an organisation pursues benevolent purposes if it aims to support and help people in need, either because of their economic situation or because of their physical, psychological, or mental condition. The organisation’s activities must also aim to support the general public materially, intellectually, or morally (Art. 50 of the Fiscal Code provides a list of activities considered to be supporting the general public). Church-related purposes include the support of public law religious communities, the construction of houses of worship, spiritual development and religious education.

Full tax exemptions for eligible entities eliminate liability for corporate income tax, trade tax and real estate tax; income from unrelated economic activities exceeding €35,000 is taxed.

2. **WHAT IS THE VAT TREATMENT OF CSOs?**

Germany generally subjects the sale of goods and services to VAT. Some standard public benefit activities are exempt from the VAT, including health-related, educational, cultural, and scientific activities. A reduced VAT rate of 7% is applied to taxable remunerations for services which are necessary to pursue the CSO’s statutory purposes, or for those services which are considered to be mere asset management (such as the lease of premises or the exploitation of rights, especially copyrights, royalties, etc.). Grants are generally not subject to the VAT.
3. ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?

Donors may acquire tax benefits only when donating to organisations with tax-exempt status (see “How are CSOs treated for income tax purposes” for information on how to obtain tax-exempt status).

For contributions made by individuals or corporations, a deduction of up to 20% of their respective taxable income is available for income tax, corporate tax and municipal commercial tax. For corporations, a deduction of up to 0.4% of the sum of their turnover, wages, and salaries serves as an alternative basis for calculating the maximum deduction. Donations exceeding the deductible limits may be carried forward to subsequent fiscal years.

1. WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?

Registered Association: Once tax-exempt status has been granted, the registered association must compile an annual report on its activities, outlining the use of funds for the local tax authorities.

Foundation: Foundations are subject to ongoing supervision by their local state foundation authority. In order to determine whether the foundation’s funds have been used correctly, the board must annually compile a report on the activities of the foundation, a statement of revenues and expenditures and a balance sheet (a simple Vermögensübersicht balance sheet should suffice in many cases; however, for large foundations, a proper annual financial statement, including profit and loss accounting, may be required by local law). The same documents must be provided to the tax authorities to prove ongoing tax-exempt status.

Limited liability company (gGmbH): The managing directors of a gGmbH must prepare annual financial accounts pursuant to Sections 245 and 264 of the German Commercial Code. The type of report filed depends on the number of employees and the income declared in the balance sheet.

Additionally, once having gained tax-exempt status, the gGmbH needs to compile an annual report on its activities and use of funds, and present this report to the local tax authorities. A gGmbH must also prepare an annual financial statement pursuant to the German Commercial Code. Depending on the size of the company, the statements might have to be audited. Furthermore, the statements need to be provided to the tax authorities to prove the ongoing tax-exempt status.
2. **ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?**

Larger CSOs may qualify as a merchant under the German Commercial Code, meaning that they may be required to fulfil bookkeeping and accounting standards for merchants.

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1. **WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?**

**Registered Association**: Registered associations must have two corporate bodies:
- **the general assembly**, where members meet at least once a year and decide on fundamental issues, such as changing the articles of association; and
- **the board of directors**, which represents the association. The board can consist of one or more persons who can be natural or legal persons.

In addition, a registered association can have **other, non-compulsory bodies**. Depending on the organisation's type of activity, number of members, and assets, the creation of a supervisory board may be advisable to ensure transparency and accountability.

**Foundation**: A foundation is represented by:
- **a board of directors** consisting of one or more persons (natural or legal).
- an optional **supervisory board**, if specified by the founder (although the local government foundation authority also performs a supervisory function).

**Limited liability company (gGmbH)**: A gGmbH has one or several shareholders who come together in the **shareholders assembly**. The company is represented by one or several managing directors who must be natural persons. Shareholders have the authority to instruct management to carry out certain business activities; management is required to follow these instructions, unless they are unlawful.

The articles of association of a gGmbH can also create a **supervisory board**. This board is not compulsory unless the gGmbH employs a certain number of people. However, many gGmbH that do not meet this threshold establish a supervisory board anyway, in order to ensure transparency and accountability.
2. ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?

Registered Association: There are no specific eligibility requirements, besides age (18 years or older).

Foundation: There are no specific eligibility requirements, besides age (18 years or older).

Limited liability company (gGmbH): Managing directors must be natural persons.

3. ARE FOREIGN CITIZENS OR RESIDENTS ALLOWED TO SERVE ON THE BOARD?

Yes.

4. ARE FOUNDERS AND MEMBERS FINANCIALLY LIABLE BY LAW?

Registered Association: Members of a registered association are not liable for the liabilities of the association. If, in acting on behalf of the association, they cause damage to the association, their liability is restricted to cases of intent or gross negligence. If they cause damage to a third party, they can demand that the association indemnify them (unless they caused the damage intentionally or by gross negligence).

Board members are liable to the association for damages arising from their management. However, if a board member’s remuneration does not exceed EUR 720 per year, their personal liability is limited to cases of intent or gross negligence. If they cause damage to a third party, they can demand that the association indemnify them (unless they caused the damage intentionally or by gross negligence).

Under certain circumstances, members of the board of directors can also be liable for torts towards third parties, such as fraud.

Foundation: The rules that apply to the association’s board also apply to a foundation’s board.

Limited liability company (gGmbH): In general, shareholders are not liable for the liabilities of the company.

Managing directors are liable for damages resulting from mismanagement. Based on previous court judgements, managing directors may not be held liable if they prove they had good reason to believe (according to available information/evidence) that their acts were beneficial for the company.
1. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR STAFF AND MEMBERS OF A CSO?**

There are no eligibility requirements for the staff and members of a CSO.

2. **IS THERE A REQUIREMENT TO HAVE A FULL-TIME EMPLOYEE?**

There is no requirement to have a full-time employee for any of the legal forms.

3. **IS THERE A REQUIREMENT TO HAVE AN ACCOUNTANT?**

No, but an accountant will be needed to prepare annual accounts.

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1. **WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?**

**Registered association:** The association’s general assembly has the power to decide to dissolve the association. By law, such a vote requires a majority of 75% of votes, but the articles of association may provide for different requirements. Dissolution leads to a liquidation phase that lasts at least one year. Liquidators must satisfy all creditors and collect all outstanding debt. The remaining amount is transferred to a non-profit entity if the articles of association provide so; otherwise, it is transferred to the tax authorities.

If a tax-exempt organisation is dissolved, either voluntarily or involuntarily, the remaining assets must be used for similar, tax-privileged purposes. This requirement is met if remaining assets are transferred to an organisation pursuing tax-privileged purposes, or to the state for the pursuit of tax-privileged purposes.

**Foundation:** Foundations are dissolved by the local foundation authority. Dissolution is followed by a liquidation process similar to that of a registered association.
Limited liability company (gGmbH): There are many reasons why a gGmbH can be dissolved, e.g. the duration of the gGmbH as settled in the articles of association has expired, the shareholders decide to dissolve, or insolvency proceedings are initiated against the company.

Dissolution must be registered with the commercial register. The gGmbH then enters a stage of liquidation for one year. When all liabilities and claims have been settled by the liquidators, the remaining assets are turned to cash. The assets cannot be paid out to the shareholders. Instead, the articles of association must name another non-profit cause to which money is donated in case of liquidation.

More information

1. **CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS**

   Ozgur Kahale: Ozgur.Kahale@DLAPiper.com (Pro Bono Director for Europe, DLA Piper)

2. **IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY OF THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?**

   It is possible in theory, but depending on the country of origin, additional steps may be required, such as apostilles, legalisation of signed documents, etc.
1. WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?

Available CSO forms covered in this Handbook include an unincorporated association, a trust, and a company limited by guarantee (CLG).

An unincorporated association is a membership-based organisation, created by the oral or written agreement of its members. A trust is a non-membership based form where one or more persons operating under the authority of a “deed of trust” hold funds or property on behalf of other persons. A company limited by guarantee is an alternative type of corporation used for non-profit purposes, with no share capital, where members are guarantors instead of shareholders.

An unincorporated association and a trust do not have legal personality. They do not obtain a legal personality even after they register as a charity (see below).

2. ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?

In order to qualify as a charity in Ireland, the organisation must have an exclusively charitable purpose and be engaged in public benefit activities. Registration with the Charities Regulatory Authority is also compulsory. In practice, this means the organisation must use all its funds to further its charitable purpose(s), except for those funds required for management of the organisation.

Charitable Purpose

Charitable purposes are considered to be:

- The prevention or relief of poverty or economic hardship;
• The advancement of education;
• The advancement of religion;
• Any other purpose of benefit to the community including:
  - 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 organisations;
  - 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

Public benefit

Public benefit means the charitable purpose must be beneficial in an identifiable way to the general public or a section of it. Charities are permitted to promote a political cause and lobby if it relates directly to their charitable purpose(s), but must do so in accordance with the statutory and regulatory regimes.

If not charitable

If the organisation is not charitable, there will be no specific restrictions on its permitted activities other than those contained in its own constitution (statutes).

Some organisations that fall within the wider definition of CSOs and providing public benefit which are not charities include:

• Athletic or amateur games or sports organisations;
• Trade unions;
• Political parties;
• Lobbyists;
• Chambers of commerce;
• Fundraising groups set up solely to fundraise for already registered charities;
• Fundraising groups set up solely to help a particular person.
If engaged in lobbying, there is a specific requirement to register on www.lobbying.ie and to make a return every 4 months.

3. WHAT ARE THE KEY CIVIL SOCIETY LAWS?

- Charities Acts 1961
- Charities Acts 1973
- Charities Act 2009
- Companies Act 2014
- Trustee Act 1893
- The Taxes Consolidation Act 1997 (as amended)
- VAT Act 1972 (as amended)

Requirements on the founders of a civil society group

1. WHAT IS THE MINIMUM NUMBER OF FOUNDERS REQUIRED BY LAW, AND HOW MANY OF THEM MUST BE CITIZENS OR RESIDENTS?

**Unincorporated association**: There are no specific legal requirements – from a practical standpoint at least one founder will be required (not required to be a citizen or a resident).

If the association is to register as a charity, three individuals responsible for running the association will be required to act as charity trustees.

**Trust**: There must be a minimum of two trustees in order to legally form a trust. In order to register as a charity, the Charities Regulatory Authority will require at least three founders (not required to be citizens or residents, however, the residency has tax implications (please see “Are foreign citizens allowed to serve as founders?” below).

**Company limited by guarantee**: Two (two individual directors and a secretary, which can be the same person as one director).

If the company limited by guarantee is to register as a charity, three officers or directors will be required to act as charity trustees.

At least one director must be a resident of a European Economic Area state (“EEA”).

If the organisation is a charity and wishes to benefit from the charitable tax exemption, a majority of its directors must be residents of Ireland.
2. WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR FOUNDERS?

Unincorporated association: There are no eligibility requirements for the founders of an unincorporated association. However, it would be difficult for a minor to comply with the duties imposed on trustees by the common law and (if a charity) the Charities Act 2009.

Trust: There are no eligibility requirements for the founders of a trust. However, it would be difficult for a minor to comply with the duties imposed on trustees by the common law and (if a charity) the Charities Act 2009.

Company limited by guarantee: Two directors – who are typically also the founders – be at least 18 years old.

3. ARE FOREIGN CITIZENS ALLOWED TO SERVE AS FOUNDERS? WHAT KIND OF LEGAL STATUS DO FOREIGN CITIZENS NEED IN ORDER TO BE ELIGIBLE TO SERVE AS FOUNDERS?

Unincorporated association: There are no restrictions on foreign citizens serving as founders of unincorporated associations.

Trust: There is no specific requirement for trustees managing a trust holding property in Ireland to be residents in Ireland. The residence of both the trustees and the trust property will have tax implications; only trustees and property residents in Ireland will be subject to the Irish tax regime.

Company limited by guarantee: At least one of the directors of a company limited by guarantee must be a resident within an EEA state (i.e. it does not have to be Ireland). If the organisation is a charity and wishes to benefit from the charitable tax exemption, a majority of its directors must be residents within Ireland. However, directors and founders do not have to necessarily be the same person, although it is often times the case.

4. ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?

Unincorporated association: No minimum contributions required.

Trust: No set minimum contributions.

Company limited by guarantee: No minimum contribution is required, as a company limited by guarantee has no share capital. The member(s) must guarantee to provide at least one Euro in the event of the company being wound up.
Registration procedures

1. WHICH AUTHORITY IS RESPONSIBLE FOR REGISTRATION?

Unincorporated association: N/A.

Trust: N/A.

Company limited by guarantee: Companies Registration Office.

Contact details of the Companies Registration Office can be found at: https://www.cro.ie/

The Charities Regulatory Authority is responsible for the registration of charities.

Contact details of the Charities Regulatory Authority can be found at: https://www.charitiesregulatoryauthority.ie/

2. WHAT IS THE REGISTRATION FEE?

Unincorporated association: There is no registration requirement for this legal form, as an incorporated association does not have a legal personality.

Currently, there is no fee for registering as a charity.

Trust: There is no registration requirement for this legal form, as a trust does not have a legal personality.

Currently, there is no fee for registering as a charity.

Company limited by guarantee: EUR 100 if a paper application is made and EUR 50 if the application is made online.

3. ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?

- Costs related to the drafting of the founding documents, e.g. legal advice.
- Costs related to producing documents required for registration as a charity, such as accounts.

4. HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?

The process of registering as a company limited by guarantee typically takes around 15 working days, although it can be as few as five if completed online. The other organisations do not undergo a process of general registration.
Any charity (incorporated or unincorporated) must register with the Charities Regulatory Authority. This process takes up to 6 months.

5. WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?

Unincorporated association: There are no required formalities for the establishment of an unincorporated association, although they are typically established by rules and/or a constitution.

Trust: Deed of trust, which identifies the purpose(s) of the trust, the trustees, and details of the powers of the trustees.

Company limited by guarantee:
  - The constitution of the company limited by guarantee, containing a memorandum of association, articles of association and a clause on its objectives.
  - Form A1, which includes details of the company’s name, registered office, e-mail address, the company’s directors and their consent to act, and subscribers (members). The form must also include a declaration that the requirements of the Companies Act 2014 have been complied with.

Charities: A charitable CSO shall register with the Charities Regulatory Authority. In order to register, a constitution will be required; it must detail the name of the charity, its objectives, powers, geographic range of operation, rules and specific clauses on income and property.

There is an online registration process on the website of the Charities Regulatory Authority (https://www.charitiesregulatoryauthority.ie/en/CRA/Pages/WP16000081) which requires following information:

  - Organisation’s name;
  - Charitable purpose;
  - Country where the organisation was established;
  - Whether the organisation has a principal place of management and activities in the Republic of Ireland;
  - Organisation’s financial year end date (day and month);
  - Name and address to whom security information should be sent plus telephone number;
  - Details of charity trustees;
  - Financial information including any bank accounts’ information;
  - Agreement to terms and conditions.

The following documents must also be uploaded:
  - Constitution or other governing document;
  - Most recent annual report;
  - Full set of accounts in a single document;
- Profit and loss account (or income and expenditure account if income is less than EUR 100,000),
- Balance Sheet/statement of assets and liabilities;
- Director’s report;
- Auditors report (if applicable).

To apply for a charitable exemption from the Revenue Commissioners:
- Before applying, the charity must be registered for tax with Revenue which can be done online;
- Complete Form CHY1;
- Send latest financial accounts or details of financial plans;
- Prepare a statement of activities and future plans;
- Provide a copy of the charity’s constitution;
- If the charity has economic activities, draw up a statement of how those activities further the charitable purpose.

6. IS ELECTRONIC SUBMISSION POSSIBLE?

For company limited by guarantee - yes. In addition, it is also possible to apply for charitable status online.

7. IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?

Unincorporated association: If not registered as a charity, an unincorporated association has no requirement to have an office in Ireland.

Trust: There is no requirement for a trust to have an office.

Company limited by guarantee: A company limited by guarantee must have a registered office in Ireland and will not be registered by the Companies Registry Office unless it appears to the Registrar that the CLG will conduct activities in Ireland.

If the organisation is a charity and wishes to benefit from the charitable tax exemption, it must be legally established in Ireland (have a permanent establishment) and have its centre of management and control in the state and conduct some operations within the state.

8. ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?

No.
9. ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION

- Registration of charitable status with Charities Regulatory Authority.
- Registration of tax exempt status with Revenue Commissioners.

10. WHAT ARE THE LEGAL GROUNDS FOR DENIAL OF REGISTRATION?

As long as the requirements for registration are met, there are no legal grounds for denial.

Organisational banking

1. WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

Unincorporated association

- A copy of the constitution or rules (if they exist);
- A list of committee members/elected officers;
- Specimen signatures of anyone with authority to use the account (if a charity, two charity trustee signatures are required for each account);
- The individual opening the account will require two forms of ID;
- Opening deposit.

Company limited by guarantee

- Valid bank mandate form signed by all directors to confirm they agree to open the account;
- Specimen signatures of anyone with authority to use the account (if a charity, two charity trustee signatures are required for each account);
- Proof of location of the management;
- Memorandum, articles of association and certificate of incorporation;
- Certificate of business name;
- Opening deposit;
- The individual opening the account will require two forms of ID;
- If a charity, a charity number.
2. MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?

Non-residents can open a bank account. If the CSO is not registered in Ireland, the bank should be contacted directly.

Most banks will require someone from the organisation to personally visit the branch office.

3. HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

From two to 4 weeks if all required paperwork is submitted promptly.

4. IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?

Yes.

5. SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.

No specific recommendations.

6. INFORMATION ON INTERNATIONAL TRANSFERS.

No limitations imposed on CSOs besides those applicable for all legal entities.

7. IS SETTING UP PERSONAL BANK ACCOUNTS RELATIVELY EASY FOR NON-RESIDENTS?

Based on the information received, opening a bank account is very onerous, in particular for newly formed unincorporated group and with regards to the anti-money laundering requirements.
Sources of funding

1. WHAT ARE THE PERMITTED POSSIBLE SOURCES OF FUNDING?

There are no specific restrictions for CSOs.

2. WHAT ARE THE RESTRICTIONS ON POSSIBLE SOURCES OF FUNDING?

As a general note, the use of funds should not be unlawful and must comply with applicable rules and regulations, for example, related to anti-money laundering laws, trade regulations and other restrictions, including data protection.

If a CSO is registered as a charity: A charitable organisation must use all of its funds to further its charitable purpose(s). Money spent in operating and maintaining the organisation – such as staff salaries and remuneration of officers/directors – is permitted (albeit in the case of a company limited by guarantee, payment of remuneration to directors may have tax implications, as detailed below).

In addition, all organisations are bound by their own constitutions in this matter.

Tax treatment of civil society groups

1. HOW ARE CSOs TREATED FOR INCOME TAX PURPOSES?

Unincorporated association: The association itself has no income tax liability. The associates of an unincorporated association are responsible for their own tax returns. They will be subject to income tax, capital gains tax and capital acquisitions tax as individuals.

Trust: For tax purposes trustees are a “body” separate from the individuals, so if the trust does not benefit from the charitable tax exemption the trustees must account for tax on trust profits and file trust tax returns.

Trustees are liable for income tax at the standard rate (currently 20% if they are residents of Ireland). They are also liable for capital gains tax arising on the disposal of trust assets at the standard rate (currently 33%). Assets passing out of a trust (when trustees are resident in Ireland and the property is located in Ireland) will also be
charged to capital acquisitions tax at a rate currently of 33%.

**Company limited by guarantee:** A company limited by guarantee will be subject to the standard tax regime in Ireland. Companies resident in Ireland pay corporation tax on their worldwide profits, which include both income and capital gains. Corporations are currently taxed at 12.5% on trading profit and 25% on non-trading profit, such as that deriving from rental and investment income.

**Charities** which have registered with the Charities Regulatory Authority can apply for a charitable tax exemption. To apply, Form CHY1 must be completed and sent to the Office of the Revenue Commissioners along with information on the organisation’s latest financial accounts and plans, a statement of activities and future plans, a copy of its constitution and a list of names, addresses, occupations and passport numbers of its officers/trustees/directors.

If the charity is engaged in economic activities, a statement must be provided to show how these activities further the organisation’s charitable purpose(s). The tax exemption will only be granted if profits are used for the main charitable purpose, the economic activities are carried out together with main statutory activities and the beneficiaries of the charity carry out most of the work.

If granted, the tax exemption will extend to:

- Tax on income from trading profits and investment of funds held for charitable purposes;
- Tax on capital gains applied for charitable purposes;
- Corporation tax;
- Capital acquisitions tax on gifts and inheritances;
- Stamp duty on the transfer or lease of land;
- Tax on the occupation of commercial premises.

**2. WHAT IS THE VAT TREATMENT OF CSOs?**

The same rules as to all legal entities apply; there is no general VAT exemption for charities.

**3. ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?**

Tax benefits are available for donations to “approved bodies,” including “eligible charities” and various educational and other similar organisations. An “eligible charity” must hold “authorization” from the Revenue Commissioners, which requires, among other things, at least 3 years of tax-exempt status. Authorizations are valid for up to 5 years, and, upon expiration, may be renewed.

Individuals may deduct charitable donations from their taxable income, so long as the donations are made to an eligible charity or other approved body and total at least EUR 250 for the tax year.
There are some limits on the amounts that can be donated for tax relief purposes in a given tax year:

- First, the aggregate of donations for tax relief purposes cannot exceed EUR 1,000,000.
- Second, if the donor is associated with recipient, tax relief is limited to 10% of the individual’s total income during the year of assessment. A donor is “associated” with an eligible charity if he/she is an employee or member of either that charity at the time of donation or of another approved body that is associated with the charity.

The donation must also satisfy the following conditions in order to be deductible:

- It must be in the form of money;
- It must not be repayable;
- It must not confer any direct or indirect benefit on the donor or any person connected with the donor; and
- It must not be conditional on, or associated with, or part of an arrangement involving the acquisition of property by the approved body from the donor or any person connected with the donor.

In the case of corporate donations, the company claims a deduction for the donation as if it were a trading expense. In the case of an individual taxpayer – whether his/her taxes are paid through payroll or are self-assessed – the relief will be given on a “grossed-up” basis at a blended rate of 31% to the eligible charity or approved body, as the case may be, rather than by way of a separate claim to tax relief by the donor.

**Obligations of a registered civil society group**

1. **WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?**

**Unincorporated association**: There are no specific reporting requirements for an unincorporated association which is not charitable.

If the association is a **charity**, the association must attach an annual statement of accounts to its annual report submitted to the Charities Regulatory Authority in the form prescribed by ministerial regulation. If its gross income or expenditure does not exceed EUR 100, then an income and expenditure account, along with a statement of assets and liabilities, can be attached instead. If the annual income of the charity is above EUR 100,000, audited accounts must be produced.
Trust: There are no specific reporting requirements for a trust which is not charitable. Trustees are however required to maintain clear and accurate financial records and accounts, which must be made available to the beneficiaries of the trust upon request.

A charitable trust must attach an annual statement of accounts to its annual report submitted to the Charities Regulatory Authority in the form prescribed by ministerial regulation. If its gross income or expenditure does not exceed EUR 100, then an income and expenditure account, along with a statement of assets and liabilities, can be attached instead. Educational bodies and organisations whose gross income or total expenditure is less than EUR 10,000 are exempt from these requirements. If the annual income of the charity is above EUR 100,000, audited accounts must be produced.

Company limited by guarantee: As a registered company, a company limited by guarantee must submit an annual return to the Companies Registration Office, which will include audited financial statements. A small company which can satisfy two of the following three requirements can gain an exemption by filing full audited financial statements: (1) having a balance sheet not exceeding EUR 4.4 million, (2) turnover not exceeding EUR 8.8 million and (3) employees not exceeding 50 in number. If registered as a charity, a copy of the company’s financial statement must be attached to the annual report submitted to the Charities Regulatory Authority as an annual statement of accounts.

2. ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?

If registered as a charity: If the organisation is a charity, there are certain registration and reporting requirements with the Charities Regulatory Authority. All charities must register with the Charities Regulatory Authority otherwise they might be charged with committing an offence. Charity trustees for all registered charities must submit an annual report regarding the charity’s activities in a financial year to the Charities Regulatory Authority.

If registered as a charity with a tax-exempt status: The Revenue Commissioners conduct reviews to ensure that a recognized charity continues to satisfy the conditions for exemption. Within 18 months from granting the exemption, a copy of the charity’s financial accounts for the first year and a report on its activities must be submitted to the Revenue Commissioners. Financial statements typically include a Statement of Income and Expenditures as well as a Statement of Assets and Liabilities. Accounts must be audited if the annual income exceeds EUR 100,000. In addition to the initial 18-month review, the Revenue Commissioners may conduct periodic reviews thereafter. If they conclude that an organisation has not complied with its own governing documents or with the Commissioners’ requirements, the Commissioners can withdraw its tax exemption – retroactively, if necessary.
**WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?**

**Unincorporated association:** The management of an unincorporated association will be governed by its rules and/or constitution under which it is established. There are no formal rules by which it must abide in terms of its day-to-day management.

**Trust:** A trust is managed by the trustees who are named in the trust deed but will also include any trustees in whose name trust property is vested and any person performing the function of an officer.

The actions that trustees can take are limited by the provisions of the trust deed, as well as various trustee duties derived from common law and, in the case of a charitable trust, the Charities Act 2009. Breach of these duties can result in personal liability for the trustees.

**Company limited by guarantee:**

Directors: A company limited by guarantee is managed by its board of directors, which must comprise at least two individual directors. The first directors of a company limited by guarantee are those named in Form A1, which is submitted when the company limited by guarantee is incorporated and registered. Thereafter appointments are governed by the company limited by guarantee’s constitution, which will typically provide for the board of directors to appoint new directors to fill vacancies.

Members: Companies limited by guarantee typically have only one member. If a company limited by guarantee has one member, it does not have to call a general meeting and the member just files a written resolution instead.

Certain of the most important decisions relating to a company limited by guarantee are reserved for its member(s):

- Changing the constitution;
- Changing the name;
- Entering into substantial property transactions with directors.

**ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?**

**Unincorporated association:** There are no particular eligibility requirements imposed upon the membership of an unincorporated association.

**Trust:** Only for charity trustees, please see below.

**Company limited by guarantee:** A company limited by guarantee is managed by its board of directors, which must comprise at least two individual directors who are at
least 18 years old. A director of a CLG cannot be a legal entity.

Under the Charities Act 2009, a person may be disqualified from being a charity trustee if that person:

- Is adjudicated bankrupt;
- Makes a composition or arrangement with creditors;
- Is convicted on indictment.

3. ARE FOREIGN CITIZENS OR RESIDENTS ALLOWED TO SERVE ON THE BOARD?

Unincorporated association: Yes, there are no particular eligibility requirements in this regard.

Trust: There is no specific requirement for trustees managing a trust holding property in Ireland to be residents in Ireland. However, the residence of both the trustees and the trust property will have tax implications; only trustees and property resident in Ireland will be subject to the Irish tax regime.

Company limited by guarantee: At least one of the directors of a CLG must be resident within an EEA state (although this need not necessarily be Ireland).

If the organisation is a charity and wishes to benefit from the charitable tax exemption, both the organisation and a majority of its directors must be residents within the state.

4. ARE FOUNDERS AND MEMBERS FINANCIALLY LIABLE BY LAW?

Unincorporated association: An unincorporated association has no separate legal personality and its associates do not therefore benefit from limited liability; they are personally liable for all the debts and obligations of the association. As there is no separate legal personality, claims would be made against the associates personally.

If the association becomes a charity, the common law and the Charities Act 2009 impose a number of duties on the charity trustees – those people responsible for running the association – the breach of which can result in personal liability.

Trust: A trust has no separate legal personality from its trustees and, as a consequence, its trustees do not benefit from limited liability. The trustees are personally liable for all debts and obligations of the trust. As a trust has no separate legal personality, claims would be made against the trustees personally.

Trustees also owe certain duties such as acting with due care and in the best interests of the beneficiaries. The breach of these duties can result in personal liability.

Company limited by guarantee: The liability of members of a company limited by guarantee is limited to the amount those members agree to contribute in the event that the entity is wound up, which can be as low as EUR 1. This ability to limit liability is accompanied by more stringent reporting and disclosure requirements than for structures where liability is not limited.
Please bear in mind also that directors (who are often also members of company limited by guarantee) owe duties under the Companies Act and, where the company limited by guarantee is a registered charity, as charity trustees both under the common law and the Charities Act 2009. The breach of these duties can result in personal liability for the directors.

**General duties of charity trustees include**:
- Complying with the governing document;
- Ensuring the charity carries out its charitable purposes for the public benefit;
- Acting in the best interests of the charity;
- Acting with reasonable care and skill;
- Managing the assets of the charity;
- Making appropriate investment decisions.

Additional duties under the Charities Act 2009 include:
- Ensuring the charity is registered;
- Ensuring the charity keeps books of accounts;
- Ensuring the charity prepares financial accounts and an annual report for the Charities Regulatory Authority;
- Disclosing to the Charities Regulatory Authority when there are reasonable grounds for believing a theft or fraud has occurred;
- Complying with any directions issued by the Charities Regulatory Authority.

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**Staff and members of the organisation**

1. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR STAFF AND MEMBERS OF A CSO?**
   No.

2. **IS THERE A REQUIREMENT TO HAVE A FULL-TIME EMPLOYEE?**
   No.
3. **IS THERE A REQUIREMENT TO HAVE AN ACCOUNTANT?**

There is no requirement to have an accountant, but books must be kept. The Charities Act 2009 requires charities to keep books of accounts to correctly record and explain the transactions of the organisation, enable the financial position of the organisation to be determined and enable the accounts to be readily and properly audited. There are a number of statutory offences which can be applied for failing to meet the reporting requirements of the Charities Regulatory Authority, which are imposed on trustees as duties via the Charities Act 2009.

**Voluntary dissolution and liquidation**

1. **WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?**

**Unincorporated association:** The constitution will contain provisions on how the unincorporated association is to be wound up. The standard procedure would generally involve the calling of an Extraordinary General Meeting proposing that the unincorporated association cease operations, however the constitution must be examined for the precise procedure. Where there are outstanding liabilities which cannot be paid with the assets of the association, each associate will be personally liable.

**Trust:** The trust deed will contain provisions on how the trust is to be wound up. The standard procedure would generally involve the calling of an Extraordinary General Meeting proposing that the trust cease operations, however the trust deed must be examined for the precise procedure. Where there are outstanding liabilities which cannot be paid with the assets of the trust, each trustee will be personally liable.

**Company limited by guarantee:** Where a company limited by guarantee has ceased to trade, it can file form H15 with the Companies Registration Office to request a voluntary wind-up.

Voluntary wind-up involves paying off all of the CLG’s debts and disposing of assets and cash so that the remaining assets and liabilities total less than EUR 150. Annual returns must be up to date, including accounts and fees and penalties paid.

**Liquidation:** If the company limited by guarantee is solvent, Members Voluntary Liquidation is the easiest option for winding up the company limited by guarantee. It requires the appointment of a liquidator. There is no need to update the financial statement, perform updated audits or pay any fees and penalties to the Companies Registration Office. The only requirement is sufficient funds to pay the liquidator.
If the company limited by guarantee is insolvent, Creditors Voluntary Liquidation is the only choice for liquidation. The fees of the liquidator will be paid by the company limited by guarantee’s assets or funds. If no such funds are available, an involuntary strike off may be the only option.

**More information**

**1. CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS**

Ozgur Kahale: Ozgur.Kahale@DLAPiper.com (Pro Bono Director for Europe, DLA Piper)

**2. IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?**

Companies can be incorporated online or through the mail. The application to be registered as a charity can be completed online.
1. WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?

**Associations:** The primary type of CSO in Lebanon is an association; the 1909 Ottoman Law on Associations defines an association as “a group composed of several individuals who unite their information and efforts permanently and the goal of which is not to divide profit.” (Article 1) A later provision states that for the purposes of this law, clubs should be treated as associations. (Article 15)

An association is considered to be a foreign association, as defined per Decision No. 369 LR of 1939, if its founders or directors are foreign, if it is based outside Lebanon, or if more than a quarter of the members of its general assembly are foreigners.

Other pieces of legislation define and govern entities like:
- youth and sports associations, which are formed by a decision from the minister of youth and sports according to the regulation of the ministry of youth and sports;
- religious associations and syndicates;
- trade unions, which are formed by a decision of the minister of labour according to labour law; and
- cooperatives, which are formed by the ministry of agriculture.

Decree No. 87 of 1977 defines how an association that provides public benefit services can become recognized as a public utility organisation by the Council of Ministers; the decree also details the benefits such associations can be afforded.
The following are the criteria for obtaining public utility status:

- non-profit status
- founded to serve social and public service objective
- inclusive and sustainable
- Members must have at least 2 years of experience in pursuing the CSO’s mission.

**Civil companies**: Another form for CSOs is a civil company, which are formed by two or more individuals. These are subject to the Law of Obligations and Contracts of 1932, which includes common provisions for civil and commercial companies. Unlike associations, civil companies aim to make profits to be shared among associates/partners. Civil companies are only considered established after their registration in the relevant civil registry.

2. **ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?**

**Associations**: Secret or undeclared associations are prohibited.

The Law on Associations also states that founding an association “on any unlawful basis which violates the provisions of laws and public documents or which aims to jeopardize the comfort of the monarchy and integrity of state property, change the form of the current government, or politically discriminate between different Ottoman citizens is not permitted.“ (Article 3) Founding political associations for the promotion of Arab nationalism or on the basis of individual nationality is not allowed. Important to note however is that as these provisions date to the Ottoman Empire, many of them are no longer enforced today.

**Civil companies**: A civil company should have goals that in line with decency, public order and laws, or else they are null.

Furthermore, civil companies cannot carry on activities that are subject to professional regulations such as law, engineering, etc.

3. **WHAT ARE THE KEY CIVIL SOCIETY LAWS?**

- Article 13 of the Lebanese Constitution
- 1909 Ottoman Law on Associations
- Foreign Associations, Decision No. 369 LR of 1939
- Circular No 10/AM/2006 and 15/AM/2008 clarifying the procedures for establishing associations
- Public Utility Organisations, Decree No. 87 of 1977
- Section II of the Criminal Code on associations with purposes that violate the law, as well as secret and undeclared associations.
- Other pieces of legislation define and govern entities like youth and
sports associations, religious associations, syndicates, trade unions, and cooperatives.

- Law of Obligations and Contracts of 1932 (for civil companies).

Requirements on the founders of a civil society group

1. **WHAT IS THE MINIMUM NUMBER OF FOUNDERS REQUIRED BY LAW, AND HOW MANY OF THEM MUST BE CITIZENS OR RESIDENTS?**

   **Associations:** The Law on Associations does not set forth any requirements on the number or nationality of founders. However, if more than one quarter (1/4) of the founders are foreigners or one board member is foreign the association will be considered a foreign association according to decision No. 369 on foreign associations. Article 7 of Law on Associations stipulates that every board of administration of an association should include at least 2 persons.

   **Civil companies:** According to article 844 of the Law on Obligations and Contracts, civil companies are formed by two or more individuals.

2. **WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR FOUNDERS?**

   **Associations:** The Law on Associations states that members of an association must not be under 20 years of age, have been convicted of a crime, or have been deprived of civil rights. The same requirements exist for association founders.

   Neither the Law on Associations nor Decision 369 explicitly prohibit a legal entity to be a founder or a member of an association.

   Circular number 10 of Ministry of Interior requests that founders should submit a personal family record and a personal criminal record, which does not apply on legal entities.

   If a foreign entity serves as the founder of an association, the association will be considered foreign.

   **Civil companies:** Per the Law on Contracts and Obligations, civil companies cannot be formed between a father and his minor child, or a guardian and a minor under 18 years of age, or an individual that has no legal capacity. The Law also states that if legal entities are one of the founders in a civil company, this does not entitle them to have a “partner” capacity.
ARE FOREIGN CITIZENS ALLOWED TO SERVE AS FOUNDERS? WHAT KIND OF LEGAL STATUS DO FOREIGN CITIZENS NEED IN ORDER TO BE ELIGIBLE TO SERVE AS FOUNDERS?

**Associations**: If the founder of an association is foreign, the association will be considered a foreign association.

Foreigners have to present a request to establish a foreign association to the Ministry of Interior (which will refer it to the council of ministers) along with the name of the association, its goals, its domicile, the name, profession, address and nationality of its members and those of the directors, according to article 6 of Decision 369. Foreign founders must also submit their residency permit.

**Civil companies**: In civil companies, founders can be foreigners. However, they will need prior approval from the Ministry of Labour and a work permit. For work permits, they will be subject to the Decree No. 17561/64 that stipulates that labour minister regulates the conditions of work permits for foreigners with respect to reciprocity agreements with other countries. In 2015 the minister of labour issued a circular enumerating the professions that are for Lebanese only – mainly professions that are self regulated (such as lawyers and engineers) – to prevent competition with Lebanese citizens.

ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?

**Associations**: The Law on Associations does not specify any property or cash contribution requirements for founders.

**Civil companies**: The capital of civil companies must be at least LP 5 million (EUR 2,824).

**WHICH AUTHORITY IS RESPONSIBLE FOR REGISTRATION?**

**Associations**: The Ministry of Interior must be notified whenever an association is established through the notification procedure set forth by the Law on Associations. The Council of Ministers handles the permit process for foreign associations.

**Civil companies**: Civil companies are registered at the civil registry within the court of first instance in Beirut, whose mandate includes the entire Lebanese territory.
2. WHAT IS THE REGISTRATION FEE?

**Associations:** The Law on Associations does not set forth a specific registration fee for associations. However, founders will need to pay stamp fees (LP 1,000/ EUR 0.60) for processing paperwork and government transactions.

**Civil companies:**
- Permit fees of LP 750,000 (EUR 424), and a fee of LP 3 per thousand of the company capital to be paid at the Ministry of Finance (department of indirect taxes).
- Judge fees of LP 375,000 (EUR 212), and LP 1.5 per thousand of the company capital for the judges’ mutual fund.
- LP 1 per thousand of the company capital for the Bar Association.
- Tax stamp of LP 2,000 (EUR 1.30) on the application.
- Judicial stamp of LP 1,000 on the application (EUR 0.60).
- Bar association stamp of LP 1,000 (EUR 0.60) if the application was registered through a lawyer.
- Fees for extracting copies from originals.

3. ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?

**Associations:** Yes, costs related to the publication of the notice of an association’s founding in the Official Gazette and stamps (around LP 453,600/EUR 256).

**Civil Companies:** No.

4. HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?

**Associations:** Once an association submits its notification documents to the Ministry of Interior, the Ministry should provide it with a receipt to recognize the notice. Administrative circulars adopted by the Ministry of Interior provide that relevant ministries and the General Security Directorate must review the association’s file before the receipt is issued. Once the notice receipt is issued, it should be published in the Official Gazette.

However, in practice, a response from the General Security Directorate takes at least 6 months to be issued. In some cases, no approval is provided, leaving the notification pending in contradiction with the law.

A foreign association seeking a permit to operate in Lebanon must submit a permit application to the Council of Ministers. The permit may be granted for a temporary period of time or renewed periodically. Conditions may also be imposed on the permit. The permit may be withdrawn by an order at any time (Article 2 of decision 369).

**Civil Companies:** Per the Law on Contracts and Obligations, civil companies are
registered upon concluding the partnership contract, and registering the company at the relevant registry at the first Instance court of Beirut.

5. WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?

**Associations**: While the 1909 Ottoman Law on Associations sets forth a notification procedure for associations, the Ministry of Interior Circular No. 10/AM/2006 slightly amends its requirements. The Circular requires that associations submit a notice to the Ministry of Interior that includes: (1) the name of the association and its address; (2) three copies of the bylaws signed by the association founders and certified with the association’s stamp; (3) the names of the founders; (4) the judicial records of the founders (not more than 3 months old) and their diplomas and (5) details about the association’s main office.

For a foreign association, a permit application must include: (1) the foreign association’s name, objectives, location, and the names, professions, addresses, and nationalities of the members and all those entrusted with governing the association and managing its funds, (2) the judicial records of the founders (not more than 3 months old), their passports, residency permits and diplomas, (3) three copies of the association’s statutes and bylaws, (4) an official decision from the parent association to open a branch in Lebanon and naming a Lebanese representative in Lebanon, (5) a copy of the parent association’s statutes, bylaws and certificate of registration and (6) details about the association’s main office. If the association is a foreign association established in Lebanon (not registered abroad), items 5 and 6 above are not required.

All documents must be translated in Arabic and notarised.

**Civil companies**: The documents required for registration are: - the memorandum of association
  - the identity cards of the founders, and
  - the domicile of the company.

There is no need for a lawyer to register the company.

6. IS ELECTRONIC SUBMISSION POSSIBLE?

No.

7. IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?

**Associations**: The Law on Associations states that an administrative body consisting of at least two people must be present at an association’s main office; if the association has branches, each branch must have an administrative body of at least two people that is connected to the central body. (Article 7).

Every association (Lebanese or foreign) must have an office in the country.

**Civil Companies**: Civil companies are required to have an office in country.
8. ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?

There are no additional requirements.

9. ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION

**Associations:** There are no additional requirements.

**Civil companies:** Civil companies should declare registration to the Ministry of Finance within 2 months of their establishment, and they are subject to the tax system as the commercial partnership companies.

10. WHAT ARE THE LEGAL GROUNDS FOR DENIAL OF REGISTRATION?

**Associations:** The Ministry of Interior may reject an association’s application if it determines that the association either did not submit the proper documentation or if the goals of the association are illegal or contrary to the provisions of the law, public order or morals. If the application is rejected for these reasons, the association will be dissolved by a decree issued by the Council of Ministers.

The procedure is different for foreign associations, as these entities are only established when the Council of Ministers issues a relevant decree. Article 6 of Decision 369 states that registration will be denied if the details of the founders and directors are not revealed or if proper documentation not provided. In addition the Council of Ministers has discretionary power to deny registration; such decisions cannot be appealed.

**Civil companies:** For civil companies, the registration will be denied if required documents are missing or if the company falls under the restrictions stipulated in the Law of Contracts and Obligations.

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**Organisational banking**

1. WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

**Associations:**

- Signed statutes and bylaws of the association;
- proof that the association has been notified in the form of an official notification by the Ministry of Interior;
• the official notice issued by the Ministry of Interior with the names of the administrative body members according to data and information in the file of the Administrative Board;
• the Administrative Board record (minutes) with the decision to open a bank account and the signatories’ delegation of authority (if the statutes do not include them); and
• the identity cards of the founders and credentials of the signatories.

Civil companies: can open a bank account once they submit their registration papers.

2. MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?

Associations: The persons authorized to sign on behalf of the CSO should be physically present - usually the director general (or equivalent) and the treasurer.

Civil companies: Only the authorised signatory on behalf of the CSO should be present, no need for the treasurer.

3. HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

If all the paperwork is available and the persons mentioned above are present, it can be done on the same day. The same applies to civil companies.

4. IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?

There are still bank secrecy protections in Lebanon, so bank accounts cannot be revealed to government regulators unless there is a judicial decision. However, Lebanon entered in negotiations with OECD and adopted laws in 2015 and 2016 facilitating the automatic exchange of information. There are also many treaties in this regard.

5. SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.

Banks adopt the same regulation frameworks set by the Banque Du Liban. None are more favourable than others.

6. INFORMATION ON INTERNATIONAL TRANSFERS.

International transfers are handled at the bank and there are no limitations to transfer funds abroad - however all transfers should be supported with documents or information on the purpose of the transfer, including contracts. Recently, banks have become stricter in this regard. This applies to both associations and civil companies.
IS SETTING UP PERSONAL BANK ACCOUNTS RELATIVELY EASY FOR NON-RESIDENTS?

Yes, this can be done by visiting any branch with a passport.

Sources of funding

1. WHAT ARE THE PERMITTED POSSIBLE SOURCES OF FUNDING?

Associations: The Law on Associations is silent on the permissible sources of funding; however, in practice, associations rely on self-funding, government funding, and foreign funding. Sources of funding can be membership fees, donations and services that are not considered competitive to other commercial activities according to VAT Law 379/2001, and such services should aim to serve the missions of the association (executive decree No. 738/2001).

Civil companies: Like other companies, civil companies’ sources of funding are related to their capital, investments, contracts, project revenues or service provision.

2. WHAT ARE THE RESTRICTIONS ON POSSIBLE SOURCES OF FUNDING?

Associations: Associations may not receive funds that are illegal or that do not fit with their mission; in addition, they may not receive funding from commercial activities that are considered to be competing with other commercial vendors.

Civil companies: The Law on Contracts and Obligations sets no restrictions on civil companies funding.

Tax treatment of civil society groups

1. HOW ARE CSOs TREATED FOR INCOME TAX PURPOSES?

Associations: Since CSOs do not generate profits, they are exempt from paying income tax. CSOs are exempted from income tax under article 1 of Decree Law 144/59, which states that income tax only applies to profits from commercial, industrial and non
commercial professions (such as lawyers, engineers, etc.). CSOs are not practicing any profession, thus they are exempted from income tax as long as they are not performing a commercial or industrial activity or an independent profession organised by the law.

Note that the law does not exempt associations specifically, as it does for syndicates and unions (see article 5), but associations are non profit and thus the exemption is implied. Non profits are only required to present a declaration of their activities to prove that they have not changed the type/nature of their activities as specified in their initial notification and bylaws.

**Civil companies**: Civil companies are subject to taxes since they are for-profit. Associates within civil companies are subject to the provisions of income tax, and taxes are paid according to the shares of each associate from the profits of the company. The tax rate ranges from 4% to 21%, depending on the net profit for each associate.

### 2. WHAT IS THE VAT TREATMENT OF CSOs?

**Associations**: Since associations do not generate profits, they are exempt from paying VAT under article 16, clause 5 of the Value Added Tax Law.

Lebanese law gives non-profit organisations the choice of being subjected to the tax law, and it is the responsibility of the organisation to determine whether it is beneficial to register for VAT payment.

In order to qualify for the VAT exemption and receive a refund of VAT charges, CSOs must submit the following to the tax authorities:

- Original Copy of their notification from the Ministry of Interior
- The ID of the organisation’s applicant/ representative
- Charter/By Laws
- Copies of annual budgets submitted to the Ministry of Interior
- Copy of registration at the Ministry of Finance.

**Civil companies**: Civil companies aim for making profit, and so they cannot be exempt from paying VAT.

### 3. ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?

Charitable contributions can be deducted from the tax on profits according to law 144/59, article 7, clause 9, if the contributions were provided to a legally recognized association.
1. WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?

Associations: In January each year, associations must submit to the Ministry of Interior the following documents for annual reporting process: (1) the accounts of the previous year; (2) the budget for the upcoming year; and (3) a list of the names of the general body members. (Article 6, Law of Associations)

Elections
Associations must deposit with the Ministry of Interior a copy of the minutes for any election of members to its administrative body. The minutes must be signed by all members of the general assembly who participated in the electoral process. Once the minutes and results of the election are submitted to the ministry, the ministry will then issue a certificate listing the names of the elected officials. This certificate is often required as part of the association's official documentation to perform various transactions.

Bylaws
Associations must notify the Ministry of Interior immediately of any changes or amendments to the bylaws. Amendments are considered effective for an association upon their passage; however, they are only effective for third parties beginning from the date that the Ministry is notified.

For a foreign association, a permit must be acquired prior to any amendment of the statutes or bylaws of the association. Also, any changes in the location of the foreign association and any change in its membership by reason of resignation, death, or other grounds, must also be relayed within 8 days.

Inspection
Associations and clubs must allow police to access their meeting places if the police demonstrate that their entry is "necessary." The police must also produce an official notice which includes an order and occasion for entering the location (article 18, Law on Associations).

Civil Companies:

- During the third month of each year, civil companies must submit a statement of budget and profit for the previous year.
- Must submit a report to the National Social Security Fund within 2 months of employment of new staff.
- Must report employees’ wages regularly to the Ministry of Finance for tax purposes.
2. ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?

Certain financial and other ledgers required by article 7 of the Law on Associations (see details below) must be produced to the authorities upon the request of the relevant ministry.

Also, if the CSO has employees, it must declare them to the national social security fund (CNSS).

1. WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?

**Associations**: The administrative bodies of an association must keep the following ledgers: (1) a ledger containing the identity of the association’s members and the dates that they became members; (2) a ledger containing information about the headquarters of the administrative body, including its address, its official correspondence, and its notifications; and (3) a ledger containing the type and amount of receipts and expenses of the association. (Article 7, Law on Associations)

**Civil companies**: Civil companies can be managed either jointly among associates or individually. A non-associate can also be appointed as manager.

2. ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?

**Associations**: There are no special requirements, aside from the general requirement under the Law on Associations that members of an association must not be under 20 years of age, have been convicted of a crime, or have been deprived of civil rights.

**Civil companies**: Partners and directors must be over the age of 18, and should have full legal capacity.

- Must report any changes in the bylaws, partners and administration to the civil registry.
- If shares are reallocated among partners or to a third party, the Ministry of Finance must be notified.
3. ARE FOREIGN CITIZENS OR RESIDENTS ALLOWED TO SERVE ON THE BOARD?

The Law on Associations is silent as to whether foreign citizens or residents are allowed to serve on the board. However, if a director of an association is foreign, the association will be considered a foreign association, and they will need prior approval from the Ministry of Labour and a work permit. The same applies to civil companies.

4. ARE FOUNDERS AND MEMBERS FINANCIALLY LIABLE BY LAW?

The Law on Associations is silent on the financial liability of association founders and members. However, the penal code states that every person managing a fund (whether a director or in another position of responsibility) faces aggravated sanctions in the case of abuse or theft. (Article 672 of penal code). The same applies to civil companies.

Staff and members of the organisation

1. ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR STAFF AND MEMBERS OF A CSO?

Members of an association cannot be under 20 years old, have been convicted of a crime, or have been deprived of their civil rights. A member can resign at any time, but only after fulfilling the full membership dues of the current year which has begun.

There are no particular requirements for staff other than general labour laws – e.g., they must be 18 years unless subject to a specific exemption. The same applies to civil companies.

If more than quarter of the founders or one director of an association is foreign, or if more than a quarter of the members of its general assembly are foreigners, then the association will be considered a foreign association. Therefore, as mentioned above, the foreigners will need work permits and approvals from the Minister of Labour.

2. IS THERE A REQUIREMENT TO HAVE A FULL-TIME EMPLOYEE?

The Law on Associations states that an administrative body must be present at the main office of each association and consist of at least two people; if the association has branches, each branch must have an administrative body connected to the central body.
The Law on Associations is not explicit as to whether these people must be full-time employees. The same applies to civil companies.

3. IS THERE A REQUIREMENT TO HAVE AN ACCOUNTANT?

The law does not require associations to hire or have an accountant. However, one may be needed for certain annual reporting requirements (see “What are the reporting requirements of a registered CSO” above). The same applies to civil companies.

Voluntary dissolution and liquidation

1. WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?

**Associations:** If an association has been voluntarily dissolved and its statutes contain provisions regarding the distribution of its assets, then these provisions go into effect. Otherwise, the dissolution resolution adopted by the general body of the association goes into effect. (Article 14, Law on Associations)

If a foreign association has been voluntarily dissolved, its funds are to be disposed of in accordance with its statutes. If no such clause exists in its statutes, the funds are to be disposed of in accordance with the decision of the foreign association’s general assembly and on the condition that the disposing of the funds is made with charitable intentions.

**Civil companies:** Article 910 of the Law of Contracts and Obligations lists the ways in which civil companies can be dissolved:

- End of term
- End of the reason behind its establishment
- End of capital
- Death of an associate, if not stipulated otherwise
- Bankruptcy
- Decision of one or more associate if no term was initially set for the company
- By judicial verdict.

Articles 923–940 of the Law on Contracts and Obligations stipulate the procedures for liquidating companies. Partners in the civil company may choose one among them or a third party to liquidate the company, in this case the company should be referred to as „under liquidation/dissolution“, and the liquidator should prepare an
inventory with the assets of the company, debts and credit, and follow the ordinary liquidation procedures for commercial companies. If no agreement on liquidator is made, a court undertakes the liquidation process.

More information

1. CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS

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2. IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY OF THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?

Registration can be completed through power of attorney as long as the paperwork is properly signed, legalized and submitted, but opening a bank account requires the physical presence of the persons authorized to sign on behalf of the CSO, usually the director general (or equivalent) and the treasurer.

Foreign associations must appoint a Lebanese representative in Lebanon to register the association and deal with government procedures.
WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?

The existing CSO forms include: Non-profit association (ideel förening) and Foundation (stiftelse).

A non-profit association is a general membership based organisational form; there is no obligation to register in order to have a legal personality. A foundation is a general non-membership organisational form created to gather financial assets for public benefit purposes or mutual benefit purposes. The Foundations Act recognises “ordinary foundations” (stiftelser i allmänhet), “fundraising foundations” (insamlingsskistelser) and “collective agreement foundations” (kollektivavtalsstiftelser).

ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?

Non-profit association: A non-profit association may serve any purpose, so long as it does not provide direct economic benefits to its members. The activities that the association undertakes must comply with the purposes/objectives of the non-profit association, as stipulated in its articles of association.

Foundation: A foundation may serve any purpose, so long as it does not provide any direct economic benefits to its incorporators. The activities that the foundation undertakes must comply with the purposes/objectives of the foundation, as stipulated in its articles of association.
3. WHAT ARE THE KEY CIVIL SOCIETY LAWS?

- Foundations Act 1994;

There is no special law on “non-profit associations”. The following resources were used for completing the information on their establishment:

- Tymen J. van der Ploeg, Wino J. M. van Veen, Cornelia R. M. Versteegh: Civil Society in Europe, 2017
- Voluntarius: How to create a voluntary association;
- Charity Law, jurisdictional comparisons: Country note on Sweden by Michael Karlsson and Mannheimer Swartling, First, edition 2012;
- European Foundation Centre: Country profile on Sweden, 2014;

Requirements on the founders of a civil society group

1. WHAT IS THE MINIMUM NUMBER OF FOUNDERS REQUIRED BY LAW, AND HOW MANY OF THEM MUST BE CITIZENS OR RESIDENTS?

Non-profit association: There are no formal requirements. However, for an association to exist in the legal sense, an agreement of cooperation has to be made by two or (if applicable) three individuals or legal entities.

None of the founders are required to be a resident or citizen of Sweden.

Foundation: 1, none required to be a resident or a citizen

2. WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR FOUNDERS?

Non-profit association: No specific requirements; both individuals and legal entities are eligible.

Foundation: No specific requirements; both individuals and legal entities are eligible.

Are foreign citizens allowed to serve as founders? What kind of legal status do foreign citizens need in order to be eligible to serve as founders?

There are no restrictions on foreign citizens serving as founders.
4. ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?

Non-profit association: No.

Foundation: No minimum capital is required by law. However, initial funding must be collected to secure the operation of the foundation.

Registration procedures

1. WHICH AUTHORITY IS RESPONSIBLE FOR REGISTRATION?

Non-profit association: There is no registration requirement, unless the association wishes to conduct economic activities (in which case it may register in the trade registry).

Foundation: Registration is required only if a foundation is:

- obliged to maintain annual accounting records according to the Bookkeeping Act (1999:1078); or
- one or several of its founders declare in the deed that the foundation shall be registered.

The registration authority is the county government (local authority).

The directory of registration authorities for foundations could be found at:

https://www.e-tjanster.lansstyrelsen.se/formservice/formDownload?serviceName=lst_cfd_multiserv_formhotell_tr&scriptcomponent.cmtagname=trex-lst-registrering_stiftelse-cfd&service_name=registrering_stiftelse&skip.login=yes

2. WHAT IS THE REGISTRATION FEE?

Non-profit association: N/A.

Foundation: Set by the local government. The law provides that the national government or an authority appointed by the national government may issue rules regarding fees for registering foundations. The fee ranges from SEK 200 (EUR 20) to SEK 600 (EUR 60) depending on the type of foundation.

3. ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?

Non-profit association: No, unless a non-profit association wishes to conduct business/economic activities (ideell förening med näringsverksamhet).
**Foundation**: Costs of the notarial verification/official certification of the copies of documents submitted to the registration authority.

**4. HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?**

**Non-profit association**: No obligatory registration.

**Foundation**: The incorporation of a foundation can usually be done within a few days. The relevant laws do not provide any specific timeframe for registration. County regulations may provide further details on the registration process.

**5. WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?**

**Non-profit association**: There is no registration requirement. For the non-profit association to exist in the legal sense, the following documents must be adopted (cumulatively):

- Minutes of the founding meeting – proving the agreement of the founders on its creation;
- Statutes/articles of association;
- Minutes of the board meeting – proving the election of the board of directors.

**Foundation**:

- Application form (including information described in Chapter 10 of the Foundations Act);
- Founding document (deed of foundation) in writing, signed by the founder;
- Copy of the foundation’s decree (statutes);
- Confirmation of the transfer of assets.

**6. IS ELECTRONIC SUBMISSION POSSIBLE?**

**Non-profit association**: N/A.

**Foundation**: Yes.

**7. IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?**

**Non-profit association**: No.

**Foundation**: A foundation must have a registered office or seat. If a foundation does not have a permanent office, the seat may be located where the foundation is managed.
8. ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?

Non-profit association: No.

Foundation: A foundation’s name shall contain the word “foundation” (stiftelse) referring to its legal form.

9. ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION

Non-profit association: If a non-profit association intends to engage in commercial activities, they may choose to register in the trade registry. Under certain circumstances, registration is mandatory (for details, see “What are the reporting requirements of a registered CSO?” below).

For registration in the trade registry, non-profit associations are required to provide:

- The trade name the association uses or intends to use for its commercial activities;
- The name of the association, if its trade name is different, and an ID number;
- The nature of the business activities it aims to engage in;
- The county and city where its board has its seat and a postal address;
- The full names of all board members and deputy board members, as well as the identification numbers and the postal addresses of these persons;
- The identities of persons with legal authority to act or sign on behalf of the association, other than the board itself; and
- Whether the association is obliged to have a qualified auditor, and if so, the auditor’s name, ID number and postal address. If the auditor is an auditing firm, the following is required: the name of the firm, the firm’s ID, and the name and address of the person appointed to conduct the audit for the firm.

An association must typically register with the tax authorities and receive its own tax number, unless conducting tax-exempt economic activities.

Foundation: If a foundation wishes to conduct economic activities, the board or the administrator shall submit its registration to the foundation record. The application for registration shall indicate the name under which the economic activities will be performed and the nature of the economic activities.

10. WHAT ARE THE LEGAL GROUNDS FOR DENIAL OF REGISTRATION?

Non-profit association: Registration is not compulsory. If the application is complete and a non-profit association meets all the requirements there are no legal grounds for denial.
Foundation: National laws do not provide any grounds for denial. However, the law implies that registration can be denied if a foundation aims to pursue activities that are against the law and/or moral standards.

Organisational banking

1. **WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?**

   The requirements typically vary for each bank, however, both CSO forms need to prove their legal personality.

2. **MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?**

   Most banks require a physical presence. The person(s) authorized to sign on behalf of the organisation can open a bank account as well as someone with a power of attorney (if accepted by the bank).

3. **HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?**

   It typically takes a few days to set up a meeting and to complete and file the paperwork.

4. **IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?**

   Yes.

5. **SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.**

   Swedbank, Svenska Handelsbanken.

   Svenska Handelsbanken is a bank that allows cash transactions, which can be beneficial for organisations that collect cash donations, conduct small sales etc. Many other banks in Sweden are cash free.

6. **INFORMATION ON INTERNATIONAL TRANSFERS.**

   There are no legal limitations related to international transfers.
Sources of funding

1. WHAT ARE THE PERMITTED POSSIBLE SOURCES OF FUNDING?

All sources that are otherwise legal under Swedish law – e.g., income from donations, inheritances, grants, commercial activities, loans.

2. WHAT ARE THE RESTRICTIONS ON POSSIBLE SOURCES OF FUNDING?

**Non-profit association:** There are no restrictions on the possible sources of funding for a non-profit association. There are also no restrictions related to the amount of funds non-profit associations can raise or the number of donors. Donations can be made by both residents and non-residents.

Non-profit associations are allowed to donate funds to other organisations, either in Sweden or abroad, as long as this is compatible with the association’s articles of association.

**Foundation:** There are no restrictions on the possible sources of funding of a non-profit association. There are also no restrictions related to the amount of funds that foundations can raise or the number of donors. Donations can be made by both residents and non-residents.

Foundations must invest their assets in an acceptable manner, which excludes speculative investments.

A foundation can also make donations to other institutions, either in Sweden or abroad, as long as this is compatible with the foundation’s articles of association.

In addition, in Sweden the EU Directive on prevention of money laundering and financing of terrorism has been transposed to the national legal system. This means that cash transactions in excess of 15,000 EUR or any transactions considered as suspicious must be registered.
1. HOW ARE CSOs TREATED FOR INCOME TAX PURPOSES?

If non-profit associations or foundations fulfil the requirements stipulated under Chapter 7, Articles 3–6 and Article 10 of the Income Tax Act, they pay taxes only on income from capital gains/losses and on income from economic activities. All the other forms of income are exempt from income tax.

The following are the criteria for limited tax liability:

- The statutory purpose of the organisation is:
  - sports
  - culture
  - care of the environment
  - care of children and youths
  - political purposes
  - religious purposes
  - healthcare
  - social aid
  - the defence of Sweden and preparation for crises together with authorities
  - education
  - scientific research or
  - other similar purposes.

- At least 90% of the organisation’s activities are related to furthering a tax qualified statutory purpose.

- 75-80% of the revenues must be used to promote the statutory purpose.

- The organisation must be open to anyone who wishes to become a member, and all members must have equal votes.

In addition, associations fulfilling the requirements described above may also be exempt from tax: (A) income from activities that are related to the association’s statutory purposes, (B) income from activities that have traditionally been used as a source of funding for voluntary work and (C) income from the possession of a property belonging to the association.

2. WHAT IS THE VAT TREATMENT OF CSOs?

The income tax exempt activities of associations mentioned above are considered non-commercial and therefore also exempted from VAT. Other activities are subject to the general VAT rate of 25% or a reduced rate of 12% or 6% depending on the type of activity. Foundations pay VAT according to the kind of activity they engage in.
3. ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?

No.

Obligations of a registered civil society group

1. WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?

Non-profit association: A non-profit association must file an annual report if:

- the average number of employees has exceeded 50 for each of the two last financial years;
- total assets have exceeded SEK 40 million (EUR 3.9 million) for each of the two last financial years; or
- the net turnover has exceeded SEK 80 million (EUR 7.8 million) for each of the two last financial years.

If a non-profit association conducts taxable activities or has employees, it must also register with the Swedish Tax Agency and file tax returns.

Foundation: All foundations have to file an annual report. In addition:

- Larger foundations with assets over 1.5 million SEK (EUR 145,551), foundations that conduct economic activities, and foundations set up by the state, municipality or a county council must also submit an annual accounts/financial report and activity report.
- Smaller foundations must submit a statement of accounts and tax return.

2. ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?

Non-profit association: The following categories of associations are obliged to keep books:

- those with assets exceeding 1.5 million SEK (EUR 145,551) in reported assets;
- those that are engaged in economic activities;
- any association that serves as the parent of a group of enterprises.

Foundation:

- Each foundation that is required to submit an annual report (as described in the question above) has to pay a fee for annual supervision. Fees vary

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between SEK 200 (EUR 20) to SEK 600 (EUR 60), depending on the type of foundation. The fee for ordinary foundations is 400 SEK (EUR 40);

- All foundations must pay an annual record keeping fee of: (A) SEK 425 (EUR 42) if the value of the foundation’s assets at the end of the previous fiscal year exceeds 1.5 million SEK (EUR 145,551), (B) SEK 200 (EUR 20) for all other foundations.

### Internal governance of a civil society group

#### WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?

**Non-profit association:** There are no legal provisions; internal governance shall be determined by the association’s statutes.

All associations must have a **governing body** and a **general assembly** composed of all members.

The governing body is typically a board of directors or a manager responsible for implementing the decisions of the general assembly, representing the association vis-à-vis third parties and overall management of the association.

If the association is obliged to produce an annual report, it must also have an auditor, elected by the general assembly, unless otherwise stated in the statutes. This individual must in principle be an authorized public accountant or an approved accountant who has been certified.

**Foundation** (Chapter 2 of the Law on Foundations): Internal governance should be determined by the foundation’s deed, provided its provisions are not contrary to law. There are two different forms of foundation management: “own management” and “attached management”:

- In the case of **“own management”**, one or more individuals create a board to administer and represent the foundation. The board must appoint a chair. Decisions are taken by a simple majority, unless the statutes stipulate otherwise.

- In the case of **“attached management”**, a legal entity manages the foundation. This legal entity is the administrator of the foundation and acts through its governing body.

Board members are responsible for ensuring that the wishes of the founder, the statutes, and the law are respected; that assets are well invested; and that accounting is done in accordance with applicable law.
All foundations must have at least one appointed auditor, but the required qualifications for the auditor depend on the size of the foundation. There are no legal rules about supervisory boards.

2. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?**

**Non-profit association**: A board member may not be minor, bankrupt or have a guardian pursuant to Chapter 11, Article 7 of the Children and Parents Code.

**Foundation**: A board member may not be minor, bankrupt or have a guardian pursuant to the Chapter 11, Article 7 of the Children and Parents Code.

3. **ARE FOREIGN CITIZENS OR RESIDENTS ALLOWED TO SERVE ON THE BOARD?**

**Non-profit association**: Swedish law imposes no restrictions regarding citizenship or residence of members or directors of the board.

**Foundation**: Swedish law imposes no restrictions regarding citizenship or residence of the foundation’s administrator or directors of the board.

4. **ARE FOUNDERS AND MEMBERS FINANCIALLY LIABLE BY LAW?**

**Non-profit association**: Members are not liable for the debts of the organisation. The directors of the board may be held personally liable for the organisation’s taxes if they are not paid in time.

**Foundation**: Board members, administrators and auditors can be held liable for damages caused by intentional or negligent acts to the foundation or third parties. They can also be held criminally liable under the Criminal Code.

The founder of a foundation is in principle not liable for any debts of the foundation. The members of the board of directors or a manager may be held personally liable for the foundation’s taxes if they are not paid on time. If a foundation is engaged in business activities and does not cease them as soon as the balance sheets shows (or is likely to show) a deficit, anyone acting in the name of a foundation may be held personally liable for future debts.
1. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR STAFF AND MEMBERS OF A CSO?**

**Non-profit association**: There are generally no eligibility requirements for the members of a voluntary association. For the staff, only general Swedish employment laws apply. If a staff member is a representative or a person authorised to sign on behalf of the organisation, he/she must also meet the same requirements as the board members.

**Foundation**: If a member or staff member of a foundation is authorized by the board or administrator to legally represent a foundation, he/she may not be minor, bankrupt or have a guardian pursuant to the Chapter 11, Article 7 of the Children and Parents Code.

2. **IS THERE A REQUIREMENT TO HAVE A FULL-TIME EMPLOYEE?**

   No.

3. **IS THERE A REQUIREMENT TO HAVE AN ACCOUNTANT?**

   **Non-profit association**: No. But voluntary associations must have an internal auditor if they are required to produce an annual report, as described above.

   **Foundation**: No. There is no obligation to have an accountant, but foundations must keep books. Also, every foundation must have at least one auditor. If a foundation is required to prepare an annual financial report, at least one auditor must be either a qualified authorised public accountant or an approved public accountant.

1. **WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?**

   **Non-profit association**: There are no statutory rules regarding the winding up or liquidation of a non-profit association. The articles of association typically contain rules regarding the winding-up and liquidation. If the statutes do not contain such
provisions, the assets may be distributed as decided by the General Assembly or distributed to the association’s members.

**Foundation**: As soon as there is reason to believe that the foundation’s debts exceed its assets, the board of directors or administrator is required to prepare a balance sheet. If the balance sheet confirms that debts exceed assets, a petition for liquidation must be filed with the appropriate court.

The court shall appoint one or more liquidators that replace the board of directors or administrator and are recorded in the register. A financial statement will then be prepared for any period that has not been audited. The liquidators must also publish a public notification of the liquidation for the benefit of unknown creditors. When the period for creditors’ claims has expired and all known debts have been paid, the liquidators will decide on how any remaining funds shall be spent. The general rule is that such funds should be used for the same (or similar) purpose as pursued by the foundation.

The dissolution of small foundations (provided they do not have any debt) is foreseen if they have not been able to pursue their purposes for the last 5 years and were set up at least 20 years ago. In case of dissolution, the assets must be spent for the same (or similar) purpose as pursued by the foundation (this is decided by the board or administrator).

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1. **CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS**

Ozgur Kahale: Ozgur.Kahale@DLAPiper.com (Pro Bono Director for Europe, DLA Piper)

2. **IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY OF THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?**

It is possible to incorporate a CSO through power of attorney, however, some administrative procedures, including, for example, opening a bank account, might require the physical presence of at least one representative.
1. **WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?**

   **Association:** an agreement between two or more persons by which they operate permanently to achieve objectives that do not include the realization of profits.

   **Foreign Association:** a branch of an association established in accordance with the laws of another country.

   **Association Networks:** Two or more associations can establish an associations’ network.

2. **ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?**

   Decree 88 of 2011 calls upon associations and foreign associations to “in their bylaws, activities, and funding, observe the principles of the rule of law, democracy, plurality, transparency, equality, and human rights as stipulated in international agreements ratified by the Republic of Tunisia.”

   Also per the Decree, an association is prohibited from including in their bylaws, data, programs, or activities that incite violence, hatred, fanaticism, or discrimination on the basis of religion, race, or region; from carrying out commercial activities for the purposes of distributing money to association members for their personal benefit or exploiting the association for tax evasion; and from collecting money to support political parties or candidates in national, regional, or local elections.
**WHAT IS THE MINIMUM NUMBER OF FOUNDERS REQUIRED BY LAW, AND HOW MANY OF THEM MUST BE CITIZENS OR RESIDENTS?**

**Associations:** Two founders are required for an association to be registered; they can be either Tunisian or foreign residents of Tunisia.

**Foreign Associations:** A foreign association can be established by an association duly established in another country.

**Association Networks:** The Association Network can be established by two or more associations and may include foreign associations.

**WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR FOUNDERS?**

**Associations:** Founders of an association are required to be natural persons and not legal entities. Association founders must be at least 16 years old.

Natural persons occupying central management posts in political parties are not eligible.

Foreign founders should be residents of Tunisia.

**Foreign Associations:** Foreign associations must be duly established in their own country to set up a branch in Tunisia.

**Association Networks:** An association network may only be established by associations duly established in Tunisia.

**ARE FOREIGN CITIZENS ALLOWED TO SERVE AS FOUNDERS? WHAT KIND OF LEGAL STATUS DO FOREIGN CITIZENS NEED IN ORDER TO BE ELIGIBLE TO SERVE AS FOUNDERS?**

Foreign citizens who are residents in Tunisia are eligible to establish an association; when the association is submitting its registration paperwork, it will be required to submit copies of the foreign citizens’ residence permits.

**Requirements on the founders of a civil society group**

**WHAT ARE THE KEY CIVIL SOCIETY LAWS?**

- Decree Number 88 of 2011 pertaining to the Regulation of Associations
- Decree 5183 of 2013 pertaining to the Control of the Standards, Procedures, and Criteria for State Funding of Associations
**1. WHICH AUTHORITY IS RESPONSIBLE FOR REGISTRATION?**

Associations, associations’ networks, and foreign associations seeking to register may do so by submitting the required paperwork to the Associations Office within the Government’s Secretary General (Prime Ministry).

The contacts of the Prime Ministry are available at: [http://www.pm.gov.tn/pm/content/index.php?lang=ar](http://www.pm.gov.tn/pm/content/index.php?lang=ar)

**2. WHAT IS THE REGISTRATION FEE?**

There is no registration fee.

**3. ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?**

There are some other direct financial costs that should be expected, however an exact determination of costs is difficult. The fees for a notary public range from 60 to 100 TND (17-31 EUR). Other costs related to the publication of the association’s registration announcement in the Official Gazette and those of the translator are subject to pricing per word.

**4. HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?**

**Associations:** The length of the process can vary depending on a number of factors. First, the founders must send a registered letter containing all of the information required for registration to the Government’s Secretary General. Prior to sending the letter, a notary public must certify that the letter contains the required information. The notary must also certify the draft minutes in two copies, and deliver the minutes and certification to the association’s representative. Once this happens and the registered letter is sent to the Government’s Secretary General, the association must — within 7 days — submit an announcement to the Official Gazette. The Official Gazette is then mandated to publish the announcement within 15 days of receipt. If the registered letter receipt is not returned within 30 days of the date of the registered

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**ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?**

There are no property or cash contribution requirements for individual founders.
letter’s mailing, it is deemed legally served. An association is considered legally con-stituted beginning on the date that it sends the registered letter; it acquires legal per-sonality once the announcement is published in the Official Gazette.

**Foreign Associations:** The registration process for foreign associations is the same as for associations; however, in the case of foreign associations, the Government’s Sec-retary General may issue a justified decision to refuse registration of the foreign as-sociation within 30 days of the date of receiving the registered letter. Decree 88 also sets forth an appeal process for foreign associations that wish to challenge a denial of registration.

**Association Networks:** The process for associations’ networks seeking registration is the same as for associations.

5. **WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?**

**Associations:** Pursuant to article 10 of the Decree, the following documents/infor-mation must be sent to the Government’s Secretary General via registered letter with acknowledgement of receipt:

- a declaration with the title, purpose, objectives, and address of the asso-ciation and its branches;
- a copy of the national identification card of the founders of the associ-ation who are Tunisian natural persons, or a copy of the identity card of the guardian if the founder is less than 18 years. If applicable, a copy of the residence permits for foreign founders; and;
- Two original copies of the articles of association signed by the founders or their representatives. The articles of association must contain the fol-lowing:
  - the official name of the association in Arabic and any foreign lan-guage, if applicable;
  - the address of the association’s headquarters;
  - a statement of the association’s objectives and their method of im-plementation;
  - membership and termination criteria and the rights and duties of each association member;
  - a statement of the association’s organisational structure, elections method and the powers of each administrative body of the association;
  - identification of the body within the association that has the pow-er to amend the association’s bylaws and make decisions regarding dissolution, merger, and division;
  - definition of the decision-making methodology and mechanisms of dispute resolution for the association; and
  - the amount of the monthly or annual membership fees, if any.
Foreign Associations: Pursuant to article 21 of the Decree, the following documents/information must be sent to the Government’s Secretary General via registered letter with acknowledgement of receipt:

- the name of the association;
- the address of the main office of the association’s branch in Tunisia;
- a statement of the activities that the association branch desires to practice in Tunisia;
- names and addresses of the directors of the association in Tunisia;
- a copy of the identity card of each Tunisian director and a copy of the residence permit or passport of each foreign director;
- two copies of the bylaws of the association signed by the founders or their representatives; and;
- an official document proving that the parent foreign association is legally established in its country.

The documents mentioned above must be translated into Arabic by a certified official translator.

Association networks: The following documents/information must be sent to the Government’s Secretary General via registered letter with acknowledgement of receipt:

- the date of establishment;
- the bylaws of the network; and;
- a copy of the announcements of establishment of each association in the network.

6. IS ELECTRONIC SUBMISSION POSSIBLE?

No.

7. IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?

Yes, associations, foreign associations and association networks are required to have an office in the country.

8. ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?

No.

9. ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION?

No.
10. WHAT ARE THE LEGAL GROUNDS FOR DENIAL OF REGISTRATION?

The Secretary General can issue a justified decision to refuse the registration of a foreign association upon finding clear evidence that the bylaws of the foreign association have been contravened or that and Articles 3 and 4 of Decree 88 have been violated. Article 3 of Decree 88 requires that associations “in their bylaws, activities and funding, observe the principles of the rule of law, democracy, plurality, transparency, equality, and human rights as stipulated in international agreements ratified by the Republic of Tunisia.”

Article 4 prohibits associations from including in their bylaws, data, programs, or activities incitement to violence, hatred, fanaticism, or discrimination on the grounds of religion, race, or region; from carrying out commercial activities for the purposes of distributing money to their members for their personal benefit or exploiting the association for tax evasion; and from collecting money to support political parties or candidates in national, regional, or local elections.

Organisational banking

1. WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

The required documents to open an organisational bank account are:

- the bylaws of the association,
- copies of the founders' identity cards,
- the approval of the association by the government Secretary General, and
- a copy of the certificate of tax registration.

Required documents may vary from bank to bank

2. MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?

Yes, at least one of the organisation’s representatives must be physically present to open the account.

3. HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

It depends on the chosen bank, but approximately 3 to 7 days. The Know Your Customer (KYC) process may cause delays.
IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?

No, Tunisia is not a signatory of the The Multilateral Competent Authority Agreement (MCAA) on automatic exchange of financial information.

SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.

The Tunisian legal framework promotes the establishment of CSOs; therefore, all banks are favourable and should be equally convenient for civil society groups.

INFORMATION ON INTERNATIONAL TRANSFERS.

Local associations are registered as local entities.

Associations may not have bank accounts in foreign currency and are not able to freely transfer money abroad except for specific transactions related to their professional activities.

Under the current system, most transfers are subject to the authorisation of the Central Bank of Tunisia.

IS SETTING UP PERSONAL BANK ACCOUNTS RELATIVELY EASY FOR NON-RESIDENTS?

Yes.

WHAT ARE THE PERMITTED POSSIBLE SOURCES OF FUNDING?

Pursuant to article (34) of Decree 88 of 2011: the financial resources of associations may come from: member fees; public funding; domestic or foreign donations, grants, and wills; and revenue resulting from the association’s assets, activities, and projects.

Decree 5183 of 2013 on public financing for associations sets forth the following types of public assistance: direct requests, partnership agreements, and open calls for applications.

The Decree 88 of 2011 (article 37) states that an association may participate in bidding requests advertised by public authorities provided that the requested items or services are within the association’s field of work.
An association may also possess real property to the extent necessary for its premises, its branches, or for the venue for meetings of its members, or to achieve its objectives.

### 2. WHAT ARE THE RESTRICTIONS ON POSSIBLE SOURCES OF FUNDING?

Article 37(1) of Decree 88 of 2011 provides that an association can only use its funds on activities that achieve its objectives.

Article 37(2) provides that associations are prohibited from accepting assistance, donations, or grants from countries not linked to Tunisia by diplomatic relations, or from organisations which defend the interests and policies of those countries.

Article 38 provides that all financial transactions of the association must be made by bank transfer, check or postal transfer if the amount of the transactions exceeds 500 TND (155 EUR). Such transactions may not be divided to circumvent this threshold.

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**Tax treatment of civil society groups**

#### 1. HOW ARE CSOs TREATED FOR INCOME TAX PURPOSES?

The decision rendered by the Directorate General of Taxation Studies and Legislation (DGELF), on the 27th February 2017, provides that associations duly respecting the provisions of the decree law 88 are not subject to the corporation tax and thus the proceeds of the association are not subject to any withholding tax, except investment income (economic activity), which is still subject to withholding tax at a rate of 20% of the gross amount.

#### 2. WHAT IS THE VAT TREATMENT OF CSOs?

**Associations:** The DGELF rendered a decision on the 17th of March 2018 providing an exemption for VAT on goods, merchandise, services and benefits conducted for non-profitable purposes by associations duly established in the context of international cooperation.

The VAT exemption is applicable to local purchases only, within the limits of the amount of the donation.

Also note that pursuant to article 58 of the 2018 budget law, associations created for assisting individuals suffering from severe illness, which are allowed to collect funds, enjoy tax advantages with respect to text messages used to collect these funds.
Foreign Associations: The DGELF provided that foreign associations completely funded by their foreign parent association are not entitled to tax exemption unless the donations are given in the context of international cooperation as defined in article 13 of the VAT code.

3. ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?

Pursuant to Decision No. 1409 of 2010 with respect to tax exempted donations to CSOs, any donations or aid by natural or corporate person to CSOs of Public Benefit or CSOs of charitable, training, scientific, social or cultural purposes may be deducted from income tax obligations, provided that such donations do not exceed two thousandths (0.002) of the donor’s gross revenue.

1. WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?

Internal records
Pursuant to article 39 of Decree 88 of 2011, an association must maintain: (1) a register of members, including the names, addresses, nationalities, ages, and occupations of registered members; (2) a record of the minutes of the association’s Board of Directors; (3) a register of the activities and projects in which the type of activity or project is registered; and (4) a register of financial or in-kind assistance, donations, grants, and wills, with a differentiation between the monetary, in kind, public, private, domestic, and foreign sources of assistance. Associations must maintain their records and registers for a period of 10 years.

Public funding records
Article (44) provides that an association that receives public funds must provide an annual report to the Accounts Department that includes a description of its funding sources and expenditures.

Article (21) of the Decree 5183-2013 provides that an association that receives public funding is also subject to on-the-spot inspections by the offices of the inspectorates and technical departments of the relevant public authority, as well as monitoring by general control bodies.

Foreign funding records
An association that receives funding from a foreign source must inform the Government’s Secretary General via a registered letter of the funding amount, source, and
purpose. The notification must be published by one written media outlet and posted on the association’s website.

Inventory list
The association shall submit a statement of its movable and immovable assets for the purposes of dissolution. This statement shall be used as a reference for the settlement of its liabilities.

Financial statements and auditing reports
All associations should keep financial records per accounting standards stipulated in Law 112 of 1996 on accounting standards for institutions.

Article 43 provides that associations whose annual revenue exceeds TND 100,000 (31,006 EUR) are to appoint an auditor for their accounts from among the accounting experts appearing in the list maintained by the Accounting Experts Commission or those included in the List of the Accountants Group in Tunisia (listed under Accounting Specialists). Associations whose annual revenue exceeds 1,000,000 TND (310,064 EUR) are to select one or more auditors from among the auditors mentioned in the list of the Accounting Experts Commission. According to the Decree, Associations of annual revenue of less than TND 100,000 (EUR 31,006) have no obligation to assign auditors.

The general assembly of an association, which is obliged to appoint auditor(s) per Decree 88, must appoint one or more auditors for its accounts for a non-renewable period of 3 years. Auditing is to be carried out per the standards provided by the Accounting Experts Commission. When the financial statements are approved by the General Assembly, the association must then publish the statements and financial audit report in one written media outlet and the association’s website within one month.

2. ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?

Whenever any revision to the bylaws of an association is made, the association’s directors must inform the Government’s Secretary General through a registered letter with acknowledged receipt within one month of the amendment resolution. The public should also be informed of the revision through written media and the association’s website.
WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?

The decree is silent on the issue of conflicts of interest.

The Decree 88 of 2011 also requires that the bylaws of an association regulate the method of temporary suspension of the association’s activity or its dissolution. The bylaws of an association must also regulate the rules of liquidating the property and assets of an association during voluntary dissolution.

The question of internal governance is thus left to the bylaws to regulate. However, associations usually have general assembly, board of directors, and staff. Foreign associations should have an in-country representative and staff, and association networks should have a board.

The decree requires a general assembly to approve or reject the financial statements, but remains silent on the other tasks of the general assembly.

ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?

The founders and directors of an association may not have central management posts in political parties. Foreign founders or directors should be residents in Tunisia.

ARE FOREIGN CITIZENS OR RESIDENTS ALLOWED TO SERVE ON THE BOARD?

Beyond the provision on political party posts, the Decree is silent on any requirements for association board members.

ARE FOUNDERS AND MEMBERS FINANCIALLY LIABLE BY LAW?

Article 15 provides that founders, directors, employees, and members of an association are not personally responsible for any of the association’s legal liabilities. The creditors of an association may not claim the association’s debts from the personal property of the founders, directors, employees, or members of an association.
1. **ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR STAFF AND MEMBERS OF A CSO?**

While associations can define their own membership criteria, the Decree requires that members of an association: (1) be Tunisian nationals or residents of Tunisia; (2) be over the age of 13; (3) have accepted the association’s bylaws in writing; and (4) have paid the association’s membership fee.

2. **IS THERE A REQUIREMENT TO HAVE A FULL-TIME EMPLOYEE?**

The Decree 88 of 2011 is silent on any requirements regarding association employees.

3. **IS THERE A REQUIREMENT TO HAVE AN ACCOUNTANT?**

While there is no requirement for an accountant, as mentioned above, auditors may need to be appointed to accomplish certain reporting requirements.

1. **WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?**

Article 33 provides that an association can voluntarily dissolve itself via a resolution from its members pursuant to its bylaws. An association seeking to voluntarily dissolve must inform the Government’s Secretary General of its decision via a registered letter, with receipt acknowledgement, within 30 days of the decision. The association will then appoint a judicial liquidator and submit a statement of its movable and immovable assets for the purposes of liquidation. The remaining assets will be distributed pursuant to the bylaws, except for those originating from assistance, donations, grants, and wills, in which case, they will go to another association with similar objectives defined by the competent organ of the association.
More information

1. CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS

There is no public list of local lawyers supporting civil society organisations. The following local law firm assisted in responding to some of the questions in this report:

Ferchiou & Associés
Avocats & Conseils Juridiques
Tel : +216 71 120 500
www.ferchioulaw.com
T : +216 71 120 500
F : +216 71 350 028
Email: contact@falaw.tn

IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY OF THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?

Yes.
WHAT FORMS OF CSOs EXIST? WHAT ARE THEIR MAIN CHARACTERISTICS?

There are two available CSO legal forms in Turkey: associations and foundations.

An association is a standard membership-based legal form established by at least 7 founders. A foundation is a non-membership based form which does not require a minimum number of founders, as long as sufficient start-up funding is allocated.

ARE THERE ANY RESTRICTIONS ON THE PERMISSIBLE GOALS AND ACTIVITIES OF CSOs?

Association: According to Article 56 of the Turkish Civil Code, "No association may be formed for an object contrary to the laws and morality."

All associations are obliged to obtain permission from the governorship of the city in which they conduct fundraising activities and indicate the exact amount of money they aim to collect.

There is also a requirement to report to the government via standard forms prior to receiving or using foreign funding or opening new branch offices.

Foundation: There are no restrictions on the purposes foundations can pursue, except that they may not have goals contrary to the characteristics of the Republic defined by the Constitution, Constitutional rules, laws, ethics, national integrity and national interest, or with the aim of supporting a distinctive race or community.

However, if a foundation is seeking Tax Exempt Public Benefit Foundation status, the purpose must be the promotion of
health, social aid, education, scientific research and development, culture, environmental protection and/or forestation (or any combination of these).

In addition, the same rules on fundraising and funding for associations also apply to foundations.

3. WHAT ARE THE KEY CIVIL SOCIETY LAWS?

- Law 5253: Associations Law
- Law 5737: Foundations Law
- Law 4721: Civil Code
  - Associations: Articles 56–100
  - Foundations: Article 101-117

**Note:** According to ICNL’s Civic Freedom Monitor profile on Turkey: “The current government’s 65th Government Program includes the adoption of a comprehensive Civil Society Law to regulate legal statutes, institutional structures, activities, and financial resources of CSOs as well as civil society-public sector relation. Civil society and the public as a whole have not been informed on this reform agenda.”

“The state of relations between civil society and the government deteriorated throughout 2016-2017. The statutory decrees passed under the State of Emergency included restricting measures affecting the civil society sector in general. As of March 15, 2018, the Government has issued 30 emergency degrees of which five have a direct effect on CSOs.”

**Requirements on the founders of a civil society group**

1. **WHAT IS THE MINIMUM NUMBER OF FOUNDERS REQUIRED BY LAW, AND HOW MANY OF THEM MUST BE CITIZENS OR RESIDENTS?**

**Association:** 7 founders. Associations should have at least 16 members within 6 months of their registration. Only citizens and foreigners with residential permits can serve as founders.

**Foundation:** No minimum requirement set by the law, to establish a foundation, minimum assets should be allocated (as described below). Only citizens and foreigners coming from countries with legal or de facto reciprocity with Turkey can serve as founders.
2. WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR FOUNDERS?

Individuals and legal persons with legal capacity have the right to establish CSOs. There are certain restrictions in special laws applicable to the members of the Turkish Armed Forces, the Police force and civil servants. In addition, restrictions are in place for children and for individuals who are not citizens of Turkey.

3. ARE FOREIGN CITIZENS ALLOWED TO SERVE AS FOUNDERS? WHAT KIND OF LEGAL STATUS DO FOREIGN CITIZENS NEED IN ORDER TO BE ELIGIBLE TO SERVE AS FOUNDERS?

**Association:** Foreigners holding residential permits can serve as founders.

**Foundation:** Foreigners can establish new foundations in Turkey if there is a legal or de facto reciprocity between Turkey and their country of origin.

4. ARE THERE ANY PROPERTY OR CASH CONTRIBUTION REQUIREMENTS FOR THE FOUNDERS?

**Association:** No.

**Foundation:** The Council of Foundations, the highest decision-making body of the General Directorate of Foundations, determines the minimum asset value required for the establishment of a foundation on an annual basis. The minimum endowment amount for foundations is currently around EUR 16,200. For tax-exempt public-benefit status, it is approximately EUR 300,000.

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**Registration procedures**

**1. WHICH AUTHORITY IS RESPONSIBLE FOR REGISTRATION?**

**Association:** Provincial office of the Department of Associations.

Each provincial office has its own website; for Istanbul, the address can be found at: http://www.istanbuldernekler.gov.tr/

**Foundation:** Local court & The General Directorate of Foundations.

Each local court has its own website; for Istanbul, the address can be found at: http://www.istanbulbam.adalet.gov.tr/

The address of the General Directorate of Foundations can be found at: https://www.vgm.gov.tr/
2. WHAT IS THE REGISTRATION FEE?

**Association**: There is no registration fee.

**Foundation**: There is no registration fee, however court fees or notarisation fees may be incurred in relation to drafting and certifying the by-laws (vakıf senedi, in Turkish).

3. ARE THERE ANY OTHER DIRECT FINANCIAL COSTS FOR THE ESTABLISHMENT OF A CSO?

- Translations costs
- Costs of the legal representation/legal services

4. HOW LONG SHOULD THE REGISTRATION PROCESS TAKE?

**Association**: Registration is effective as soon as the registration procedure starts in accordance with the law. The Department has up to 60 days to review the application. If the administration determines that documents are missing or the application violates existing rules and regulation, the association is given 30 days to rectify.

**Foundation**: There is no timeline set by law; registration time generally depends on the workload of the courts.

5. WHICH DOCUMENTS ARE REQUIRED FOR REGISTRATION?

**Association**:

- **Incorporation Notice** signed by at least 7 founders in the form available as Annex-2 to Associations Regulation (1 copy).
- **Bylaws**, with each page signed by the founders (2 copies).
- **Corporate body decision**. If there is a legal entity founder, such decision must include information on the legal entity’s title, residence, incorporation deed, and the name of signatory (1 copy).
- **Consent of the Ministry of Internal Affairs**. This is required only if at least one founder is a domestic non-profit association or a founder of another domestic association. This should also be signed by the founders (1 copy).
- **Residency permits** if there are non-Turkish founders (1 copy).
- **List of agents**, including the names, addresses and signatures of those authorized to receive correspondence and notices (1 copy).
- **Consent of the owner of the premises** where the seat shall be located if such seat is a household (mesken, in Turkish).
- **Title deed or lease agreement** of the office where the association is located. Please note that this is frequently not listed as a required document, but we have confirmed with the General Directorate of Associations that it is indeed required.
Foundation:

- **By-laws (charter)**, verified first by a notary and then by a court. The by-laws must contain information on the title, purpose, assets and rights to attain the foundation’s goals through their organs and applicable administrative procedures.

- **Power of Attorney**. If the registration before the relevant court will be made by a representative, a Power of Attorney is required.

- **Residency permits** if there are non-Turkish founders (1 copy).

- **List of agents**, including the names, addresses and signatures of those authorized to receive correspondence and notices (1 copy).

- **Consent of the owner of the premises** where the seat shall be located if such seat is a household (*mesken*, in Turkish).

- **Title deed or lease agreement** of the office where the foundation is located.

6. **IS ELECTRONIC SUBMISSION POSSIBLE?**

No. It is not possible for either of associations or foundations. Physical submission of the documents to the relevant authorities is required.

7. **IS THERE A REQUIREMENT TO HAVE AN OFFICE IN THE COUNTRY? ARE THERE ANY SPECIFIC REQUIREMENTS RELATED TO IT?**

Yes, but it can be, for example, an apartment. Note that only one organisation can be registered at a particular address/residence in order to avoid problems that might arise if and when the office needs to be closed down/sealed by the state based on an illegal act or offense.

According to the implementing regulations for the Associations Law, associations seeking office space within residential buildings must secure the permission of all residents living in the building.

The failure to secure office space may be a barrier to the process of registration for associations.

8. **ARE THERE ADDITIONAL REQUIREMENTS RELATED TO REGISTRATION?**

No.

9. **ARE THERE ADDITIONAL ADMINISTRATIVE PROCEDURES RELATED TO REGISTRATION**

**Association**: No, however, the process of obtaining certain documents for registration purposes might be considered a separate "administrative procedure", due to its length and complexity.
Foundation: After the court approval, the foundation must register with the Directorate of Foundations. Upon the notification of the regional court, the foundation’s registration will be announced in the Official Gazette. Only after this process is completed is the foundation granted legal personality.

10. WHAT ARE THE LEGAL GROUNDS FOR DENIAL OF REGISTRATION?

There are vague and subjective limitations (e.g. general morality, public order) in the law that allow a broad scope of discretion for denial of registration.

Organisational banking

1. WHAT IS REQUIRED TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

Banks require submission of the following documents when opening a bank account:

- notarised resolution book;
- signature circular;
- tax number (required documents to obtain tax number are as follows: bylaws of the association or the articles of foundation, document evidencing that the association or the foundation has been established, copy of the leader’s ID and signature declaration, certificate of activity and copy of the resolution in relation thereto);
- tax certificate if the association/foundation has a commercial enterprise.

2. MUST THE ORGANISATION’S LEADERS BE PHYSICALLY PRESENT TO OPEN AN ACCOUNT, AND WHO IS AUTHORIZED TO OPEN AN ORGANISATIONAL ACCOUNT?

It is not mandatory for the organisation leaders to be present when opening a bank account. It is, however, mandatory for the person who has been authorized by the respective resolution of the association/foundation to physically be present to open the bank account. The resolution should authorize the relevant person to carry out organisational banking transactions, including opening a bank account and the transfer, deposit, withdrawal of money.
3. HOW LONG DOES IT TAKE TO OPEN AN ORGANISATIONAL BANK ACCOUNT?

If the required documents are in order, the account will be opened on the same day, ideally within a couple of hours.

4. IS THE COUNTRY SUBJECT TO OECD’S COMMON REPORTING STANDARDS?

The Turkish Revenue Administration has shared a draft of its General Communique Regarding Common Reporting Standards with financial institutions; it clarifies the due diligence methods and reporting requirements that financial institutions will have to follow. As a result, Turkey now has guidance regarding CRS reporting in its local legislation, although it is only in draft form. However, Turkey is expected to begin exchanging information within the scope of CRS in September 2018.

5. SUGGESTED BANKS THAT ARE FAVOURABLE/MORE CONVENIENT FOR CIVIL SOCIETY GROUPS.

Banking processes are fairly straightforward for associations and foundations so long as all required documents are in order. There is little variation between banks in this regard.

6. INFORMATION ON INTERNATIONAL TRANSFERS.

There are no restrictions on the quantity of international transfers or the country of destination. One potential difficulty may be the banks’ questioning of the transaction (e.g., the purpose of the transfer). Transfers made to certain countries, such as Iran, may also attract more scrutiny.

7. IS SETTING UP PERSONAL BANK ACCOUNTS RELATIVELY EASY FOR NON-RESIDENTS?

Non-Turkish citizens who are residents in Turkey may open bank accounts if they submit additional documentation – i.e. a tax number (if available), permission of residence and passport/ID copies.
Sources of funding

1. WHAT ARE THE PERMITTED POSSIBLE SOURCES OF FUNDING?

Most common sources of funding for CSOs are permitted (i.e. donations, grants, economic activities, fundraising activities etc.), however, they are subject to certain limitation, as described in the next question.

2. WHAT ARE THE RESTRICTIONS ON POSSIBLE SOURCES OF FUNDING?

- **Economic activities by CSOs** are permitted, but only if they set up a separate economic entity to carry them out. There is no tax exemption for economic activities carried out through such entities.

- **Fundraising activities**: The Law requires permission from the local state authority for each fundraising activity by a CSO. The application for permission must include comprehensive information on the amount of money to be raised, the planned use of the money raised, the timeframe of the activity and its location.

- **Foreign funding**: CSOs must complete standard forms to be submitted to the government before receiving and/or utilizing foreign funding. Foundations must notify public authorities within one month after receiving the funding, while associations must notify the Government before using the funding.

Tax treatment of civil society groups

1. HOW ARE CSOs TREATED FOR INCOME TAX PURPOSES?

Foundations and associations in Turkey are exempt from the Corporate (Profit) Tax unless they conduct economic activities. Grants and donations received by CSOs are also tax exempt.
2. **WHAT IS THE VAT TREATMENT OF CSOs?**

There is no VAT exemption for CSOs.

3. **ARE THERE ANY TAX BENEFITS FOR DONORS IN PLACE?**

Donations are deductible from the donor’s taxable income, so long as the foundation or association receiving the donation is tax exempt and has public benefit status.

The maximum threshold for deductions is 5% of the donor’s income, which increases to 10% if the donations are made to organisations working in development priority regions. For donations made by individuals or legal entities to foundations or associations working on projects related to arts and cultural heritage, there is no deduction limitation. The same rule applies to donations made to foundations or associations with a food bank permit.

*Public benefit* (for associations) and *tax exemption* (for foundations): under Article 27 of the Associations Law, the Council of Ministers has the authority to grant this status to eligible CSOs. However, the selection process is reportedly highly bureaucratic and political at times. Furthermore, the procedures and criteria to obtain these statuses are not clearly defined. The conditions for gaining ‘public benefit’ and ‘tax exemption’ statuses differ.

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**Obligations of a registered civil society group**

1. **WHAT ARE THE REPORTING REQUIREMENTS OF A REGISTERED CSO?**

**Association:**
- annual financial report,
- annual activity report,
- public benefit/activity report (if applicable),
- tax report/tax return,
- other reports as required per the activities of the association.

**Foundation:**
- annual financial report,
- annual activity report,
- public benefit/activity report (if applicable),
- tax report/tax return,
- other reports as required per the activities of the association.
2. ARE THERE ADDITIONAL OBLIGATIONS OF A REGISTERED CSO?

CSOs are required to report certain actions during the year (e.g. each time they receive donations/aid/grants from abroad, when they organise their general assemblies, and when they change their address).

1. WHAT ARE THE BASIC REQUIREMENTS RELATED TO GOVERNANCE AND INTERNAL STRUCTURE AS PROVIDED BY LAW?

An association must have the following:
- General assembly
- Executive board
- Internal auditing committee

A foundation must have a board of trustees (supervisory board) with ultimate decision making power. Foundations may also have a secretariat and a general or executive board, but these are not required.

The legal framework explicitly defines the ways in which decision-making within CSOs should work: for example, decisions that can only be made by the general assembly and the decision-making authority of the executive and internal auditing committees are all clearly framed. Therefore, it is not possible for CSOs to choose how they want their decision-making system to work.

2. ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR THE MEMBERS OF THE GOVERNING BODIES?

Association: The executive board must have a majority of directors who are residents of the Republic of Turkey.

Foundation: The executive board must have a majority of directors who are residents of the Republic of Turkey.

3. ARE FOREIGN CITIZENS OR RESIDENTS ALLOWED TO SERVE ON THE BOARD?

Association: Only residents of Turkey (whether Turkish or foreign citizens) can serve on an association’s board.

Foundation: Both Turkish and foreign persons coming from countries with legal or de facto reciprocity with Turkey can become members of bodies of a foundation.
4. ARE FOUNDERS AND MEMBERS FINANCIALY LIABLE BY LAW?

**Association**: Article 33 of the Associations Law holds the chair of the executive board of the association personally liable for any sanctions and/or fines assessed against the association.

**Foundation**: According to the law, foundation managers are obliged to comply with the applicable law and the conditions laid down in the statutes of the foundation, and to act as prudent managers. There is no differentiation between voluntary or paid board members in terms of responsibility or standards of diligence.

Any person involved in the foundation’s management, as well as foundation employees, can be liable for any loss or damage to the foundation due to their respective gross negligence and/or wilful abuses.

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Staff and members of the organisation

1. ARE THERE ANY ELIGIBILITY REQUIREMENTS FOR STAFF AND MEMBERS OF A CSO?

**Association**: Only Turkish residents (whether foreign or Turkish citizens) can be members of an association.

**Foundation**: Both Turkish and foreign persons coming from countries with legal or de facto reciprocity with Turkey can become members of bodies of a foundation.

2. IS THERE A REQUIREMENT TO HAVE A FULL-TIME EMPLOYEE?

It is obligatory to have an active executive board, but it is not obligatory to keep full-time employees for associations or foundations.

3. IS THERE A REQUIREMENT TO HAVE AN ACCOUNTANT?

**Association**: No, but associations must keep and maintain their accounting records in accordance with rules and regulations determined by the General Directorate of Associations.

**Foundation**: No, but foundations must keep and maintain their accounting records in accordance with rules and regulations determined by the General Directorate of Foundations.
# Voluntary dissolution and liquidation

## 1. WHAT IS THE LIQUIDATION PROCEDURE IN CASE OF VOLUNTARY DISSOLUTION OF A CSO?

**Association:** The general assembly of the association may at any time decide to terminate the organisation. The current board members of the association will form a liquidation committee and review the books. The assets will be liquidated and the creditors will be paid accordingly. If the association is a creditor, debtors will be notified for payment of their debts. Any remaining assets must be transferred to an association with a similar purpose.

**Foundation:** As a general note, foundations cannot be dissolved voluntarily.

If the foundation is dissolved automatically due to the reasons set forth under the Turkish Civil Code (i.e. impossibility of realizing the foundation's purpose and impossibility of changing that purpose), the liquidation procedure will be conducted as per the by-laws. If the by-laws contain no information on liquidation and allocation of assets and rights, such assets and rights will be transferred to another foundation with a similar subject of activity upon the decision of a court.

If the foundation is dissolved by a court decision, the judge has the discretion to decide which relevant public authority will take possession of the assets.
1. CONTACTS OF KEY LOCAL LAWYERS SUPPORTING CIVIL SOCIETY ORGANISATIONS

Ozgur Kahale: Ozgur.Kahale@DLAPiper.com (Pro Bono Director for Europe, DLA Piper)

2. IS IT POSSIBLE FOR FOREIGN NATIONALS TO DO ANY THE ABOVE THROUGH POWER OF ATTORNEY, WITHOUT BEING PHYSICALLY PRESENT IN THE COUNTRY?

It is possible to register a foundation with a power of attorney; there is no need for physical presence. The power of attorney must be notarised, and must include information on assets and rights to be allocated for the foundation.

It is not possible to register an association with a power of attorney; at least 1 founder must be physically present to sign and submit the required documents (see “Which documents are required for registration?” above).
## INCORPORATION CONDITIONS

<table>
<thead>
<tr>
<th>Country</th>
<th>Type of entity</th>
<th>Min. # of founders</th>
<th>Foreigners as founders</th>
<th>Initial contributions</th>
<th>Registration body</th>
<th>Electronic submission</th>
<th>Registration fee</th>
<th>Timeline</th>
<th>Office space required</th>
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<tbody>
<tr>
<td>Non-profit association</td>
<td>3</td>
<td>Yes</td>
<td>No</td>
<td>Commercial Court</td>
<td>Yes</td>
<td>Paper based: EUR 187.19 (VAT included) Electronic: EUR 135.28 (VAT included)</td>
<td>1-2 weeks</td>
<td>Only physical address (mailbox) in Belgium</td>
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<tr>
<td>Private foundation</td>
<td>1</td>
<td>Yes</td>
<td>Initial capital should be &quot;sufficient&quot; based on the purpose of the foundation</td>
<td>Commercial Court/Justice Department + Commercial Court for PB foundations</td>
<td>Yes</td>
<td>Paper based: EUR 187.19 (VAT included) Electronic: EUR 135.28 (VAT included)</td>
<td>1-2 weeks, PB foundations several weeks</td>
<td>Only physical address (mailbox) in Belgium</td>
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<tr>
<td>International non-profit association</td>
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<td>Yes</td>
<td>EUR 25,000 required by the Ministry of Justice</td>
<td>Justice Department + Commercial Court</td>
<td>Yes</td>
<td>Paper based: EUR 187.19 (VAT included) Electronic: EUR 135.28 (VAT included)</td>
<td>Several weeks</td>
<td>Only physical address (mailbox) in Belgium</td>
<td></td>
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<tr>
<td>Association</td>
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<td>Yes</td>
<td>No</td>
<td>Regional Court or Notary</td>
<td>Yes</td>
<td>No registration fee</td>
<td>Court: 5 days (max. 30 days) Notary: immediately</td>
<td>Only physical address (mailbox) in CZ</td>
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<td>Foundation</td>
<td>1</td>
<td>Yes</td>
<td>500,000 CZK (EUR 18,230)</td>
<td>Regional Court or Notary</td>
<td>Yes</td>
<td>No registration fee</td>
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<td>Fund</td>
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<td>Regional Court or Notary</td>
<td>Yes</td>
<td>No registration fee</td>
<td>Court: 5 days Notary: immediately</td>
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<td>Regional Court or Notary</td>
<td>Yes</td>
<td>No registration fee</td>
<td>Court: 5 days Notary: immediately</td>
<td>Only physical address (mailbox) in CZ</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Type of entity</td>
<td>Min. # of founders</td>
<td>Foreigners as founders</td>
<td>Initial contributions</td>
<td>Registration body</td>
<td>Electronic submission</td>
<td>Registration fee</td>
<td>Timeline</td>
<td>Office space required</td>
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<td>-------------------------------------------</td>
</tr>
<tr>
<td>Non-profit association</td>
<td>2</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Tartu County Court (Registrar) online or via Notary</td>
<td>Yes</td>
<td>EUR 20</td>
<td>Approx. 5 days</td>
<td>Only physical address (mailbox) in Estonia</td>
</tr>
<tr>
<td>Foundation</td>
<td>1</td>
<td>Yes</td>
<td>To be determined by the founders</td>
<td></td>
<td>Tartu County Court (Registrar) via Notary</td>
<td>Via notary only</td>
<td>EUR 58</td>
<td>Approx. 5 days</td>
<td>Only physical address (mailbox) in Estonia</td>
</tr>
<tr>
<td>CSO</td>
<td>1</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Registry of Entrepreneurs and Non-Entrepreneurial Legal Persons of the National Agency of Public Registry of the Ministry of Justice of Georgia (&quot;Registry&quot;)</td>
<td>No</td>
<td>GEL 100 (EUR 35) for one business day registration or GEL 200 (EUR 70) for same business day registration service</td>
<td>Up to 1 business day</td>
<td>Only physical address (mailbox) in Georgia</td>
</tr>
<tr>
<td>Registered association</td>
<td>7</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Local Court’s (Amtsgericht) Register of Associations</td>
<td>No</td>
<td>Approx. EUR 300</td>
<td>Couple of weeks/ several weeks if tax exempt status is requested</td>
<td>Only physical address (mailbox) in Germany</td>
</tr>
<tr>
<td>Foundation</td>
<td>1</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>No registration, only recognition by a competent authority in each state (Land)</td>
<td>No</td>
<td>No registration fee</td>
<td>Up to 2 weeks</td>
<td>Only physical address (mailbox) in Germany</td>
</tr>
<tr>
<td>Limited liability company (gGmbH)</td>
<td>1</td>
<td>Yes</td>
<td>EUR 25,000</td>
<td>Local Commercial Court</td>
<td>No</td>
<td>Approx. EUR 300</td>
<td>Up to 4 weeks / several more weeks if managing directors are foreigners</td>
<td>Only physical address (mailbox) in Germany</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Type of entity</td>
<td>Min. # of founders</td>
<td>Foreigners as founders</td>
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<td>Registration body</td>
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</tr>
<tr>
<td>Unincorporated association</td>
<td>1 (3 if registered as a charity)</td>
<td>Yes (if charity, majority of the directors should be Irish residents)</td>
<td>No</td>
<td>No registration requirement (for registration as charity: Charities Regulatory Authority)</td>
<td>No registration requirement (registration as charity is possible online)</td>
<td>No registration requirement (no registration fee for charities)</td>
<td>No registration requirement (6 months to register as a charity)</td>
<td>No (unless registered as a charity)</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>2 (3 if registered as a charity)</td>
<td>Yes (if charity, majority of the directors should be Irish residents)</td>
<td>No minimum in the law</td>
<td>No registration requirement (for registration as charity: Charities Regulatory Authority)</td>
<td>No registration requirement (registration as charity is possible online)</td>
<td>No registration requirement (no registration fee for charities)</td>
<td>No registration requirement (6 months to register as a charity)</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Company limited by guarantee</td>
<td>2 (3 if registered as a charity)</td>
<td>Yes (if charity, majority of the directors should be Irish residents)</td>
<td>No</td>
<td>Companies Registration Office (for registration as a charity: Charities Regulatory Authority)</td>
<td>Yes (registration as charity is possible online)</td>
<td>Paper based: EUR 100 Electronic: EUR 50 (no registration fee for charities)</td>
<td>15 days (6 months to register as a charity)</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Association</td>
<td>No set number, but at least 2</td>
<td>Yes if they hold special ID cards for foreigners</td>
<td>No minimum in the law</td>
<td>The Ministry of Interior / The Council of Ministers for foreign associations</td>
<td>No</td>
<td>Stamp fees (LP 1,000/EUR 0.56)</td>
<td>No set timeline in practice around 6 months</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Civil company</td>
<td>2</td>
<td>Yes, if they have a residency permit</td>
<td>LP 5 million (EUR 2,824)</td>
<td>Court of first instance in Beirut</td>
<td>No</td>
<td>Final amount determined based on the initial capital</td>
<td>No set timeline</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
## INCORPORATION CONDITIONS

<table>
<thead>
<tr>
<th>Country</th>
<th>Type of entity</th>
<th>Min. # of founders</th>
<th>Foreigners as founders</th>
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<th>Electronic submission</th>
<th>Registration fee</th>
<th>Timeline</th>
<th>Office space required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit association</td>
<td>2-3</td>
<td>Yes</td>
<td>No</td>
<td>No registration requirement</td>
<td>No registration requirement</td>
<td>No registration requirement</td>
<td>No registration requirement</td>
<td>No registration requirement</td>
<td>No</td>
</tr>
<tr>
<td>Foundation</td>
<td>1</td>
<td>Yes</td>
<td>No minimum in the law</td>
<td>County government (local authority)</td>
<td>Yes</td>
<td>Set by the local government - the lowest fee is SEK 200 (EUR 20) and the highest SEK 600 (EUR 60)</td>
<td>Several days</td>
<td>A foundation shall have a registered office or seat</td>
<td></td>
</tr>
<tr>
<td>Association</td>
<td>2</td>
<td>Only if they hold a residence permit in Tunisia</td>
<td>No minimum in the law</td>
<td>Associations Office within the Government’s Secretary General (Prime Ministry)</td>
<td>No</td>
<td>No</td>
<td>Several weeks</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Foreign association</td>
<td>1</td>
<td>Only by a foreign association - legal entity</td>
<td>No minimum in the law</td>
<td>Associations Office within the Government’s Secretary General (Prime Ministry)</td>
<td>No</td>
<td>No</td>
<td>Several weeks</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Association network</td>
<td>2</td>
<td>Only by associations founded in Tunisia</td>
<td>No minimum in the law</td>
<td>Associations Office within the Government’s Secretary General (Prime Ministry)</td>
<td>No</td>
<td>No</td>
<td>Several weeks</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Type of entity</td>
<td>Min. # of founders</td>
<td>Foreigners as founders</td>
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<td>----------------------</td>
</tr>
<tr>
<td>Turkey</td>
<td>Association</td>
<td>7</td>
<td>Only if they hold a residence permit in Turkey</td>
<td>No</td>
<td>Provincial office of the Department of Associations</td>
<td>No</td>
<td>No</td>
<td>Legal assumption (that can be disproved) that registered from the first day of registration</td>
<td>Yes but can be any physical premises (e.g., an apartment)</td>
</tr>
<tr>
<td></td>
<td>Foundation</td>
<td>No set number/at least 1</td>
<td>Only if there is a legal or de facto reciprocity</td>
<td>EUR 16,200. For tax-exempt public-benefit status: approximately EUR 300,000</td>
<td>Local court + The General Directorate of Foundations</td>
<td>No</td>
<td>No</td>
<td>No timeline set by the law, it generally depends on the workload of courts</td>
<td>Yes but can be any physical premises (e.g., an apartment)</td>
</tr>
</tbody>
</table>
## CSO Banking Information

<table>
<thead>
<tr>
<th>Country</th>
<th>Physical presence of CSO representatives required</th>
<th>Timeline</th>
<th>Country is a member of OECD’s CRS</th>
<th>Suggested banks</th>
<th>Limitations to international transfers</th>
<th>Easy for non-residents to open a personal bank account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, if the representatives are not known by the bank, i.e. have previously opened a bank account in the bank or in one of its foreign branches</td>
<td>A few weeks</td>
<td>Yes</td>
<td>KBC, ING, Keytrade Bank or Belfius</td>
<td>The standard daily limit is set at EUR 125,000, but can be increased to EUR 1,000,000 per day subject to prior approval by the bank</td>
<td>Depends on whether the person is known by the bank, i.e. has previously opened a bank account in the bank or in one of its foreign branches</td>
<td></td>
</tr>
<tr>
<td>No, provided the CSO representatives properly authorize a third person to open the bank account through a PoA</td>
<td>Up to 1 hour to open a bank account and up to 7 days to get a credit card</td>
<td>Yes</td>
<td>Raiffeisen bank, ČSOB, ERA/Poštovní spořitelna</td>
<td>Limitations vary based on the bank and individual settings on the account, it can be anywhere from 200,000 CZK to unlimited</td>
<td>Non-residents need to provide an address in Czech Republic</td>
<td></td>
</tr>
<tr>
<td>Yes, although the initial signing can be done through an apostilled PoA</td>
<td>Minimum 2 weeks, up to 3 months</td>
<td>Yes</td>
<td>AS LHV Bank</td>
<td>No legal limitations</td>
<td>No, it is rather a difficult process</td>
<td></td>
</tr>
<tr>
<td>No, provided the CSO representatives properly authorize a third person to open the bank account through a PoA</td>
<td>Up to 1 day</td>
<td>Yes</td>
<td>National Bank of Georgia sets the rules so that all banks have similar procedures and offers</td>
<td>No specific limitations, in some cases, the CSO representatives might be required to provide invoices and/or other proofs of payment</td>
<td>Yes, it is relatively easy</td>
<td></td>
</tr>
<tr>
<td>No, the identity of the representatives can be verified through other means (i.e. at the post office or through a video chat)</td>
<td>A few days</td>
<td>Yes</td>
<td>Different for each state, some local community-owned banks (so called Sparkassen) offer better conditions for CSOs</td>
<td>Payments above EUR 12,500 have to be notified to the Federal Bank (Deutsche Bundesbank)</td>
<td>Yes, provided the person can prove its identity</td>
<td></td>
</tr>
<tr>
<td>Yes (in most banks)</td>
<td>2-4 weeks</td>
<td>Yes</td>
<td>No specific recommendation</td>
<td>No other limitations than those for all legal entities</td>
<td>Yes, it is very onerous and correspondingly harder for foreign nationals</td>
<td></td>
</tr>
</tbody>
</table>
## COMPARATIVE TABLE 2
### CSO BANKING INFORMATION

<table>
<thead>
<tr>
<th>Country</th>
<th>Physical presence of CSO representatives required</th>
<th>Timeline</th>
<th>Country is a member of OECD’s CRS</th>
<th>Suggested banks</th>
<th>Limitations to international transfers</th>
<th>Easy for non-residents to open a personal bank account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>Yes</td>
<td>1 day or more</td>
<td>Yes</td>
<td>No specific recommendation</td>
<td>All transfers should be supported with documents or information on the purpose of the transfer, including contracts</td>
<td>Yes</td>
</tr>
<tr>
<td>Sweden</td>
<td>Yes (in most banks), some banks accept if a properly authorized representative opens a bank account through PoA</td>
<td>A few days</td>
<td>Yes</td>
<td>Swedbank, Svenska Handelsbanken</td>
<td>No specific limitations</td>
<td>The approach may vary based on the bank and the country of residence of the individual</td>
</tr>
<tr>
<td>Austria</td>
<td>Yes, at least one of the organization’s representatives</td>
<td>Approx. 3-7 days</td>
<td>No</td>
<td>No specific recommendation</td>
<td>No possibility to have a bank account in foreign currency and transactions abroad are not allowed except for those related to the professional activities of the CSO</td>
<td>Yes</td>
</tr>
<tr>
<td>Spain</td>
<td>No, provided the CSO representatives properly authorize a third person to open the bank account through a PoA</td>
<td>Approx. 2 hours</td>
<td>Yes</td>
<td>No specific recommendation</td>
<td>Banks may ask questions about transfers and their purposes</td>
<td>Yes, provided they can submit all the required documents, including a residence permit</td>
</tr>
</tbody>
</table>
## SOURCES OF FUNDING

<table>
<thead>
<tr>
<th>Country</th>
<th>Type of entity</th>
<th>Domestic grants, donations</th>
<th>Public funding</th>
<th>Economic activities</th>
<th>Foreign funding</th>
<th>General limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit association/international non-profit association</td>
<td>Yes, although all donations to CSOs exceeding EUR 100,000 are subject to approval by the Royal Decree</td>
<td>Yes</td>
<td>Yes, provided they are subordinated to the organization’s statutory purpose and the profits are not shared</td>
<td>Yes</td>
<td>No other restrictions</td>
<td></td>
</tr>
<tr>
<td>Private foundation</td>
<td>Yes, although all donations to CSOs exceeding EUR 100,000 are subject to approval by the Royal Decree</td>
<td>Yes</td>
<td>Yes, provided the profits derived are purely used to achieve the non-profit purpose</td>
<td>Yes</td>
<td>No other restrictions</td>
<td></td>
</tr>
<tr>
<td>Association/foundation/fund/institute</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, provided they are subordinated to the organization’s statutory purpose and the profits are not shared</td>
<td>Yes</td>
<td>No other restrictions</td>
<td></td>
</tr>
<tr>
<td>Non-profit association</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, provided they are subordinated to the organization’s statutory purpose and the profits are not shared</td>
<td>Yes</td>
<td>No other restrictions</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, provided they are subordinated to the organization’s statutory purpose and the profits are not shared</td>
<td>Yes</td>
<td>No other restrictions</td>
<td></td>
</tr>
<tr>
<td>CSO</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No restrictions</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Type of entity</td>
<td>Domestic grants, donations</td>
<td>Public funding</td>
<td>Economic activities</td>
<td>Foreign funding</td>
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</tr>
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<td>------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Registered association/foundation/limited liability company (gGmbH)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>For payments in excess of EUR 12,500 abroad, there are general notification requirements to the German Federal Bank</td>
</tr>
<tr>
<td>Unincorporated association/trust/company limited by guarantee</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, but profits must be used to further the statutory purpose of the CSO</td>
<td>Yes</td>
<td>A charitable organisation must use all of its funds to further its charitable purpose(s)</td>
</tr>
<tr>
<td>Association</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>May not receive funds that are illegal or that do not fit with their mission, and may not receive funding from commercial activities that are considered to be competing with other commercial vendors</td>
</tr>
<tr>
<td>Civil company</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No specific restrictions</td>
</tr>
<tr>
<td>Non-profit association/foundation</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Cash transactions in excess of 15,000 EUR or any transactions considered as suspicious must be registered</td>
</tr>
<tr>
<td>Association/foreign association/association network</td>
<td>Yes</td>
<td>Laws provide an extensive list of required documents that associations must submit in order to be considered for public funding</td>
<td>Yes</td>
<td>CSOs cannot obtain donations, or grants from countries not linked to Tunisia by diplomatic relations, or from organizations which defend the interests and policies of those countries</td>
<td>All financial transactions of the association must be made by bank transfers or checks or postal transfers if the amount of the transactions exceeds 500 dinars (154 EUR). Such transactions may not be divided in order to circumvent this threshold</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Type of entity</td>
<td>Domestic grants, donations</td>
<td>Public funding</td>
<td>Economic activities</td>
<td>Foreign funding</td>
<td>General limitations</td>
</tr>
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<td>------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Association/foundation</td>
<td>Yes</td>
<td>Yes</td>
<td>Only if a CSO sets up a separate legal entity to do so</td>
<td>CSOs must complete standard forms before receiving and/or utilizing foreign funding</td>
<td>State approval is required for conducting fundraising activities</td>
</tr>
</tbody>
</table>
## CSO Tax Treatment

### Comparative Table 4

<table>
<thead>
<tr>
<th>Country</th>
<th>Corporate income tax rate</th>
<th>Income tax exemption</th>
<th>General VAT rate</th>
<th>VAT exemption</th>
<th>Tax benefits for donors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1) deduction of 45% from taxes on all donations of at least EUR 40 made by individuals to recognized CSOs. Donations may make up to a maximum of 10% of the taxable income of the taxpayer within an annual income threshold of EUR 365,750. (2) For legal entities, donations to recognized CSOs must be of at least EUR 40 while making up to maximum of 5% of the taxable income within an annual income threshold of EUR 500,000</td>
</tr>
<tr>
<td>30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1) Individuals may deduct donations to qualifying CSOs up to 15% of the person's taxable income, provided the amount donated is greater than 2% of his or her taxable income or is at least CZK 1,000 (EUR 40). (2) Legal entities may deduct up to 10% of taxable income from the tax base, provided the donations are equal to or higher than CZK 2,000 (EUR 80)</td>
</tr>
<tr>
<td>19%, however CSOs may reduce their tax base by 30%, but only up to a maximum of 1,000,000 CZK (EUR 36,500)</td>
<td>Income from grants, donations if they are used for statutory purposes: income from activities related to the statutory purposes if they do not create a surplus; subsidies from public budgets; membership fees (associations)</td>
<td>21%</td>
<td>If the economic activities generate an income of less than EUR 25,000 per year, the CSO may be VAT exempt</td>
<td>(1) For individual donors, donations of the value up to the 50% of the donor’s total taxable income, but not more than EUR 1,200 in total can be deducted. (2) For corporate donors the total amount of donations may not exceed either 3% of the payments made during the year to the salary fund or 10% of the calculated profit of the latest fiscal year</td>
<td></td>
</tr>
<tr>
<td>20%</td>
<td>All income is exempt, provided it is not shared but used for the CSO’s statutory purposes</td>
<td>20%</td>
<td>Exempt from the general VAT rate if the annual turnover from the supply of non-exempt goods or services does not exceed EUR 40,000</td>
<td>Donors may be exempted from income tax when donating to eligible charity organizations. The status is assigned by the Revenue Service of the Ministry of Finance</td>
<td></td>
</tr>
<tr>
<td>15%</td>
<td>Exemptions on grants</td>
<td>18%</td>
<td>There is no general VAT exemption for CSOs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Registering a Civil Society Organisation: Comparative Table 4
## CSO Tax Treatment

<table>
<thead>
<tr>
<th>Country</th>
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<th>VAT exemption</th>
<th>Tax benefits for donors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Entities with a tax-privileged purpose can apply for a tax exempt status that grants them tax exemptions. If granted, tax exemptions include corporate income tax, trade tax and real estate tax; however, income from unrelated economic activities exceeding €35,000 is taxed</td>
<td>19%</td>
<td>Some standard public benefit activities are exempt from the VAT, including health-related, educational, cultural, and scientific activities. In addition, grants are generally not subject to the VAT. A reduced VAT rate of 7% is applied to taxable remunerations for services which are necessary to pursue the CSO's statutory purposes, or for those services which are considered to be mere asset management. For contributions to entities with tax-exempt status made by individuals or corporations, a deduction of up to 20% of their respective taxable income is available for income tax, corporate tax and municipal commercial tax. For corporations, a deduction of up to 0.4% of the sum of the turnover, wages, and salaries is an alternative basis for calculating the maximum deduction.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>29.65%</td>
<td>11%</td>
<td>CSOs are exempt if they request their exemption. Charitable contributions can be deducted from income tax if the contributions were provided to an association.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Charities which have registered with the Charities Regulatory Authority can apply for a charitable tax exemption. If granted, the tax exemption will extend to: (A) tax on income from trading profits and investment of funds held for charitable purposes; (B) tax on capital gains applied for charitable purposes; (C) corporation tax; (D) capital acquisitions tax on gifts and inheritances; (E) stamp duty on the transfer or lease of land; (F) tax on the occupation of commercial premises</td>
<td>23%</td>
<td>There is no general VAT exemption for charities. Tax benefits are available for donations to “approved bodies,” including “eligible charities” and various educational and other similar organizations. An “eligible charity” must hold “authorization” from the Revenue Commissioners, which requires, among other things, at least three years of tax-exempt status. (1) As an individual, to be eligible for a deduction, the minimum donation to an eligible charity or other approved body is EUR 250 per year; (2) in the case of corporate donations, the company claims a deduction for the donation as if it were a trading expense.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>12.50%</td>
<td>23%</td>
<td>CSOs do not have to pay tax on any income. Civil companies are subject to general income tax regulations</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17%</td>
<td>11%</td>
<td>CSOs are exempt if they request their exemption. Charitable contributions can be deducted from income tax if the contributions were provided to an association.</td>
<td>11%</td>
</tr>
</tbody>
</table>
## COMPARATIVE TABLE 4

<table>
<thead>
<tr>
<th>Country</th>
<th>Corporate income tax rate</th>
<th>Income tax exemption</th>
<th>General VAT rate</th>
<th>VAT exemption</th>
<th>Tax benefits for donors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22%</td>
<td>When requirements under Chapter 7, Articles 3-6 and Article 10 of the Income Tax Act are fulfilled: (1) income from activities that are related to the association’s statutory purposes, (2) income from activities that have traditionally been used as a source of funding for voluntary work or (3) income from possession of a property belonging to the association are tax exempt</td>
<td>25%</td>
<td>Activities exempt from income tax are also exempt from VAT</td>
<td>There are no tax benefits for donors</td>
</tr>
<tr>
<td></td>
<td>30%</td>
<td>All income except investment income (economic activities) is subject to tax exemption from the income tax</td>
<td>18%</td>
<td>There are some VAT exemptions allocated for goods, merchandise, services and benefits conducted for non-profitable purposes by associations duly established in the context of international cooperation. The exemptions do not extend to foreign associations completely funded by their foreign parent unless given in the context of international cooperation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>CSOs are exempt from the corporate income tax unless they conduct economic activities. Grants and donations received by CSOs are also tax exempt</td>
<td>18%</td>
<td>There is no general VAT exemption for CSOs</td>
<td>Deductions can be made up to 5% (10% for the development priority regions) of the donor’s income for donors who donate to tax exempt foundations or associations with public benefit status. For donations made by individuals or legal entities to foundations or associations for projects related to arts and cultural heritage, there is no deduction limitation (the same rule applies to donations made to foundations or associations with a food banking permit)</td>
</tr>
</tbody>
</table>
## Comparative Table 5

### CSO Obligations

<table>
<thead>
<tr>
<th>Country</th>
<th>Type of entity</th>
<th>Reporting obligations/authority</th>
<th>Other obligations/authority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-profit association/private</td>
<td>Different types of non-profit organizations must comply with different auditing and reporting requirements, depending on their size. In general, all CSOs must prepare their annual accounts and submit to either the Commercial Court (smaller CSOs) or the National Bank of Belgium (larger CSOs)</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>foundation/international</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Association/fund</td>
<td>• Financial statement/Registration Court; • Annual report only if accounts of the association have to be audited/Registration Court</td>
<td>• Register as VAT taxpayers and submit VAT Tax Declaration if their annual turnover from economic activities exceeds CZK 1,000,000 (EUR 36,500)/Tax authority; • Submit an Income tax declaration if there is non-exempt income/Tax authority</td>
</tr>
<tr>
<td></td>
<td>Foundation/institute</td>
<td>• Financial statement/Registration Court; • Annual report/Registration Court</td>
<td>• Register as VAT taxpayers and submit VAT Tax Declaration if their annual turnover from economic activities exceeds CZK 1,000,000 (EUR 36,500)/Tax authority; • Submit an income tax declaration if there is non-exempt income/Tax authority</td>
</tr>
<tr>
<td></td>
<td>Non-profit association/foundation</td>
<td>Annual report after the end of financial year/Registrar</td>
<td>• Obligation to register as a VAT taxpayer if the annual turnover from the supply of non-exempt goods or services exceeds EUR 16,000. • Non-profit associations and foundations that have public-benefit status must also submit a report on their public-benefit activities to the Tax and Customs Board.</td>
</tr>
<tr>
<td></td>
<td>CSO</td>
<td>Tax returns (and/or other applicable financial statements)/Tax authorities</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Registered association</td>
<td>Associations with tax exempt status: Annual report/Tax authorities</td>
<td>Bookkeeping and accounting standards if CSO qualifies as a merchant</td>
</tr>
<tr>
<td></td>
<td>Foundation</td>
<td>Annual report, balance sheet, statement of revenues and expenditures/Tax authorities and local state foundation authority</td>
<td>Bookkeeping and accounting standards if CSO qualifies as a merchant</td>
</tr>
<tr>
<td></td>
<td>Limited liability company</td>
<td>Annual report and annual financial accounts/Tax authorities</td>
<td>Bookkeeping and accounting standards if CSO qualifies as a merchant</td>
</tr>
<tr>
<td>Country</td>
<td>Type of entity</td>
<td>Reporting obligations/authority</td>
<td>Other obligations/authority</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Unincorporated association | • If a charity, the association must attach an annual statement of accounts to its annual report/Charities Regulatory Authority  
• If its gross income or expenditure does not exceed EUR 100 then an income and expenditure account, along with a statement of assets and liabilities, can be attached instead  
• Educational bodies and organisations whose gross income or total expenditure is less than EUR 10,000 are exempt from these requirements | • If registered as a charity, various registration and reporting requirements apply/Charities Regulatory Authority;  
• If registered as a charity with tax exempt status, a copy of the charity's financial accounts for the first year and a report on its activities/Revenue Commissioners |                                                                                                                                                                                                                                               |
| Trust        | • If a charity, the association must attach an annual statement of accounts to its annual report/Charities Regulatory Authority;  
• If its gross income or expenditure does not exceed EUR 100 then an income and expenditure account, along with a statement of assets and liabilities, can be attached instead;  
• Educational bodies and organisations whose gross income or total expenditure is less than EUR 10,000 are exempt from these requirements | • If registered as a charity, various registration and reporting requirements apply/Charities Regulatory Authority;  
• If registered as a charity with tax exempt status, a copy of the charity's financial accounts for the first year and a report on its activities/Revenue Commissioners |                                                                                                                                                                                                                                               |
| Company limited by guarantee | • An annual return + audited financial statements (exemptions for small companies apply)/Companies Registration Office;  
• If a charity, the association must attach an annual statement of accounts to its annual report/Charities Regulatory Authority | • If registered as a charity, various registration and reporting requirements apply/Charities Regulatory Authority;  
• If registered as a charity with tax exempt status, a copy of the charity's financial accounts for the first year and a report on its activities/Revenue Commissioners |                                                                                                                                                                                                                                               |
| Association  | Accounts of the previous year, the budget for the upcoming year, and a list of the names of the general body members/Ministry of Interior | No                                                                                                                                                                                                                                               | Reallocation of shares amongst partners or to a third party/Ministry of Finance                                                                                                                                                                        |
| Civil company| • Statement of budget and profit for the previous year within first three months of the following year/Tax authorities  
• Report on the employment of new staff within two months/National Social Security Fund  
• Report employees' wages for tax purposes/Ministry of Finance  
• Report any changes in the bylaws, partners and administration/Civil registry | | To keep books, provided conditions set by the law are met                                                                                                                                                                                                                                                      |
| Non-profit association | Annual report (provided conditions set by the law are met) and tax return, (if the association conducts taxable activities or has employees)/Swedish Tax Agency | |                                                                                                                                                                                                                                               |
| Foundation   | An annual report, a either (1) statement of accounts and tax return (small foundations) or (2) annual accounts, financial report and activity report (larger foundations)/Swedish Tax Agency | • Pay for annual supervision, depending on the type of foundation  
• Pay an annual record keeping fee | |
<table>
<thead>
<tr>
<th>Country</th>
<th>Type of entity</th>
<th>Reporting obligations/authority</th>
<th>Other obligations/authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association/</td>
<td>Foreign association/</td>
<td>Association must prepare accounts, if conditions provided in the law are met, the accounts</td>
<td>Revisions to the bylaws of an association must be reported the Government’s Secretary General</td>
</tr>
<tr>
<td>foreign</td>
<td>association/association/network</td>
<td>have to be audited. In addition, it has to maintain: (1) a register of members, including</td>
<td>through a registered letter with acknowledged receipt within one month of the amendment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the names, addresses, nationalities, ages, and occupations of registered members; (2) a record</td>
<td>resolution. The public should also be informed of through written media and on the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>of the minutes of the association’s Board of Directors; (3) a register of the activities and</td>
<td>association’s website</td>
</tr>
<tr>
<td></td>
<td></td>
<td>projects in which the type of activity or project is registered; and (4) a register of financial</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>or in-kind assistance, donations, grants, and wills, with a differentiation between the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>monetary, in kind, public, private, domestic, and foreign sources of assistance</td>
<td></td>
</tr>
<tr>
<td>Association/</td>
<td>Foundation</td>
<td>(1) annual financial report, (2) annual activity report, (3) public benefit/activity report</td>
<td>CSOs are required to report different actions during the year (e.g. each time they receive</td>
</tr>
<tr>
<td>foreign</td>
<td></td>
<td>(if applicable), (4) tax report/tax return, (5) other reports, e.g. on 1% schemes)</td>
<td>donations/aid/grants from abroad; when they organize their general assemblies, when they</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>change their address)</td>
</tr>
</tbody>
</table>
## COMPARATIVE TABLE 6

### INTERNAL GOVERNANCE

<table>
<thead>
<tr>
<th>Country</th>
<th>Type of entity</th>
<th>Supreme body</th>
<th>Management body</th>
<th>Other bodies (voluntary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit association</td>
<td>General assembly</td>
<td>Board of directors</td>
<td></td>
<td>Supervisory board, management board, and representative body</td>
</tr>
<tr>
<td>Private foundation</td>
<td>A board</td>
<td>Daily management can be delegated according to Art. 35</td>
<td></td>
<td>Supervisory body</td>
</tr>
<tr>
<td>International non-profit association</td>
<td>General assembly</td>
<td>Board of directors</td>
<td></td>
<td>--</td>
</tr>
<tr>
<td>Association</td>
<td>General assembly</td>
<td>Director/board of directors</td>
<td></td>
<td>The supervisory board, the arbitration board or other bodies determined by statutes</td>
</tr>
<tr>
<td>Foundation</td>
<td>Supervisory board</td>
<td>Administrative board</td>
<td></td>
<td>Inspector</td>
</tr>
<tr>
<td>Fund</td>
<td>--</td>
<td>Administrative board</td>
<td></td>
<td>Supervisory board/inspector</td>
</tr>
<tr>
<td>Institute</td>
<td>Administrative board</td>
<td>Director</td>
<td></td>
<td>Supervisory board</td>
</tr>
<tr>
<td>Non-profit association</td>
<td>General meeting of the association's members</td>
<td>Management board (collegial or individual director)</td>
<td>Special bodies designated for specific tasks per Art. 31 of the Non-profit Associations Act</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td>Supervisory board</td>
<td>Management board</td>
<td></td>
<td>--</td>
</tr>
<tr>
<td>CSO</td>
<td>Supreme body/General assembly</td>
<td>Director</td>
<td></td>
<td>--</td>
</tr>
<tr>
<td>Registered association</td>
<td>General assembly</td>
<td>Board of directors</td>
<td></td>
<td>Supervisory board</td>
</tr>
<tr>
<td>Foundation</td>
<td>--</td>
<td>Board of directors</td>
<td></td>
<td>Supervisory board</td>
</tr>
<tr>
<td>Limited liability company (gGmbH)</td>
<td>Shareholders assembly</td>
<td>Managing director(s)</td>
<td></td>
<td>Supervisory board</td>
</tr>
<tr>
<td>Country</td>
<td>Type of entity</td>
<td>Supreme body</td>
<td>Management body</td>
<td>Other bodies (voluntary)</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------------------------</td>
<td>--------------------</td>
<td>----------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td></td>
<td>Unincorporated association</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Trust</td>
<td>--</td>
<td>Trustee(s)</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Company limited by guarantee</td>
<td>General meeting</td>
<td>Board of directors</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Association</td>
<td>Partners</td>
<td>Administrative body</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Civil company</td>
<td>--</td>
<td>Associates or an individual</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Non-profit association</td>
<td>General meeting</td>
<td>Board of Directors/Manager</td>
<td>Appointed auditor</td>
</tr>
<tr>
<td></td>
<td>Foundation</td>
<td>--</td>
<td>Own management: one or more individuals create a board; Attached management: legal entity manages a foundation</td>
<td>Appointed auditor</td>
</tr>
<tr>
<td></td>
<td>Association/foreign association/association network</td>
<td>General assembly</td>
<td>Board of directors</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Association</td>
<td>General assembly</td>
<td>Executive board</td>
<td>Internal auditing committee</td>
</tr>
<tr>
<td></td>
<td>Foundation</td>
<td>Board of trustees</td>
<td>Secretariat, general or executive board</td>
<td>--</td>
</tr>
</tbody>
</table>
# Staff Members of a CSO

<table>
<thead>
<tr>
<th>Country</th>
<th>Type of entity</th>
<th>Foreigners allowed as members/board members</th>
<th>Requirement to have a full time employee</th>
<th>Requirement to have an accountant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-profit association/private foundation/international non-profit association</td>
<td>Yes</td>
<td>No</td>
<td>Very large organisations should appoint a statutory auditor</td>
</tr>
<tr>
<td></td>
<td>Association/foundation/fund/institute</td>
<td>Yes</td>
<td>No</td>
<td>There is no obligation to have an accountant, but there is a requirement to keep books</td>
</tr>
<tr>
<td></td>
<td>Non-profit association/foundation</td>
<td>Yes</td>
<td>No</td>
<td>No, the management organizes the accounting</td>
</tr>
<tr>
<td></td>
<td>CSO</td>
<td>Yes</td>
<td>No</td>
<td>There is no requirement to have an accountant, but in practice the CSO will need an accountant to file tax reports</td>
</tr>
<tr>
<td></td>
<td>Registered association/foundation/limited liability company (gGmbH)</td>
<td>Yes</td>
<td>No</td>
<td>No, but an accountant will be needed to prepare annual accounts</td>
</tr>
<tr>
<td></td>
<td>Unincorporated association/trust</td>
<td>Yes</td>
<td>No</td>
<td>There is no requirement to have an accountant but there is a requirement to keep books</td>
</tr>
<tr>
<td></td>
<td>Company limited by guarantee</td>
<td>At least one of the directors of a CLG must be a resident within an EEA state (i.e. it does not have to be Ireland)</td>
<td>No</td>
<td>There is no requirement to have an accountant but there is a requirement to keep books</td>
</tr>
</tbody>
</table>
### COMPARATIVE TABLE 7

#### STAFF MEMBERS OF A CSO

<table>
<thead>
<tr>
<th>Country</th>
<th>Type of entity</th>
<th>Foreigners allowed as members/board members</th>
<th>Requirement to have a full time employee</th>
<th>Requirement to have an accountant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association</td>
<td>If the founder or director of an association is foreign, or if more than a quarter of the members of its general assembly are foreigners, then the association will be considered a foreign association</td>
<td>Not specifically required by law, however, an administrative body (consisting of 2 people) must be present at the main office of each association</td>
<td>No, but an accountant will be needed to prepare annual accounts</td>
<td></td>
</tr>
<tr>
<td>Civil company</td>
<td>Yes, however, work permit is required for directors of civil companies</td>
<td>No</td>
<td>No, but an accountant will be needed to prepare annual accounts</td>
<td></td>
</tr>
<tr>
<td>Non-profit association</td>
<td>Yes</td>
<td>No</td>
<td>There is a requirement to have an internal auditor</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td>Yes</td>
<td>No</td>
<td>There is no requirement to have an accountant but there is a requirement to keep books</td>
<td></td>
</tr>
<tr>
<td>Association</td>
<td>No, a local association with a foreigner as a founder will be considered as a foreign association (see below)</td>
<td>No</td>
<td>No requirement for an accountant, however, auditors may be needed to accomplish certain reporting requirements</td>
<td></td>
</tr>
<tr>
<td>Foreign association/association network</td>
<td>Yes</td>
<td>No</td>
<td>No requirement for an accountant, however, auditors may be needed to accomplish certain reporting requirements</td>
<td></td>
</tr>
<tr>
<td>Association</td>
<td>Only Turkish residents can be members of an association</td>
<td>No</td>
<td>No, but associations must keep and maintain their accounting records</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td>Both Turkish and foreign persons can become members of bodies of a foundation</td>
<td>No</td>
<td>No, but foundations must keep and maintain their accounting records</td>
<td></td>
</tr>
</tbody>
</table>