A statute for European cross-border associations and non-profit organisations

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The Legal Affairs Committee adopted a legislative initiative report by Sergey LAGODINSKI (Greens /EFA, DE) containing recommendations to the Commission on a statute for cross-border European associations and non-profit organisations.

While businesses and economic interest groups have the possibility to form a European Economic Interest Grouping, Members believe that a European statute for associations should be available to organisations and individuals who wish to engage in cross-border exchanges and mutual learning.

Moreover, many non-profit organisations are currently engaged in economic activities on a regular basis and play an essential role in encouraging individuals to participate actively in democratic life. Although their number is increasing in the EU, there is no harmonised legislative framework at European level to enable cross-border non-profit organisations to operate and organise themselves properly at cross-border level.

Members regretted that the Commission and Member States have not presented legislation to ensure a favourable environment for non-profit organisations to contribute to the functioning of the internal market and to guarantee the free flow of capital across borders, and that no European statute of association has been established despite several attempts and numerous calls from civil society and Parliament.

In this context, the Committee on Legal Affairs asked the Commission to:

- submit, on the basis of Article 352 of the Treaty on the Functioning of the European Union, a **Regulation establishing a statute for a European Association** setting out the conditions and procedures governing the creation, governance, registration and regulation of legal entities in the form of a European association;

- submit, on the basis of Article 114 of the Treaty on the Functioning of the European Union, a **proposal for a Directive on common minimum standards for non-profit organisations in the Union**, with a view to creating a level playing field for non-profit organisations by establishing minimum standards, enabling civil society to benefit from freedoms and fundamental rights, as well as to contributing to strengthening European democracy.

Protection of civil society and freedom of association

The report stressed the importance of ensuring coordination at EU level, avoiding fragmentation and supporting a harmonised approach across the EU with regard to the European association, through a designated **European Associations Board**. To this end, the Commission is called on to examine the different options and to present a proposal for the most appropriate form and status for such European Associations Board, in which all Member States will be represented and which will have well-defined decision-making powers.

Members also considered that the establishment of a European Statute for Association should be open to organisations and persons that want to engage in exchanges and mutual learning across borders. It will provide them with support in accessing EU funding.

Stressing that non-profit organisations are essential to democracy and policy-making at all levels, the report stressed the importance of the **independence of non-profit organisations** and the need to ensure an enabling environment for them, respecting their plurality, understanding organisations for the public benefit as contributing to both providing services on the ground, but also advocating for the public good and monitoring public policies.

Members also argued that a regulation setting out the legal framework will only benefit European civil society if non-profit organisations can make use of adequate and easily accessible funding both at national and at European level.

EU-wide recognition of associations, non-profit organisations and their public benefit

Underlining the consensus on the need for European minimum standards and for non-profit organisations to acquire legal personality, Members called on the Commission to recognise and promote the public benefit activities of non-profit organisations by **harmonising the status of public benefit within the EU**.

The Commission is urged to:

- consider adopting a legislative proposal to facilitate the mutual recognition of tax-exempt public benefit organisations, including philanthropic organisations, in each Member State, if they are recognised as such for tax purposes in one of the Member States;

- develop a **dedicated and comprehensive strategy** to strengthen the role of civil society in the Union, including the introduction of measures to facilitate the operations of non-profit organisations at all levels.